

January 25, 2007

**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 13879

2007 JAN 25 PM 3 22

**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 1, 2007 Examiner hearings.

Sincerely,

  
Ocean Munds-Dry

Enclosures

cc: Rick Lanning  
EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79702

**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.**

2007 JAN 22  
PM 3:22  
CASE NO. 15879

**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 (2006), for an order pooling all mineral interests in the Wolfcamp formation, in the S/2 of Section 4, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico to form a 320-acre project area for a horizontal well and in support of its application states:

1. EOG is a working interest owner in the S/2 of said Section 4 and has the right to drill thereon.
2. EOG proposes to dedicate the above-referenced pooled project area to its Meramac C 4 Fee Well No. 2H to be drilled from a surface location 660 feet from the South line and 200 feet from the East line (Unit P) to a depth of approximately 5200 feet to penetrate the Wolfcamp formation to a bottomhole location 760 feet from the South line and 660 feet from the West line of said Section 4.
3. EOG has been unable to locate and seek voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are 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 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 1, 2007 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 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: Ocean Munds-Dry  
WILLIAM F. CARR  
OCEAN MUNDS-DRY  
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  
S/2 OF SECTION 4, TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO.**

John Starr as  
Independent Executor of Alberta R. Starr Estate and  
Trustee of Pete J. Starr Trust  
1100 Linda Lane  
Arlington, Texas 76013

CASE 13879:

**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 in the Wolfcamp formation, in the S/2 of Section 4, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico to form a 320-acre project area for a horizontal well. Said unit is to be dedicated to its Meramac C 4 Fee Well No. 2H to be horizontally drilled from a surface location 660 feet from the South line and 200 feet from the East line to a depth of 5200 feet to penetrate the Wolfcamp formation to a bottomhole location 760 feet from the South line and 660 feet from the West line of said Section 4. 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 7 miles northwest of Artesia, New Mexico.



January 25, 2007

**CERTIFIED MAIL**

Mr. John Starr  
As Independent Executor of Alberta R. Starr Estate and Trustee of Pete J. Starr Trust  
1100 Linda Lane  
Arlington, Texas 76013

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

Mr. Starr:

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests in the Wolfcamp formation in certain spacing and proration units in the S/2 of Section 4, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. Said pooled unit is to be dedicated to EOG's Meramac C 4 Fee Well No. 2H to be drilled at a surface location 660 feet from the South line and 200 feet from the East line and a bottomhole location 760 feet from the South line and 660 feet from the West line, NMPM, Eddy County, New Mexico to test the Wolfcamp formation.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on March 1, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

Ocean Munds-Dry  
ATTORNEY EOG RESOURCES, INC.