

HOLLAND & HART ^{LLP}



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February 17, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13680

Re: Application of EOG Resources, Inc. for compulsory pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of EOG Resources, Inc. in the above-referenced case as well as a copy of a legal advertisement. EOG Resources, Inc. requests that this matter be placed on the docket for the March 30, 2006 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Dan McCright
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

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

**IN THE MATTER OF THE APPLICATION
OF EOG RESOURCES, INC. FOR
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 13680

APPLICATION

EOG RESOURCES, INC., ("EOG") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the spacing and proration unit/horizontal well Project/Area comprised of the S/2 of Section 15, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Northeast Collins Ranch-Wolfcamp Pool; and in support of its application states:

1. EOG is a working interest owner in the S/2 of said Section 15, which is a standard 320-acre spacing unit, and has the right to drill thereon.
2. EOG proposes to dedicate the above-referenced pooled units to its Hudson "15" Federal Com Well No. 1H to be drilled from a standard gas well surface location 760 feet from the South line and 660 feet from the East line and then horizontally drilled in the Wolfcamp formation in a westerly direction to a projected bottomhole location 760 feet from the South line

and 660 feet from the West line of said Section 15 at a total vertical depth of approximately 5,400 feet. The well will test all formations from the surface through the Wolfcamp formation.

3. EOG has sought and been unable to obtain a voluntary agreement for the development of these lands from the interest owners in the subject spacing units identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and EOG Resources, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 30, 2005 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject project area,
- B. designating EOG Resources, Inc. operator of this unit/Project Area and the well to be drilled thereon,
- C. authorizing EOG Resources, Inc. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by EOG Resources, Inc. in

drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR EOG
RESOURCES, INC.

EXHIBIT A

**Application of EOG Resources, Inc.,
for Compulsory Pooling,
Eddy County, New Mexico.**

S/2, Section 15, Township 17 South, Range 24 West, NMPM

NOTIFICATION LIST

LEASEHOLD OWNERS

David H. Arrington Oil & Gas, Inc.
Post Office Box 2071
Midland, Texas 79702
Attn: James Lucas

LCX Energy, LLC
110 North Marienfeld, Suite 200
Midland, Texas 79701
Attn: Frank Nix

Parallel Petroleum Corporation
Pot Office Box 10587
Midland, Texas 79702
Attn: Mile Gray

Capstone Oil & Gas Company, L.P.
Post Office Box 10187
Midland, Texas 79702
Attn: Dale Douglas

CMW Interests, Inc.
4929 Rustic Trail
Midland, Texas 79707
Attn: Mark Wheeler

Elger Exploration, Inc.
Post Office Box 2623
Midland, Texas 79702-2623
Attn: Jerry Elger

Unit Resources, Inc.
500 North Shoreline, Suite 603
Corpus Christi, Texas 78471

UNLEASED MINERAL OWNERS

Richard Lyons Moore
Post Office Box 10908
Midland, Texas 79702

Michael Harrison Moore
Post Office Box 10908
Midland, Texas 79702

Richard Lyons Moore and Michael Harrison Moore,
Co-trustees u/w/o Stephen Scott Moore, deceased
Post Office Box 10908
Midland, Texas 79702

J. Harold Berg and wife, Melba A. Berg. JTROS
c/o Mr. Peter Palermo
301 E. Colorado Blvd., Suite 700
Pasadena, California 91101-1905

Truman Cleveland and wife, Verna Cleveland
3737 Atlantic Ave., Apt. 504
Long Beach, California 90807

CASE 13680:

Application of EOG Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the spacing and proration unit/horizontal well Project Area comprised of the S/2 of Section 15, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Northeast Collins Ranch-Wolfcamp Pool. This spacing unit/horizontal well Project Area is to be dedicated to the Hudson "15" Federal Com No. 1H to be drilled from a standard gas well surface location 760 feet from the South line and 660 feet from the East line and then horizontally drilled in the Wolfcamp formation in a westerly direction to a projected bottomhole location 760 feet from the South line and 660 feet from the west line of said Section 15 at a total vertical depth of approximately 5,400 feet. The well will test all formations from the surface through the Wolfcamp formation. 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 8 miles west of Artesia, New Mexico.