

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

**APPLICATION OF EOG RESOURCES, INC.
FOR APPROVAL OF A NON-STANDARD OVERLAPPING
SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

EOG Resources, Inc. ("EOG" or "Applicant") (OGRID No. 7377) through its undersigned attorneys, files this application with the Oil Conservation Division for an order (a) approving a non-standard 1280-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying Sections 15 and 22, Township 21 South, Range 34 East NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners in this acreage. In support of this application, EOG states:

1. EOG is a working interest owner in the subject acreage and has the right to drill thereon.

2. Applicant seeks to initially dedicate the above-referenced spacing unit to the following proposed wells to be horizontally drilled from surface locations in the N2N2 of Section 15:

- **Sour Grapes 15 State Com 201H, Sour Grapes State Com 301H and Sour Grapes State Com 501H**, with first take points in the NW4NW4 (Unit D) of Section 15 and last take points in the SW4SW4 (Unit M) of Section 22;
- **Sour Grapes 15 State Com 302H** with a first take point in the NE4NW4 (Unit C) of Section 15 and a last take point in the SE4SW4 (Unit N) of Section 22;

- **Sour Grapes 15 State Com 202H, Sour Grapes State Com 303H and Sour Grapes State Com 502H**, with first take points in the NW4NE4 (Unit B) of Section 15 and last take points in the SW4SE4 (Unit O) of Section 22; and
- **Sour Grapes 15 State Com 203H, Sour Grapes State Com 304H and Sour Grapes State Com 503H**, with first take points in the NE4NE4 (Unit A) of Section 15 and last take points in the SE4SE4 (Unit P) of Section 22.

3. Applicant seeks approval of a non-standard horizontal well spacing unit to allow the approval of a corresponding state communitization agreement, to avoid commingling approvals, to allow EOG to consolidate surface facilities, and to allow efficient well spacing.

4. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation (Berry; Bone Spring, South Pool (96660)):

- A 240-acre spacing unit comprised of the W2SE4 of Section 15 and the W2E2 of Section 22, dedicated to the Lychee BWS State Com 1H (30-025-42445), operated by COG Operating; and
- A 320-acre spacing unit comprised of the E2W2 of Sections 15 and 22, dedicated to the Lychee State Com 3H (30-025-45256) and the Lychee State Com 503H (30-025-46423) operated by COG Operating.

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

6. Approval of this non-standard overlapping horizontal well spacing unit and the pooling of interests therein will allow Applicant to obtain a just and fair share of the oil and gas

underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on July 10, 2025, before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard overlapping horizontal well spacing unit and pooling all uncommitted interest owners therein;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- 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% charge for the 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.

Respectfully submitted,

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ATTORNEYS FOR EOG RESOURCES, INC.

CASE _____: **Application of EOG Resources, Inc. for Approval of a Non-Standard Overlapping Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order (a) approving a non-standard 1280-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying Sections 15 and 22, Township 21 South, Range 34 East NMPM, Lea County, New Mexico, and (b) pooling the uncommitted mineral owners in this acreage. This spacing unit will be initially dedicated to the following proposed wells to be horizontally drilled from surface locations in the N2N2 of Section 15:

- **Sour Grapes 15 State Com 201H, Sour Grapes State Com 301H and Sour Grapes State Com 501H**, with first take points in the NW4NW4 (Unit D) of Section 15 and last take points in the SW4SW4 (Unit M) of Section 22;
- **Sour Grapes 15 State Com 302H** with a first take point in the NE4NW4 (Unit C) of Section 15 and a last take point in the SE4SW4 (Unit N) of Section 22;
- **Sour Grapes 15 State Com 202H, Sour Grapes State Com 303H and Sour Grapes State Com 502H**, with first take points in the NW4NE4 (Unit B) of Section 15 and last take points in the SW4SE4 (Unit O) of Section 22; and
- **Sour Grapes 15 State Com 203H, Sour Grapes State Com 304H and Sour Grapes State Com 503H**, with first take points in the NE4NE4 (Unit A) of Section 15 and last take points in the SE4SE4 (Unit P) of Section 22.

This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation (Berry; Bone Spring, South Pool (96660)):

- A 240-acre spacing unit comprised of the W2SE4 of Section 15 and the W2E2 of Section 22, dedicated to the Lychee BWS State Com 1H (30-025-42445), operated by COG Operating; and
- A 320-acre spacing unit comprised of the E2W2 of Sections 15 and 22, dedicated to the Lychee State Com 3H (30-025-45256) and the Lychee State Com 503H (30-025-46423) operated by COG Operating.

Also, to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, the operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. The subject area is located approximately 17 miles west of Eunice, New Mexico.