

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

AMENDED APPLICATION OF EOG RESOURCES, INC. FOR CREATION OF A NON-STANDARD 160-ACRE SPACING AND PRORATION UNIT FOR ALL FORMATIONS AND/OR POOLS DEVELOPED ON 40-ACRE SPACING FROM THE SURFACE TO THE BASE OF THE BONE SPRINGS FORMATION, FOR CREATION OF A NON-STANDARD 320-ACRE SPACING AND PRORATION UNIT IN THE WOLFCAMP FORMATION, AND FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 15126

AMENDED APPLICATION

EOG RESOURCES, INC., ("EOG") through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating a non-standard 160-acre spacing and proration unit comprised of the E/2 SE/4 of Section 22 and the E/2 NE/4 of Section 27, Township 26 South, Range 33 East, for all formations and/or pools developed on 40-acre spacing from the surface to the base of the Bone Springs formation, which includes the Bradley; Bone Springs Pool (Pool Code 7280); (2) pooling all uncommitted mineral interests in this non-standard 160-acre spacing and proration unit; (3) creating a non-standard 320-acre spacing and proration unit in the Wolfcamp formation, which includes the WC-025 S263327H, Wolfcamp Gas Pool (Pool Code 98066), comprised of the SE/4 of Section 22 and the NE/4 of Section 27, Township 26 South, Range 33 East; and (4) pooling all uncommitted mineral interests in this non-standard 320-acre spacing and proration unit. In support of its application, EOG states:

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1. EOG Resources, Inc. (OGRID No. 7377) is a working interest owner in the SE/4 of Section 22 and the NE/4 of Section 27, Township 26 South, Range 33 East, in Lea County, New Mexico, and has the right to drill thereon.

2. EOG proposes to initially dedicate the above-referenced spacing and proration units as the project areas for its proposed **Ophelia 27 #701H Well**, which will be horizontally drilled from a surface location in the SE/4NE/4 (Unit H) of Section 27 to a bottom hole location in NE/4SE/4 (Unit I) of Section 22. The completed interval for this well will commence at a legal location in SE/4NE/4 (Unit H) of Section 27 and remain within the 660-foot standard setbacks required by the Statewide Rules for gas wells and the 330-foot setbacks required by the Statewide Rules for oil wells.

3. EOG has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing units.

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

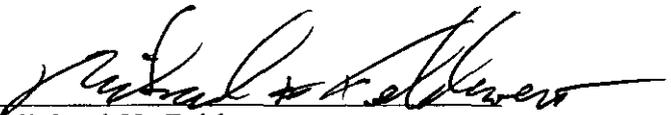
5. In order to permit EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in these non-standard spacing units should be pooled and EOG Resources, Inc. should be designated the operator of these proposed horizontal well and spacing units.

WHEREFORE, EOG requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on May 29, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a non-standard 160-acre spacing and proration unit comprised of the E/2 SE/4 of Section 22 and the E/2 NE/4 of Section 27, Township 26 South, Range 33 East, for all formations and/or pools developed on 40-acre spacing from the surface to the base of the Bone Springs formation, which includes the Bradley; Bone Springs Pool (Pool Code 7280);
- B. Pooling all uncommitted mineral interests in this non-standard 160-acre spacing unit;
- C. Creating a non-standard 320-acre spacing and proration unit in the Wolfcamp formation, WC-025 S263327H, Wolfcamp Gas Pool (Pool Code 98066), comprised of the SE/4 of Section 22 and the NE/4 of Section 27, Township 26 South, Range 33 East;
- E. Pooling all uncommitted mineral interests in this non-standard 320-acre spacing and proration unit;
- F. Designating EOG Resources, Inc. operator of these spacing and proration units and the horizontal well to be drilled thereon;
- G. Authorizing EOG to recover its costs of drilling, equipping and completing the well;
- H. 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
- I. Imposing a 200% penalty for the risk assumed by EOG in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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CASE 15126:

Amended Application Of EOG Resources, Inc. For Creation Of A Non-Standard 160-Acre Spacing And Proration Unit For All Formations And/Or Pools Developed On 40-Acre Spacing From The Surface To The Base Of The Bone Springs Formation, For Creation Of A Non-Standard 320-Acre Spacing And Proration Unit In The Wolfcamp Formation, And For Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre spacing and proration unit comprised of the E/2 SE/4 of Section 22 and the E/2 NE/4 of Section 27, Township 26 South, Range 33 East, for all formations and/or pools developed on 40-acre spacing from the surface to the base of the Bone Springs formation, which includes the Bradley; Bone Springs Pool (Pool Code 7280); (2) pooling all uncommitted mineral interests in this non-standard 160-acre spacing and proration unit; (3) creating a non-standard 320-acre spacing and proration unit in the Wolfcamp formation, which includes the WC-025 S263327H, Wolfcamp Gas Pool (Pool Code 98066), comprised of the SE/4 of Section 22 and the NE/4 of Section 27, Township 26 South, Range 33 East; and (4) pooling all uncommitted mineral interests in this non-standard 320-acre spacing and proration unit. Said spacing and proration units will be initially dedicated to applicant's proposed **Ophelia 27 701H Well**, which will be horizontally drilled from a surface location in the SE/4NE/4 (Unit H) of Section 27 to a bottom hole location in the NE/4SE/4 (Unit I) of Section 22. The completed interval for this well will commence at a legal location in the SE/4NE/4 (Unit H) of Section 27 and remain within the 660-foot standard setbacks required by the Statewide Rules for gas wells and the 330-foot setbacks required by the Statewide Rules for oil wells. 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 EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 4.5 miles Southwest of Royce, New Mexico.