

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

APPLICATION OF EOG RESOURCES, INC. FOR APPROVAL OF A 640-ACRE NON-STANDARD PROJECT AREA COMPRISED OF ACREAGE SUBJECT TO A PROPOSED STATE COMMUNITIZATION AGREEMENT, LEA COUNTY, NEW MEXICO.

CASE NO. 15555

EOG's PRE-HEARING STATEMENT

EOG Resources, Inc., the applicant in the above-referenced matter, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

EOG Resources, Inc.
5509 Champions Drive
Midland, Texas 79706

ATTORNEY

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APPLICANT'S STATEMENT OF CASE

EOG Resources, Inc. ("EOG") seeks an order approving a 640-acre non-standard project area comprised of acreage subject to a state Consolidation Agreement communitizing all of Section 26, Township 25 South, Range 33 East, NMPM Lea County, New Mexico. EOG has drilled the following eight wells in Section 26:

- The Lomas Rojas State Com No. 701H (API 30-025-42568), currently dedicated to the E/2 E/2 of Section 26;
- The Lomas Rojas State Com No. 702H (API 30-025-42567), currently dedicated to the E/2 E/2 of Section 26;

- The Lomas Rojas State Com No. 703H (API 30-025-42970), currently dedicated to the W/2 E/2 of Section 26;
- The Lomas Rojas State Com No. 704H (API 30-025-42971), currently dedicated to the W/2 E/2 of Section 26;
- The Lomas Rojas State Com No. 705H (API 30-025-43218), currently dedicated to the E/2 W/2 of Section 26;
- The Lomas Rojas State Com No. 706H (API 30-025-43219), currently dedicated to the E/2 W/2 of Section 26;
- The Lomas Rojas State Com No. 707H (API 30-025-43220), currently dedicated to the W/2 W/2 of Section 26; and
- The Lomas Rojas State Com No. 708H (API 30-025-43221), currently dedicated to the W/2 W/2 of Section 26.

All of these wells have been placed in the WC-025 G-09 S253336D; Upper Wolfcamp Pool (Pool Code 98094), which is subject to the Division's general statewide rules for oil development. EOG seeks to minimize the surface disturbance by consolidating the facilities for the Section 26 wells at a single location. The New Mexico State Land Office has approved a single Consolidation Agreement communitizing all of Section 26. For administrative purposes the wells drilled in Section 26 must be dedicated to the entire Section. In order to dedicate the wells in Section 26 to the acreage subject to the 640-acre, EOG requires approval from the Division to treat Section 26 as a single project area.

Division Rule 19.15.16.7.L recognizes a state exploratory unit and a participating area within a federal unit as an approved "project area" for purposes of efficient horizontal well development, but does not currently recognize a communitized area as a "project area" for horizontal well development. Approval of the proposed 640-acre communitized area as a single project area is consistent with the intent of a "project area" expressed in Rule 19.15.16.7.L(2) and will allow EOG to efficiently locate surface facilities and minimize surface disturbances in a manner similar to that allowed for state exploratory units and participating areas in federal units.

APPLICANT'S PROPOSED EVIDENCE

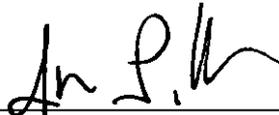
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Matthew Phillips –Landman	Approx. 10	Approx. 5
John Lock – Geologist	Approx. 10	Approx. 4

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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