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October 16, 2019

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Oxy Y-1 Company
Attn: John Schneider
Permian Land Manager- New Mexico
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521

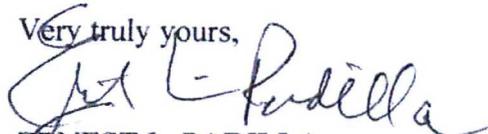
Re: NMOCD Case Number# 20829 In the Matter of the Applications of EOG Resources, Inc., for compulsory pooling, non-standard spacing and proration unit in Lea County, New Mexico.

Ladies & Gentlemen:

This letter will advise that EOG Resources, Inc. has filed an application with the New Mexico Oil Conservation Division seeking an order for compulsory pooling, non-standard spacing and proration unit in Lea County, New Mexico as referenced above. Copy of this application is enclosed.

This application will be set for hearing before a Division Examiner on November 14, 2019 at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend these hearings, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 1211.

Very truly yours,



ERNEST L. PADILLA

ELP:jbg

cc: EOG Resources Inc.

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,
LEA COUNTY, NEW MEXICO.**

CASE NO. 20829

**APPLICATION FOR COMPULSORY POOLING, AND NON-STANDARD
SPACING AND PRORATION UNITS**

EOG RESOURCES, INC. applies for an order pooling all mineral interests within the Bone Spring Formation as to the proposed oil and gas wells listed below, underlying the E/2 of Sections 26 and 35, Township 2 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing units and has the right to drill thereon.
2. Applicant seeks to dedicate the above referenced horizontal spacing units to the following six initial wells:
 - A. The proposed **Fearless 26 Fed Com #503H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring B sand from an orthodox SHL 378' FNL & 1,696' FEL of Section 26 and BHL 100' FSL & 1,277' FEL of Section 35;
 - B. The proposed **Fearless 26 Fed Com #504H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring B sand from an orthodox SHL 367' FNL & 1,729' FEL of Section 26 and BHL 100' FSL & 2,120' FEL of Section 35.
3. Because the proposed wells will be continuously drilled and completed, Applicant requests an extension of the time period to drill and complete the proposed wells from 120 days to 365 days.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing units.

5. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing units should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing units.

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

- A. Pooling all uncommitted interests in this horizontal spacing units;
- B. Approving four initial horizontal wells in this spacing units;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing units;
- D. Designating Applicant operator of this spacing units and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

PADILLA LAW FIRM, P.A.

By: /s/ERNEST L. PADILLA
Ernest L. Padilla
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Oxy Y-1 Company
 Attn: John Schneider
 Permian Land Manager- New Mexico
 5 Greenway Plaza, Suite 110
 Houston, TX 77046-0521

PS Form 3800, A

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 Oxy Y-1 Company
 Attn: John Schneider
 Permian Land Manager- New Mexico
 5 Greenway Plaza, Suite 110
 Houston, TX 77046-0521

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2. Article Number (Transfer from service label)

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PS Form 3811, July 2015 PSN 7530-02-000-9053

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