



**EOG Resources, Inc.**  
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June 22, 2006

NMOCD  
1625 N. French Drive  
Hobbs, New Mexico 88240  
Attention: Mr. Chris Williams

**Re: EOG Vaca "14" Federal No. 2**  
**API: 30-025-37839**  
**Lea County, New Mexico**



Dear Mr. Williams:

Enclosed is an amended Application for Permit to Drill a horizontal well in the Red Hills-Bone Spring Pool and attached amended Acreage Dedication plat for the EOG Vaca "14" Federal Well No. 2 located in Section 14, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. We have reviewed this application with Mr. Stogner in the Division's Santa Fe office who has advised that this application should qualify for approval at the district office level.

The Red Hills-Bone Spring Pool is governed by Special Pool Rules and Regulations that provide for 80-acre spacing with wells located at least 330 feet from the outer boundary of the dedicated spacing unit. [Order No. R-10109, Rules 2 and 4, April 26, 1994].

EOG currently operates a 240-acre horizontal well Project Area in this pool comprised of the W/2 SE/4 and the SW/4 of Section 13, Township 25 South, Range 33 East, NMPM. This Project Area is dedicated to its Vaca "13" Federal Well No. 8 that was drilled in 2002 from a surface location of 2310 feet from the South and East lines of Section 13 to a bottomhole location 330 feet from the South and West lines of the section.

EOG has recently drilled the Vaca "14" Federal Well No. 2 at a surface location 1980 feet from the South line and 330 feet from the East line of Section 14. EOG permitted this well as a horizontal well. It was to be drilled from this surface location and then kicked off in a southwesterly direction to the SW/4 SE/4 of Section 14. EOG has drilled the vertical portion of the well and has determined that the geological characteristics of the Bone Spring formation at this location do not warrant the drilling of the horizontal portion of the well to the southwest. EOG therefore proposes to drill the horizontal portion of the well to the east into Section 13.

To do this, EOG must create a new 320-acre horizontal well Project Area comprised of the E/2 SE/4 of Section 14 and the SW/4 and the W/2 SE/4 of Section 13 and dedicate thereto the Vaca "13" Federal Well No. 8 and the Vaca "14" Federal Well No. 2. The proposed new project area complies with the definition of a "Project a Area" in Rule 111.A(9) for it will be comprised of a combination of four 80-acre complete spacing units in the Red Hills-Bone Spring Pool. The wellbore will be at a standard location for it will be within the "Producing Area" for the well as shown on the Amended Form C-102 filed herewith.

Also, please be advised that EOG has received Bureau of Land Management approval and copy of said approval is enclosed herewith.

Your consideration of this Application for Permit to Drill is appreciated.

Sincerely,

EOG RESOURCES, INC.

A handwritten signature in black ink, appearing to read "Donny G. Glanton".

Donny G. Glanton  
Sr. Right of Way and  
Lease Operations Representative

Enclosures