



February 14, 2005

HAND-DELIVERED

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

Case 13445

2005 FEB 14 PM 3 49

Re: Application of EOG Resources, Inc. for compulsory pooling, Eddy
County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of EOG Resources, Inc. in the above-referenced matter as well as a copy of a legal advertisement. EOG Resources, Inc. respectfully requests that this matter be placed on the docket for the March 17, 2005 examiner hearings.

Very truly yours,

William F. Carr
Attorney for EOG Resources, Inc.

Enclosures

cc: Mr Dan McCright
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

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

**IN THE MATTER OF THE APPLICATION
OF EOG RESOURCES INC. FOR
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 13445

APPLICATION

EOG RESOURCES, INC. ("EOG"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations from the surface through the Mississippian Chester formation in the following described spacing and proration units located in Section 20, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico: the S/2 to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SW/4 to form a standard 160-acre spacing unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40 acre spacing which includes but is not limited to the Undesignated Willow Lake-Bone Spring Pool and the Undesignated West Willow Lake-Delaware Pool, and in support of its application states:

1. EOG is a working interest owner in the S/2 of said Section 20 on which it proposes to drill its Hombre Nuevo "20" Fee Com Well No. 1 at a standard gas well location 1980 feet from the South and West lines of the section to an approximate total depth of 12,900 feet to test any and all formations from the surface through the Mississippian Chester formation. The primary objective in the well is the Morrow formation.

2. EOG has sought and been unable to obtain a voluntary agreement for the development of this acreage from OGX Resources L.L.C., Post Office Box 2064, Midland, Texas 79702, the owner of working interest in the S/2 of Section 20 to whom notice of this application will be provided in accordance with the rules of the Division.

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

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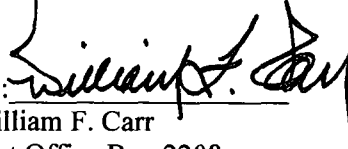
4. In order to permit EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and EOG should be designated the operator of the well.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 17, 2005, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating EOG Resources, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing EOG to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by the EOG in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR EOG RESOURCES, INC.

CASE 13445. **Application of EOG Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface through the Mississippian Chester formation in the following described spacing and proration units located in Section 20, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico: the S/2 to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing; the SW/4 to form a standard 160-acre spacing unit for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40 acre spacing which includes but is not necessarily limited to the Undesignated Willow Lake-Bone Spring Pool and the Undesignated West Willow-Lake Delaware Pool. Applicant proposes to dedicate the pooled units to its Hombre Nuevo "20" Fee Com Well No. 1 to be drilled at a standard gas well location 1980 feet from the South and West lines of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 1/2 miles southwest of Malaga, New Mexico.