

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

APPLICATION OF EOG RESOURCES INC.,
FOR COMPULSORY POOLING, NON-STANDARD
SPACING AND PRORATION UNIT
IN EDDY COUNTY, NEW MEXICO.

CASE NO. 20606

APPLICATION FOR COMPULSORY POOLING,
NON-STANDARD SPACING AND PRORATION UNIT

EOG RESOURCES INC., applies for an order pooling all mineral interests within the vertical limits of the Purple Sage Wolfcamp Pool (Pool Code 98220), at a non-standard spacing and proration unit, underlying the E/2 of Section 36, Township 25 South, Range 28 East, and E/2 of Section 1, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of this application, Applicant states:

1. Applicant is an interest owner in the E/2 of Section 36 and E/2 of Section 1, and has the right to drill thereon.
2. Applicant proposes to drill its Golden Graham 1 State Com #724H well to be located at a standard well location having a surface location 386 FSL and 1960 FEL of Section 1 and a bottom hole location of 230 FNL and 1570 FEL of Section 36, and will have approximate TVD of 9,900 feet and MD of 19,700 feet, sufficient in depth to test the Purple Sage Wolfcamp Pool.
3. Applicant seeks to dedicate the E/2 of Section 36 and E/2 of Section 1 to the well to form a non-standard 640 acre spacing and proration unit within the vertical limits of the Purple Sage Wolfcamp Pool.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other

mineral interest owners in the E/2 of Section 36 and E/2 of Section 1 for the purposes set forth herein.

5. Certain working interest owners have failed or refused to join in the drilling of the proposed well, therefore, applicant seeks an order pooling all mineral interest owners in the E/2 of Section 36 and E/2 of Section 1 pursuant to NMSA 1978, Section 70-2-17 as requested in this application.

6. The pooling of all mineral interests as requested in this application underlying the E/2 of Section 36 and E/2 of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral interests in the E/2 of Section 36 and E/2 of Section 1 within the Purple Sage Wolfcamp Pool.

B. Approving this application with respect to non-standard spacing and proration unit and unorthodox location.

C. Designating Applicant as the operator of the well;

D. Considering the cost of completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and,

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

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NMOCD Case No. 20606

Application of EOG Resources, Inc, for compulsory pooling, non-standard spacing and proration unit, Eddy County, New Mexico; Applicant seeks an order pooling all mineral interests within the vertical limits of the Purple Sage Wolfcamp Pool (Pool Code 98220) of its Golden Graham 1 State Com No. 724H well, non-standard spacing and proration unit, underlying the E/2 of Section 36, Township 25 South, Range 28 East, and E/2 of Section 1, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. The well is located approximately 10 miles southeast of Malaga, New Mexico.