

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

2006 JUN 25 PM 3 59
CASE NO. 13640

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

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Mr. Rick Lanning
EOG Resources, Inc.
P. O. Box 2267
Midland, Texas 79702
(432) 686-3730

ATTORNEY

Ocean Munds-Dry, Esq.
William F. Carr, Esq.
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STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order pooling all mineral interests in the Wolfcamp formation, Undesignated West Cottonwood Creek-Wolfcamp Gas Pool, in the N/2 of Section 7, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico to form a 320-acre project area for a horizontal well. Said unit is to be dedicated to its Yellow A7 Fee Well No. 1H to be horizontally drilled from a surface location 672 feet from the North line and 852 feet from the East line to a depth of 5,100 feet and then in a westerly direction for approximately 3793.27 feet in the Wolfcamp formation to a bottomhole location 760 feet

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from the North line and 660 feet from the West line of said Section 7. 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 7 miles northwest of Artesia, New Mexico.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and Expertise)

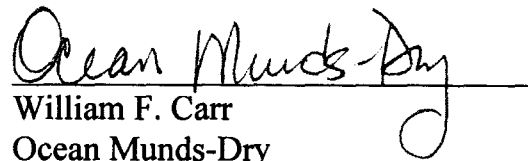
ESTIMATED TIME

EXHIBITS

BY AFFIDAVIT

PROCEDURAL MATTERS

Pursuant to Division policy EOG Resources, Inc., will present this case by Affidavit.


William F. Carr
Ocean Munds-Dry
Attorneys for Yates Petroleum Corporation