

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

**APPLICATION OF EOG RESOURCES, INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 20344

APPLICATION

EOG Resources, Inc. ("EOG") hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation (Red Hills; Lower Bone Spring Pool (51020)) underlying a 320-acre standard horizontal spacing unit comprised of E/2 E/2 of Sections 17 and 20, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, EOG states:

1. EOG Resources, Inc. (OGRID No. 7377) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. EOG seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Silver Train 20 Federal Com 201H** well to be drilled from a surface hole location in SE/4 SE/4 (Unit P) of Section 20 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 17;
- The **Silver Train 20 Federal Com 301H** well to be drilled from a surface hole location in SE/4 SE/4 (Unit P) of Section 20 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 17; and
- The **Silver Train 20 Federal Com 601H** well to be drilled from a surface hole location in SE/4 SE/4 (Unit P) of Section 20 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 17.

The completed intervals for these wells will comply with standard setbacks for horizontal oil wells under the Division's statewide rules.

3. Since the proposed wells will be simultaneously drilled and completed, EOG requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

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

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

6. In order to permit EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and EOG should be designated the operator of this proposed horizontal wells and spacing unit.

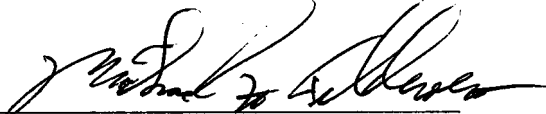
WHEREFORE, EOG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 4, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial well;
- D. Designating EOG the operator of this spacing unit and the horizontal wells to be drilled thereon;
- E. Authorizing EOG to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- G. Imposing a 200% charge for the risk assumed by EOG 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 20344 : Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation (Red Hills; Lower Bone Spring Pool (51020)) underlying a 320-acre standard horizontal spacing unit comprised of E/2 E/2 of Sections 17 and 20, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Silver Train 20 Federal Com 201H** well to be drilled from a surface hole location in SE/4 SE/4 (Unit P) of Section 20 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 17;
- The **Silver Train 20 Federal Com 301H** well to be drilled from a surface hole location in SE/4 SE/4 (Unit P) of Section 20 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 17; and
- The **Silver Train 20 Federal Com 601H** well to be drilled from a surface hole location in SE/4 SE/4 (Unit P) of Section 20 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 17.

The completed intervals for these wells will comply with standard setbacks for horizontal oil wells under the Division's statewide rules. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 17 miles West of Jal, New Mexico.