

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF EOG RESOURCES, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

EOG Resources, Inc. ("EOG" or "Applicant") (OGRID No. 7377), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the SW/4 of Section 27, and the W/2 of Section 34, Township 24 South, Range 34 East, and the NW/4 of Section 3, Township 25 South, Range 34 East, Lea County, New Mexico. In support of its application, EOG states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Peregrine 27 Fed Com #301H well**, the **Peregrine 27 Fed Com #302H well**, the **Peregrine 27 Fed Com #701H well**, and the **Peregrine 27 Fed Com #702H well**, to be drilled from a common surface hole location in NW/4 SW/4 (Unit L) of said Section 27 to bottom hole locations in the SW/4 NW/4 (Unit E) of said Section 3;

- The **Peregrine 27 Fed Com #303H well** to be drilled from a surface hole location in NE/4 SW/4 (Unit K) of said Section 27 to a bottom hole location in the SE/4 NW/4 (Unit F) of said Section 3; and
- The **Peregrine 27 Fed Com #703H well** to be drilled from a surface hole location in NW/4 SW/4 (Unit J) of said Section 27 to a bottom hole location in the SE/4 NW/4 (Unit F) of said Section 3.

3. The completed interval for the proposed **Peregrine 27 Fed Com #302H well** or **Peregrine 27 Fed Com #702H well** will remain within 330 feet of the section line separating: (1) the W/2 SW/4 from the E/2 SW/4 of said Section 27, (2) the W/2 W/2 from the E/2 W/2 of said Section 34, and (3) the W/2 NW/4 from the E/2 NW/4 of said Section 3, to allow inclusion of this acreage into a standard 640-acre horizontal well spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal well spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;

- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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