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William F. Carr

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August 27, 2002

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Energy, Minerals &  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 12924*

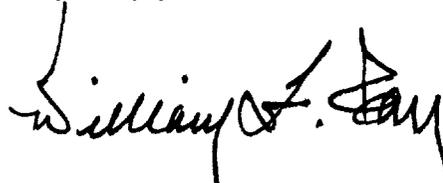
2002 AUG 27 11:49:32  
MAIL ROOM

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

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of EOG Resources, Inc. in the above-  
referenced case as well as a copy of a legal advertisement. EOG Resources,  
Inc. respectfully requests that this matter be placed on the docket for the  
September 19, 2002 Examiner hearings.

Very truly yours,



William F. Carr  
Attorney for EOG Resources, Inc.

Enclosures

cc: Patrick J. Tower  
EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79702

**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,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 12924**

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**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 the surface through the top 100 feet of the Mississippian Chester formation in the following described acreage in Section 30, Township 15 South, Range 35 East, NMPM: Lots 3 and 4, E/2 SW/4 and SE/4 (S/2 Equivalent) to form a standard 321.94-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated North Hume-Morrow Gas Pool and the Undesignated North Eidson-Morrow Gas Pool; SW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; the S/2 SW /4 to form a standard spacing and proration unit for all formations and pools developed on 80-acre spacing within that vertical extent which includes but is not necessarily limited to the Big Dog-Atoka Pool; and the NW/4 SW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated

Big Dog-Strawn Pool and the Undesignated Townsend Permo Upper Pennsylvanian Pool ,  
and in support thereof states:

1. EOG is a working interest owner in the S/2 of said Section 30, Township 15South, Range 35 East, NMPM, on which it proposes to drill its John's Hopper "30" Well No. 2 at a standard gas well location 1980 feet from the South line and 880 feet from the West line of the section to an approximate total depth of 13,300 feet to test any and all formations from the surface through the top 100 feet of the Mississippian Chester formation.

2. EOG has sought and been unable to obtain either a voluntary agreement for the development of this acreage from the owners of interest in the S/2 of Section 30 identified on Exhibit A to this application to whom notice of this application will be provided in accordance with the rules of the Division.

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 September 19, 2002 and, after notice and hearing as required by law, the Division enter its order:

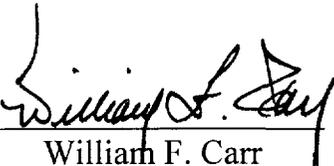
- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating EOG Resources, Inc. operator of the unit and the well to be

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,

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  
LEA COUNTY, NEW MEXICO.**

**NOTICE LIST**

Yates Petroleum Corporation  
Abo Petroleum Corporation  
Myco Industries  
Yates Drilling Company  
105 South Fourth Street  
Artesia, New Mexico 88211

David Petroleum Corporation  
McMillan Ventures, LLC  
Permian Exploration Corporation  
McMillian Production Company, Inc.  
Edward N. David  
Mr. and Mrs. William B. Owen  
Keith E. McKamey and wife  
    Kay Ann McKamey  
Michael A. Mc Millan and wife  
    Teresa L. McMillan  
116 West 1st Street  
Roswell, New Mexico 88201

John Owens and Cynthia Owens  
4618 5th Street  
Lubbock, Texas 79416

CASE 12924:

Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an pooling all mineral interests from the surface through the top 100 feet of the Mississippian Chester formation in the following described acreage: the Lots 3 and 4, E/2 SW/4, and SE/4 (S/2 equivalent) to form a spacing and proration unit for all formations developed on 321.94-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated North Hume-Morrow Gas Pool and the Undesignated North Eidson-Morrow Gas Pool; SW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; the S/2 SW/4 to form a standard spacing and proration unit for all formations and pools developed on 80-acre spacing within that vertical extent which includes but is not necessarily limited to the Big Dog-Atoka Pool; and the NW/4 SW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Big Dog-Strawn Pool and the Undesignated Townsend Permo Upper Pennsylvanian Pool, all in Section 30, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Applicant proposes to dedicate the pooled units to its John's Hopper "30" ~~Federal~~ Well No. 3 to be drilled at a standard gas well location 1980 feet from the South line and 880 feet from the West line of said Section 30. 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles northwest of Lovington, New Mexico.