

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

**APPLICATIONS OF EOG RESOURCES, INC. FOR SIMULTANEOUS DEDICATION
AND AN EXCEPTION TO THE SPECIAL RULES AND
REGULATIONS FOR THE RED HILLS-BONE SPRING POOL,
LEA COUNTY, NEW MEXICO.**

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CASE NOS. 14738 & 14739

EOG's CONSOLIDATED PRE-HEARING STATEMENT

EOG Resources, Inc. ("EOG"), submits this Pre-Hearing Statement for the above referenced cases pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702

ATTORNEY

Michael H. Feldewert, Esq.
Holland & Hart, LLP
P. O. Box 2208
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OPPONENT

NONE at this time

ATTORNEY

APPLICANT'S STATEMENT OF CASE

EOG in the above-styled cases seeks an exception to the special rules and regulations for the Red Hills-Bone Spring Pool for the following areas:

- A 480-acre spacing unit and project area comprised of the W/2 of Section 31, Township 24 South, Range 34 East, and the NW/4 of Section 6, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico [Case No. 14738], and

- A 480-acre spacing unit and project area comprised of the E/2 of said Section 31 and the NE/4 of said Section 6 [Case No. 14739].

Portions of these proposed 480-acre spacing units and project areas (the NW/4 and the E/2 NE/4 of Section 6) are currently dedicated to the Diamond 6 Federal Well No. 2 (API No. 3002536628) which is producing in the third Bone Springs sand of the Red Hills-Bone Spring Pool. Division Order No. R-10109, dated April 26, 1994, established special rules and regulations for Red Hills-Bone Spring Pool that provide for 80-acre spacing and proration units, allow one well in each quarter-quarter section of an 80 acre unit, and require each well to be located no closer than 330 feet to any governmental quarter-quarter section or lot. These special rules and regulations were designed for production from the deeper Bones Spring sand component of the Pool. Compliance with these existing rules will impede EOG's ability to efficiently and effectively drain the reserves in the shallower Leonard shale portion of the Red Hills-Bone Spring Pool. Applicant therefore seeks authority to drill and complete in the Leonard shale portion of the Pool more than one horizontal well at unorthodox locations in quarter-quarter sections of the proposed 480-acre spacing units and project areas, provided that the producing interval of any such well remains at least 330 feet from the outer boundary of the designated 480-acre spacing unit and project area.

APPLICANT'S PROPOSED EVIDENCE

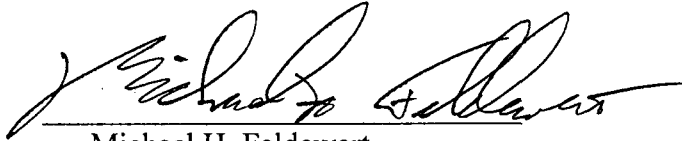
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Doug Hurlbut – Landman	Approx. 10 minutes	Approx. 5
Bill Morris – Geologist	Approx. 10 minutes	Approx. 4
Steve Robertson – Engineer	Approx. 10 minutes	Approx. 4

PROCEDURAL MATTERS

EOG asks that the above reference cases be consolidated for hearing since they involve adjacent lands.

Respectfully submitted,

HOLLAND & HART, LLP

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written over a horizontal line.

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