

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

**APPLICATION OF EOG RESOURCES, INC. (“EOG”)
FOR APPROVAL OF AN OVERLAPPING HORIZONTAL
WELL 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, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 640-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W/2 of Sections 22 and 27, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. In support of its application, EOG states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

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

- The **Goldfinger 27 Fed Com #501H well** and the **Goldfinger 27 Fed Com #502H well**. The surface hole location for both wells will be in the SW/4 SW/4 (Unit M) of Section 27 pending drill island approval from the Bureau of Land Management. The bottom hole locations for the proposed wells will be in the NW/4 NW/4 (Unit D) of Section 22; and
- The **Goldfinger 27 Fed Com #503H well** and the **Goldfinger 27 Fed Com #504H well**. The surface hole location for both wells will be in the SW/4

SW/4 (Unit M) of Section 27 pending drill island approval from the Bureau of Land Management. The bottom hole locations for the proposed wells will be in the NE/4 NW/4 (Unit C) of Section 22.

3. The completed interval of the **Goldfinger 27 Fed Com #502H well** 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 640-acre horizontal well spacing unit will overlap the following existing horizontal well spacing units covering portions of the subject acreage:

- A 160-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 22, Township 19 South, Range 33 East, dedicated to the Malachite “22” Federal #001H well (API: 30-25-40318); and
- A 160-acre, more or less, horizontal well spacing unit comprised of the E/2 W/2 of Section 22, Township 19 South, Range 33 East, dedicated to the Malachite “22” Federal #002H well (API: 30-25-40389).

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

6. The approval of this overlapping spacing unit and pooling of interests 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 application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping 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% penalty 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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