

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

**APPLICATION OF EOG RESOURCES, INC.
FOR COMPULSORY POOLING AND
HORIZONTAL DRILLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 13640

AFFIDAVIT OF RICHARD L. LANNING

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, Richard L. Lanning, being first duly sworn on oath, states as follows:

1. My name is Richard L. Lanning. I reside in Midland County, Texas. I am the Landman employed by EOG Resources, Inc. ("EOG") who is familiar with the status of the lands in Section 7, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico.

2. EOG seeks an order pooling certain interest owners in the N/2 of Section 7 in the Wolfcamp formation, Undesignated West Cottonwood Creek-Wolfcamp Gas Pool, to form a standard 320-acre project area for a horizontal well.

3. EOG owns a working interest in the N/2 of Section 7 and has dedicated this proposed project area to its Yellow A7 Fee Well No. 1H (API 30-015-34477) to be drilled from a surface location 672 feet from the North line and 852 feet from the East line (Unit A) to a depth of approximately 5,100 feet and then in a westerly direction approximately 3793.27 feet in the Wolfcamp formation to a bottomhole location 760 feet from the North line and 660 feet from the West line (Unit D) of said Section 7. Attachment A is a plat of the subject lands showing the proposed project area, the producing area and the well location.

4. The proposed project area consists entirely of Fee leases. Attachment B lists the nature and percentage of the ownership interests in the subject project area.

5. All mineral owners in the project area have voluntarily agreed to pool their interests. This application has been instituted solely to pool the interests of working interest owners who have not been found.

6. EOG has conducted a diligent search to locate these interest owners: Paul Puckett, Mary E. Puckett, George Puckett, Lucille Puckett, Emma Puckett, Jean

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13640 Exhibit No. 1
Submitted by:
EOG RESOURCES, INC.
Hearing Date: January 5, 2006

Puckett-Smith, and Marolyn Puckett-Smith. EOG has made the following attempts to find these interest owners: (Attachment E is evidence showing unsuccessful attempts to contact those interest owners referenced above.)

- a. EOG sent certified letters to last known addresses in November 2005. The addresses were obtained from previous oil and gas leases granted by these interest owners in the 1970's copies of which were found in county records. The letters were returned as unclaimed by these interest owners;
- b. EOG also performed an internet search for each mineral owner;
- c. EOG employed a private investigator to visit the last known addresses, to conduct neighbor interviews and investigate local records for death certificates or other public records; and
- d. EOG searched Eddy County records for conveyances or other instruments affecting title.

7. EOG requests that these interests be pooled and EOG be designated operator of the well and the project area.

8. EOG proposes overhead charges (combined fixed rates) of \$4,500.00 per month while drilling and \$450.00 per month while producing.

9. EOG has proposed a horizontal well because vertical wells in the Wolfcamp formation in this area are generally not economic. A horizontal wellbore allows a much greater extent of the formation to be exposed and treated. This typically results in greater production rates and recoverable reserves.

10. EOG plans to run and cement casing in the horizontal portion of the wellbore. The formation will then be stimulated by a high volume water and sand frac.

11. Horizontal wells are more expensive to drill and complete than vertical wells. There is more mechanical risk involved in drilling a horizontal well than a vertical well.

12. EOG has drilled other horizontal wells in the area which were successfully completed. These include the Mackenzie 13 Fee No's. 1, 2, and 3 wells in Section 13, T-16-S, R-24-E and the Rio Grande 23 Federal No. 1 well in Section 23, T-16-S, R-24-E.

13. Attachment C is a copy of the authorization for expenditure (AFE) for this well This AFE was completed January 24, 2006.

14. Attachment D is the letter giving proper notice of this hearing to those

interest owners referenced above.

15. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow EOG and the other interest owners in the N/2 of Section 7 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

Richard [Signature]
1-27-2006

SUBSCRIBED AND SWORN before me on this 27th day of Jan 2006.

Peggy C. Lavine
Notary Public

My Commission Expires:
12-4-06

