

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

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

CASE NO. 12454

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OIL CONSERVATION DIV.

APPLICATION

EOG RESOURCES, INC.("EOG"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests from 3100 feet through the top 100 feet of the Mississippian Chester formation in Section 7 Township 17 South, Range 29 East, NMPM, in the following described manner: the N/2 equivalent for any and all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated South Empire-Morrow Gas Pool and the Undesignated North Empire-Atoka Gas Pool; and the NW/4 for any and all formations and/pools developed on 160-acre spacing, and in support of its application states:

1. EOG is a working interest owner in the N/2 of said Section 7, on which it proposes to drill its Warp Speed "7" Federal Com Well No. 1 at a standard well location 1980 feet from the North line and 800 feet from the West line (Unit F) to an approximate

total depth of 10,800 feet to test any and all formations from a depth of 3100 feet to the base of the Mississippian Chester formation.

2. EOG proposes to dedicate the N/2 of Section 7 to this well which, due to a variation in the United States Public Lands Survey, is a non-standard unit containing only 292.32 acres.

2. EOG has sought and been unable to obtain either voluntary agreement for pooling or farmout of the working interest of Phillips Petroleum Company in the N/2 equivalent of said Section 15.

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

4. 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 should be designated the operator of the well.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 13, 2000, and, after notice and hearing as required by law, the Division enter its order:

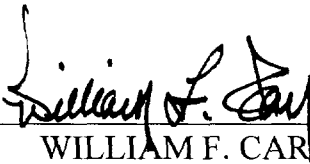
- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating EOG Resources, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing EOG to recover its costs of drilling, equipping and completing

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

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:  _____
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ATTORNEYS FOR EOG RESOURCES, INC.

CASE 12454

Application of EOG Resources, Inc. for compulsory pooling and a non-standard spacing and proration unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from a depth of 3100 feet through the top 100 feet of the Mississippian Chester formation underlying the N/2 equivalent of Section 7, Township 17 South, Range 29 East, N.M.P.M. in the following manner: the N/2 equivalent to form a non-standard 292.32-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated South Empire-Morrow Gas Pool and the Undesignated North Empire-Atoka Gas Pool: and the NW/4 equivalent for any formations and/or pools developed on 160-acre spacing. Applicant proposes to dedicate these pooled units to its Warp Speed "7" Federal Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 800 feet from the West line (Unit F) of said Section 7. Also to be considered will 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles Northwest of Loco Hills, New Mexico.