

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

APPLICATION OF EOG RESOURCES FOR APPROVAL OF A 472-ACRE NON-STANDARD PROJECT AREA COMPRISED OF ACREAGE SUBJECT TO A PROPOSED COMMUNITIZATION AGREEMENT, LEA COUNTY, NEW MEXICO.

CASE NO. 15584

APPLICATION

EOG Resources, Inc. ("EOG") through its undersigned attorneys, files this application with the Oil Conservation Division for an order approving an approximately 472-acre non-standard project area in the Wolfcamp formation comprised of acreage subject to a proposed Communitization Agreement covering the W/2 of Section 25 and the NW/4 (W/2 equivalent) of irregular Section 36, Township 26 South, Range 33 East, NMPM Lea County, New Mexico. In support of this application, EOG states:

1. EOG (OGRID No. 7377) is the only working interest owner in a federal lease covering the W/2 of Section 25 and a state lease covering the NW/4 (W/2 equivalent) of irregular Section 36, which borders the State of Texas.

2. EOG has drilled and is ready to complete the following horizontal wells in the WC-025 G-09 S263327G; Upper Wolfcamp pool (Pool Code 98097) underlying the subject acreage:

- The Endurance 36 State Com #701H (30-025-42984) and #704H (30-025-43015) in the W/2 W/2 of Section 26 and the W/2 NW/4 of irregular Section 36; and
- The Endurance 36 State Com #705H (30-025-43227) and #706H (30-025-432281) in the E/2 W/2 of Section 26 and the E/2 NW/4 of irregular Section 36.

3. The WC-025 G-09 S263327G; Upper Wolfcamp pool is subject to the Division's statewide rule providing for 40-acre spacing units. EOG's drilling program for the subject acreage has resulted in development of each of the 40-acre tracts comprising the proposed non-standard project area.

4. EOG seeks to minimize surface disturbance by consolidating facilities and commingling production from existing and future wells in the subject area. The New Mexico State Land Office and the BLM has informed EOG that they will approve a Communitization Agreement covering all of the subject acreage.

5. In order to dedicate the existing wells to the acreage subject to the proposed Communitization Agreement, EOG requires approval from the Division to treat the subject acreage as a single project area.

6. 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. However, this rule currently does not expressly recognize a communitized area as a "project area" for horizontal well development.

7. Approval a 472-acre project area comprised of the subject acreage will allow EOG to efficiently locate surface facilities and minimize surface disturbances in a manner similar to that currently allowed for state exploratory units and participating areas within federal units.

8. Approval of a 472-acre project area comprised of the subject acreage is consistent with the intent of a "project area" expressed in Rule 19.15.16.7.L(2).

9. Pursuant to Rule 19.15.16.15.E, EOG will provide notice of this application to the affected persons in the 40-acre spacing units located in the State of New Mexico that adjoin the proposed 472-acre project area.

10. Approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, EOG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 17, 2016, and that after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

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ATTORNEYS FOR EOG RESOURCES, INC.

CASE _____:

Application Of EOG Resources For Approval Of A 472-Acre Non-Standard Project Area Comprised Of Acreage Subject To A Proposed Communitization Agreement, Lea, New Mexico. Applicant in the above-styled cause seeks an order approving an approximately 472-acre non-standard project area in the Wolfcamp formation comprised of acreage subject to a proposed communitization agreement covering the W/2 of Section 25 and the NW/4 (W/2 equivalent) of irregular Section 36, Township 26 South, Range 33 East, NMPM Lea County, New Mexico. This acreage has been placed in the WC-025 G-09 S263327G; Upper Wolfcamp pool (Pool Code 98097) and is subject to the Division's general statewide rules for oil development. This subject area is located approximately 43 miles Southwest of Jal, New Mexico.