

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

**APPLICATION OF EOG RESOURCES, INC.
FOR APPROVAL OF AN OVERLAPPING
HORIZONTAL WELL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO**

Case No. _____

APPLICATION

EOG Resources, Inc. (“EOG”) (OGRID No. 7377) through its undersigned attorneys, hereby files this Application with the Oil Conservation Division of the State of New Mexico (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 480-acre, more or less, overlapping horizontal well spacing and unit (“HSU”) composed of the SW¼ of Section 35, Township 24 South, Range 34 East, N.M.P.M. and the W½ of Section 2, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring Formation, designated as an oil pool, underlying said HSU. In support of its Application, EOG states the following:

1. EOG is a working interest owner with the right to drill in the proposed HSU.
2. EOG seeks to dedicate the above-referenced HSU to the following proposed wells:
 - a. **Honey Buzzard 35 South State Com #301H, Honey Buzzard 35 South State Com #401H, and Honey Buzzard 35 South State Com #601H**, which are oil wells that will be horizontally drilled from a surface location in the NE¼SW¼ of Section 35 to a bottom hole location in the Bone Spring Formation in the SW¼SW¼ of Section 2;
 - b. **Honey Buzzard 35 South State Com #302H**, which is an oil well that will be horizontally drilled from a surface location in the NE¼SW¼ of Section 35 to a bottom hole location in the Bone Spring Formation in the S½ of Section 2;

c. **Honey Buzzard 35 South State Com #303H, Honey Buzzard 35 South State Com #402H, and Honey Buzzard 35 South State Com #602H**, which are oil wells that will be horizontally drilled from a surface location in the NE¹/₄SW¹/₄ of Section 35 to a bottom hole location in the Bone Spring Formation in the SE¹/₄SW¹/₄ of Section 2

3. The completed interval for the **Honey Buzzard 35 South State Com 302H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15(B)(1)(b).

4. This 480-acre HSU will overlap the following existing horizontal well spacing units covering portions of the subject acreage:

a. A 160-acre horizontal spacing unit in the W/2W/2 of Section 35, dedicated to the Orange Raider BPV State No. 1H well (API No. 30-025-39712), in the Red Hills; Bone Spring, East Pool.

b. A 160-acre horizontal spacing unit in the W/2W/2 of Section 2, dedicated to the Tumbling Dice 2 State Com No. 1H well (API No. 30-025-41459) in the Red Hills; Upper Bone Spring Shale Pool.

5. EOG has sought in good faith, but has been unable to obtain, voluntary agreement from all mineral interest owners to participate in the drilling of the Wells or in the commitment of their interests to the Wells for its development within the HSU.

6. The approval of this overlapping spacing unit and pooling of all interests within the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to provide for its just and fair share of the oil and gas underlying the subject lands, EOG requests that all uncommitted interests in this HSU be pooled and that EOG be designated the operator of the Wells and HSU.

WHEREFORE, EOG requests that this Application be set for hearing on September 15, 2022, 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 overlapping HS and pooling all uncommitted mineral interests therein;
- b. Approving the Wells in the HSU;
- c. Designating EOG as operator of this HSU and Wells to be drilled thereon;
- d. Authorizing EOG to recover its costs of drilling, equipping, and completing the Wells;
- e. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- f. Setting a 200% charge for the risk assumed by EOG in drilling and completing the Wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted

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

Applicant in the above-styled cause seeks an order from the Division approving an overlapping horizontal spacing unit and pooling all uncommitted mineral interests in the Bone Spring Formation therein. The proposed wells to be dedicated to the horizontal spacing unit are the Honey Buzzard 35 South State Com #301H, #302H, #303H, #401H, #402H, #601H, and #602H, all oil wells, to be horizontally drilled from surface locations in the S½ of Section 35, Township 24 South, Range 34 East, N.M.P.M, to bottom hole locations in the S½ of Section 2, Township 25 South, Range 34 East, N.M.P.M. The completed interval for the **Honey Buzzard 35 South State Com 302H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under NMAC 19.15.16.15(B)(1)(b). This 480-acre HSU will overlap the following existing horizontal well spacing units covering portions of the subject acreage:

- A 160-acre horizontal spacing unit in the W/2W/2 of Section 35, dedicated to the Orange Raider BPV State No. 1H well (API No. 30-025-39712), in the Red Hills; Bone Spring, East Pool; and.
- A 160-acre horizontal spacing unit in the W/2W/2 of Section 2, dedicated to the Tumbling Dice 2 State Com No. 1H well (API No. 30-025-41459) in the Red Hills; Upper Bone Spring Shale Pool.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15 miles northwest of Jal, New Mexico.