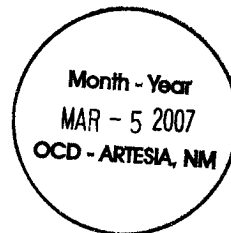




March 2, 2007

HAND-DELIVERED

Mark Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505



30 - 015 - 35380

Re: Application of EOG Resources, Inc. for administrative approval of a 224.56-acre non-standard gas spacing unit for its Meramac A 4 Fee Well No. 1H in Irregular Section 4, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico.

Dear Mr. Fesmire:

EOG Resources, Inc. ("EOG"), pursuant to the provisions of Division Rule 104 D (2)(b) and (c) adopted on January 18, 1996, hereby seeks administrative approval of a 224.56-acre non-standard gas spacing and proration unit for the Meramac A 4 Fee Well No. 1H to be drilled to test the Wolfcamp formation from a surface location 918 feet from the North line and 200 feet from the East line and a bottomhole location of 898 feet from the North line and 660 feet from the West line in Irregular Section 4, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

EOG's well will test the Wolfcamp formation which is developed on 320-acre spacing pursuant to the general rules of the Division.

This non-standard gas spacing and proration unit is necessary because of a variation in the legal subdivision of the United States Public Land Surveys. This unit is comprised of contiguous lots which lie wholly within a single governmental section and are joined by a common side. This non-standard spacing unit is a result of an oversized section on the northern township line. EOG has drilled the Meramac C 4 Fee Well No. 2H in the south 320 acres of this section. EOG also plans to drill the Meramac C 4 Fee Well No. 1H well in the south 320 acres of this section, the Meramac B 4 Fee Well Nos. 1H & 2H on the 320 acres immediately north. Due to the oversized nature of the section, that leaves the 224.56 acres on the north end of the section unallocated. Attached as **Exhibit**

HOLLAND & HART^{LLP}



A is the C-102 showing the subject spacing unit. **Exhibit B** is a plat showing the offsetting spacing units. EOG is the operator of the adjoining spacing units in Sections 3 and 5. Capstone Oil & Gas and Yates Petroleum Corporation hold leases in Section 36 and in Section 31 McBride Oil & Gas Corporation has a leasehold interest.

There are no interest owners being excluded from the spacing unit pursuant to Division Rule 1210. EOG has sent notice to affected parties listed on **Exhibit C** with a copy of this application (with attachments) and has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Your attention to this application is appreciated.

Very truly yours,


Ocean Munds-Dry
Attorney for EOG Resources, Inc.

cc: Mr. Rick Lanning
Mr. Donny Glanton
EOG Resources



March 2, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED**AFFECTED INTEREST OWNERS**

Re: Application of EOG Resources, Inc. for administrative approval of a 224.56-acre non-standard gas spacing unit for its Meramac A 4 Fee Well No. 1H in Irregular Section 4, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by EOG Resources, Inc. for administrative approval of a 224.56-acre non-standard gas spacing unit for its Meramac A 4 Fee Well No. 1H, to be drilled from a surface location 918 feet from the North line and 200 feet from the East line to a proposed bottomhole location 898 feet from the North line and 660 feet from the West line of Section 4, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,


Ocean Munds-Dry
ATTORNEY FOR EOG RESOURCES, INC.

Enclosures

Exhibit C
Application of EOG Resources, Inc.
Non-Standard Spacing Unit
Section 4, Township 16 South, Range 25 East
Eddy County, New Mexico

Capstone Oil & Gas Company
P.O. Box 10187
Midland, Texas 79702

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

McBride Oil & Gas Corporation
400 N. Pennsylvania Ave. #1200
Roswell, New Mexico 88201

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-35380	Pool Code 75250	Pool Name COTTONWOOD CREEK WOLFCAMP (GAS)
Property Code	Property Name MERAMEC "A" 4 FEE	Well Number 1H
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3483'

Surface Location

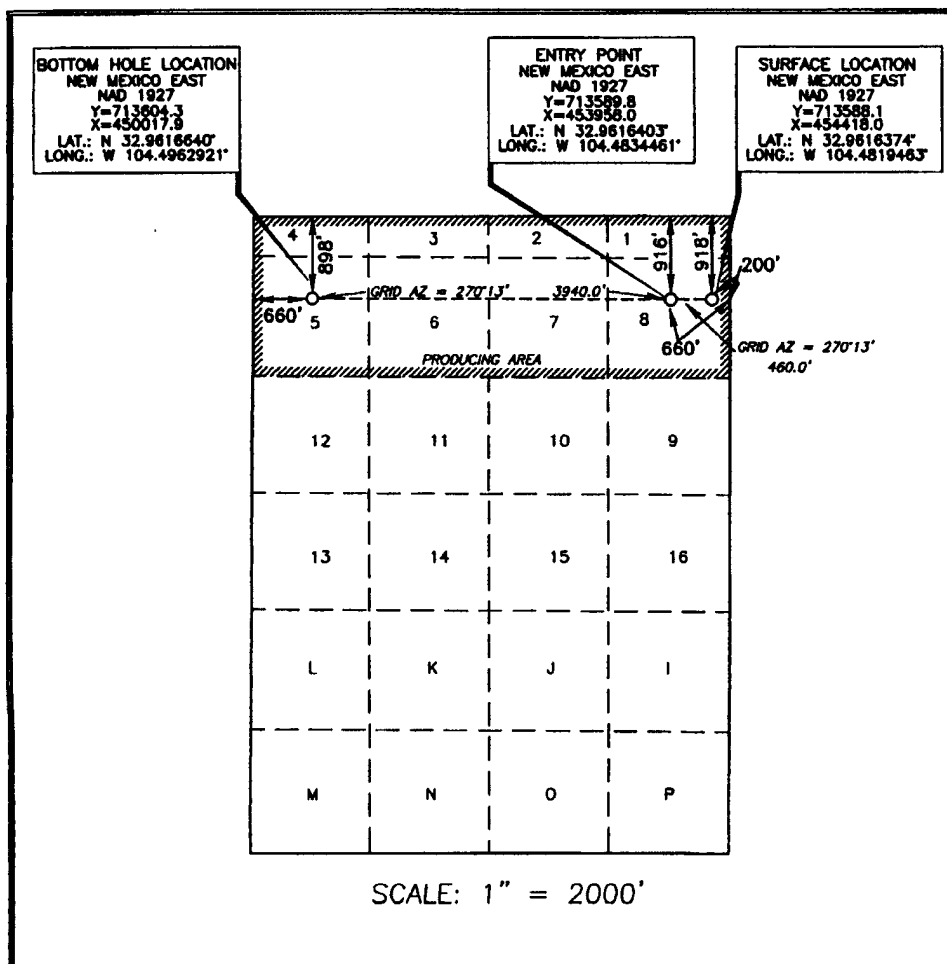
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
8	4	16 SOUTH	25 EAST, N.M.P.M.		918'	NORTH	200'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
5	4	16 SOUTH	25 EAST, N.M.P.M.		898'	NORTH	660'	WEST	EDDY

Dedicated Acres 224.56	Joint or Infill	Consolidation Code	Order No.
----------------------------------	-----------------	--------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Donny G. Glanton 1/18/07
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of a good survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

DECEMBER 05, 2006
Date of Survey

Tommy J. Paul
Signature and Seal of Professional Surveyor

Certificate Number 15079
1/19/2007

WOF 061206WL-q (A)

EXHIBIT A

OFFSETS IN SECTION 4

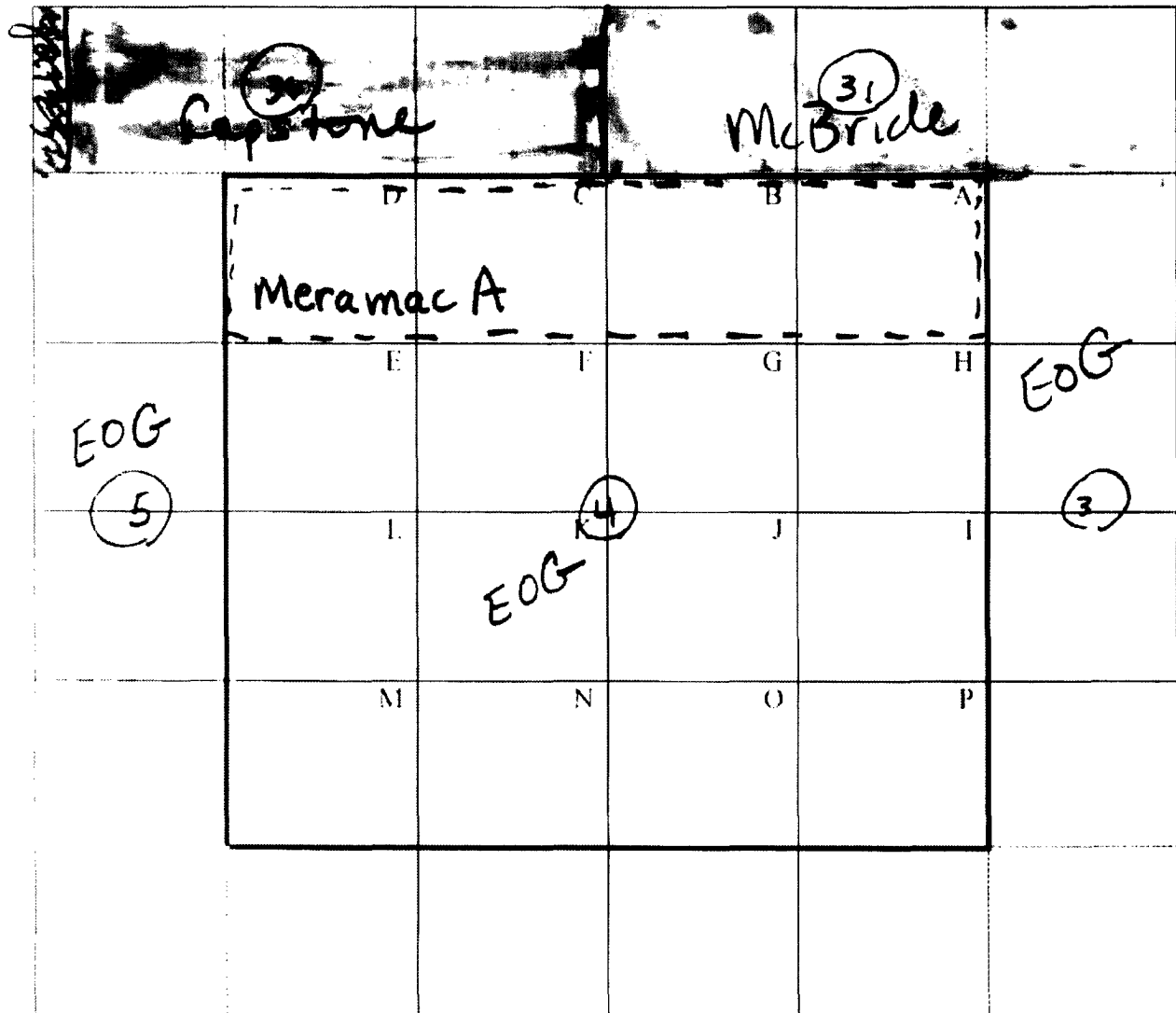


EXHIBIT B