

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

**APPLICATION OF EOG RESOURCES, INC.  
FOR APPROVAL OF A 945.20-ACRE NON-  
STANDARD SPACING UNIT IN THE  
WOLFCAMP FORMATION COMPRISED OF  
ACREAGE SUBJECT TO A PROPOSED  
COMMUNITIZATION AGREEMENT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 22261**

**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 945.20-acre, more or less, non-standard spacing unit in the Wolfcamp formation [Sanders Tank; Upper Wolfcamp (Pool Code 98097)], underlying all of Sections 26 and 35, including Lots 1, 2, 3 and 4, in Township 26 South, Range 33 East, NMPM,

Lea County, New Mexico. EOG owns all the working interest within the subject acreage and seeks approval of this proposed non-standard spacing unit to match a proposed corresponding Communitization Agreement for the federal leases within the subject area. EOG will dedicate the proposed non-standard spacing units to its existing **Colgrove 35 Federal Com #701H - #708H Wells**.

Due to the nature and configuration of the subject 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 unit is approved by the Division, EOG understands that the BLM will issue a corresponding Communitization Agreement for the federal leases within the subject area to allow commingling and a corresponding 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; and prevent waste and protect correlative rights. Such consolidation will result in substantial cost savings that will lower the operating costs for the Colgrove wells, thereby extending the productive life of these wells.

**APPLICANT'S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Reece Cook, Landman	Affidavit	Approx. 3
Megan Cook, Senior Geologist	Affidavit	Approx. 3
Shaun Guthrie, Facilities Engineer Specialist	Affidavit	Approx. 4

**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 63641

**QUESTIONS**

Operator: EOG RESOURCES INC P.O. Box 2267 Midland, TX 79702	OGRID: 7377
	Action Number: 63641
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	3
Testimony time (in minutes)	15