



William F. Carr
wcarr@hollandhart.com

August 20, 2007

AUG 23 2007
OCD-ARTESIA

HAND-DELIVERED

Mark E. 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

Re: Application of EOG Resources, Inc. for Administrative Approval of the Simultaneous Dedication of the N/2 of Section 29, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico to its proposed Souris 29 State Well No. 1H and the existing Walrus State Well No. 1.

Dear Mr. Fesmire:

EOG Resources, Inc. is the operator of a standard 320-acre spacing unit in the Four Mile Draw-Wolfcamp Gas Pool (**Pool Code 97415**) comprised of the N/2 of Section 29, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. This spacing unit is dedicated to EOG's Walrus State Well No. 1 which currently produces from the Wolfcamp formation.

EOG seeks administrative approval of the simultaneous dedication of this standard 320-acre gas spacing unit to the following two gas wells:

- A. the existing **Walrus State Well No. 1** (API No. 30-015-33508), a vertical well, located 805 feet from the North line and 866 feet from the West of said Section 29; and
- B. the proposed **Souris 29 State Well No. 1H** (API No. 30-015-35751) to be horizontally drilled from a surface location 1780 feet from the North line and 660 feet from the East line to a proposed end point or bottomhole location 1880 feet from the North line and 660 feet from the West line of said Section 29.

The Wolfcamp formation, Fourmile Draw-Wolfcamp Gas Pool, is currently governed by the provisions of Division Rule 104.C(2), which provides for (i) 320-acre spacing units comprised of any two contiguous quarter sections of a single

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governmental section; (ii) wells to be located not closer to a quarter section line than 660 feet nor closer to any internal quarter-quarter section line than 10 feet and (iii) an optional infill well within an existing unit provided the infill well is located in the quarter section not containing the unit's initial producing well.

The Walrus State Well No. 1 is at a standard location in the Wolfcamp formation. EOG now intends to horizontally drill and complete its proposed Souris 29 State Well No. 1H from a standard surface location 1780 feet from the North line and 660 feet from the East line to a standard proposed end point or bottomhole location 1880 feet from the North line and 660 feet from the West line of said Section 29. EOG therefore proposes to drill this well in compliance with the set-back requirements of Division Rules 104.C(2)(b) and 111.A(7) for deep gas wells in southeast New Mexico.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for Souris 29 State Well No. 1H that shows the proposed surface and bottomhole location of the well.

Exhibit B is a map of offset operators around the spacing unit in Section 29. **Exhibit C** is a list of affected parties as defined by Division Rules. As required by Rule 1210, a copy of this application (with attachments) has been sent to those affected parties in accordance with Rule 1207(A)(5) and they have 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.

The simultaneous dedication of the N/2 of said Section 29 to the proposed Souris 29 State Well No. 1H and the existing Walrus State Well No. 1 will afford EOG the opportunity to efficiently produce the Wolfcamp formation under this spacing unit. EOG's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive, flowing style.

William F. Carr
Attorney for EOG Resources, Inc.

Enclosures

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☒ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U S Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

WILLIAM F. CARR
 Print or Type Name

William F. Carr
 Signature

ATTORNEY
 Title

8/20/2007
 Date

wcarr@hollandhart.com
 e-mail Address

RECEIVED
 2007 AUG 20 PM 2 31

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 30-015-35751	Pool Code 97415	Pool Name FOUR MILE DRAW; WOLFCAMP (G)
Property Code 36645	Property Name SOURIS 29 STATE	Well Number 1H
OGRD No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 4032'

Surface Location

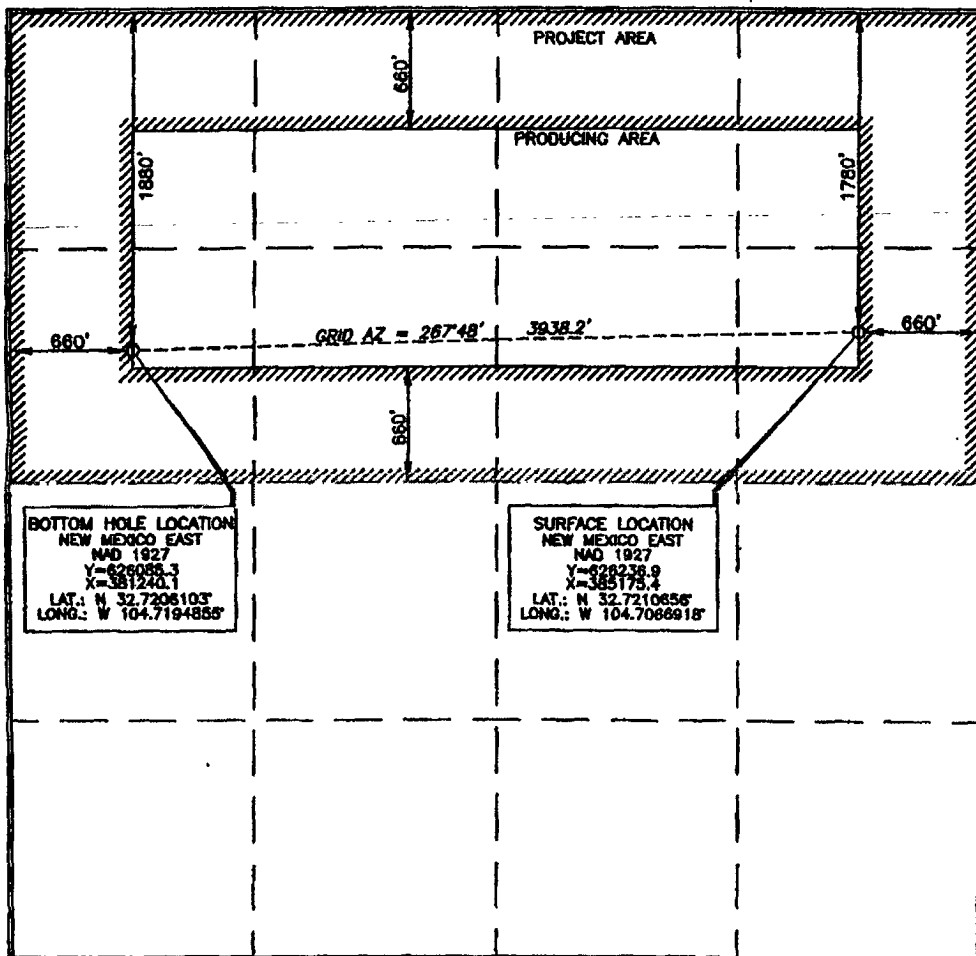
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	18 SOUTH	23 EAST, N.M.P.M.		1780'	NORTH	660'	EAST	EDDY

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
E	29	18 SOUTH	23 EAST, N.M.P.M.		1880'	NORTH	660'	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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 8/2/08
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 actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Terry J. Paul 7/28/2007
Date of Survey

Signature of Professional Surveyor

Terry J. Paul 7/28/2007
Certificate Number 15079

WOF 070724WL (KA)

Exhibit C

**Application of EOG Resources, Inc.
Simultaneous Dedication of
N/2 of Section 29, Township 18 South, Range 23 East, NMPM
Eddy County, New Mexico**

*LCX Energy, LLC
101 N. Marenfeld Suite 200
Midland, Texas 79701*

*Caza Energy, LLC
Post Office Box 1767
Artesia, New Mexico 88211-1767*

HOLLAND & HART ^{LLP}



William F. Carr
wcarr@hollandhart.com

August 20, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of EOG Resources, Inc., for simultaneous dedication, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the simultaneous dedication of the proposed Souris 29 State Well No. 1H and the existing Walrus State Well No. 1 to the N/2 of Section 29, Township 18 South, Range 23 East, NMPM, 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,

William F. Carr

ATTORNEY FOR EOG RESOURCES, INC.

Enclosures