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June 25, 2018

VIA HAND DELIVERY

Case 16309

Florene Davidson
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: EOG Resources, Inc. Application

Dear Florene:

Enclosed please find: (i) for filing, the original and one (1) copy of an application by EOG Resources, Inc. for approval of a 476.58-acre, more or less, non-standard oil spacing and proration unit to be dedicated to the Philly 31 Fed Com #701H, #702H, #703H, and #704H wells; and (ii) a proposed hearing notice. I will email the proposed hearing notice to you in Word format.

As stated in the application, EOG Resources requests that the application be placed on the Division's July 26, 2018 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:jwl
Enclosures

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. 16309

APPLICATION

Pursuant to NMSA § 70-2-17, EOG Resources, Inc. ("EOG") applies for an order (i) approving a 476.58-acre, more or less, non-standard spacing and proration unit ("project area") in the W/2 of Section 30 and the NW/4 of Section 31, Township 26 South, Range 34 East, NMPM in Lea County, New Mexico, and (ii) pooling all uncommitted mineral interests in the Wolfcamp formation in the proposed project area. In support of its Application, EOG states:

1. EOG (OGRID No. 7737) is a working interest owner in the W/2 of Section 30 and the NW/4 of Section 31 and has the right to drill wells thereon.
2. EOG proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for the following four wells:
 - a) The **Philly 31 Fed Com #701H**, which will be drilled from a surface hole location ("SHL") in Lot 2 in Section 31 to a bottom hole location ("BHL") in Lot 1 in Section 30;
 - b) The **Philly 31 Fed Com #702H**, which will be drilled from a SHL in Lot 2 in Section 31 to BHL in Lot 1 in Section 30;
 - c) The **Philly 31 Fed Com #703H**, which will be drilled from a SHL in Lot 3 in Section 31 to a BHL in Unit C in Section 30; and
 - d) The **Philly 31 Fed Com #704H**, which will be drilled from a SHL in Lot 3 in Section 31 to a BHL in Unit C in Section 30.

3. The completed intervals for the wells will remain within the standard offsets required by 19.15.15.9 (A) NMAC.

4. EOG has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners in the proposed project area to participate in the drilling of the wells, but has been unable to obtain voluntary agreements from all of the mineral interest owners.

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

6. In order to allow EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the proposed project area should be pooled and EOG should be designated the operator of the proposed horizontal wells and the project area.

WHEREFORE, EOG requests that this application be set for hearing on July 26, 2018 and that, after notice and hearing, the Division enter an order:

A. Approving a 476.58-acre, more or less, non-standard spacing and proration unit (project area) in the Wolfcamp formation in the W/2 of Section 30 and the NW/4 of Section 31 in Lea County;

B. Pooling all uncommitted mineral interests in the proposed project area;

C. Designating EOG as the operator of the project area and the Philly 31 Fed Com #701H, #702H, #703H, and #704H wells;

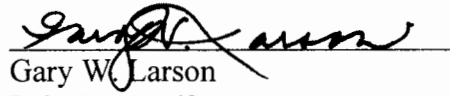
D. Authorizing EOG to recover its costs of drilling, equipping, and completing the wells;

E. Considering the cost of drilling and completing the wells and allocating the costs among the uncommitted mineral interest owners;

F. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

G. Imposing 200% penalties for the risks assumed by EOG in drilling and completing the Philly 31 Fed Com #701H, #702H, #703H, and #704H wells against any mineral interest owner who does not voluntarily participate in the drilling of the wells.

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