

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

**APPLICATION OF EOG RESOURCES, INC.
FOR APPROVAL OF 1,000-ACRE NON-STANDARD
SPACING UNITS IN THE BONE SPRING & WOLFCAMP
FORMATIONS COMPRISED OF ACREAGE SUBJECT
TO A PROPOSED COMMUNITIZATION AGREEMENT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 21978

EOG’S PRE-HEARING STATEMENT

EOG Resources, Inc. (“EOG”) submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

EOG Resources, Inc.

ATTORNEY

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OTHER PARTIES

None

STATEMENT OF THE CASE

EOG seeks an order approving 1,000-acre, more or less, non-standard horizontal spacing units for production from all Division designated pools in the Bone Spring and Wolfcamp formations underlying all of Section 10, and the N/2 and the NW/4 SW/4 of Section 15, Township

24 South, Range 32 East, NMPM, Lea County, New Mexico. EOG owns all the working interest in the Bone Spring and Wolfcamp formations underlying the subject acreage and intends to dedicate the proposed non-standard spacing units to its “Modelo” wells. EOG seeks approval of non-standard spacing units to allow corresponding Communitization Agreements for the federal leases within this subject area. Due to the nature and configuration of these federal leases, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard spacing units. *See, e.g.*, 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing units are approved by the Division, the BLM has stated it will issue corresponding Communitization Agreements for the federal leases within this subject area to allow the reduction of the necessary surface facilities.

Division Rules contemplate and encourage oil and gas development, where possible, in enlarged areas of common ownership, including communitized areas, to minimize surface disturbance and to promote efficient well spacing. *See, e.g.*, 19.15.16.7.P NMAC; 19.15.16.15.B(8) NMAC; 19.15.16.15.C(7) NMAC. Approval of this application will allow EOG to efficiently locate surface facilities; reduce surface disturbance; consolidate roads, tanks and pipelines; promote effective well spacing; prevent waste and protect correlative rights.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Chloe Sawtelle, Landman	Affidavit	Approx. 10
Denton O’Neal, Geologist	Affidavit	Approx. 4
Jesse Pauls, Engineer	Affidavit	Approx. 5

PROCEDURAL MATTERS

If uncontested at the hearing, EOG intends to present this case by affidavit.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 33668

QUESTIONS

Operator: EOG RESOURCES INC P.O. Box 2267 Midland, TX 79702	OGRID: 7377
	Action Number: 33668
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witness	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>