

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 14722
ORDER NO. R-13462

APPLICATION OF EOG RESOURCES, INC. FOR APPROVAL OF A NON-
STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 18, 2011, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 27th day of September, 2011, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.
- (2) EOG Resources, Inc., ("Applicant"), seeks an order forming a 160-acre, more or less, non-standard oil spacing and proration unit or project area (the "Project Area") for production of oil from the Bone Spring formation consisting of the N/2 N/2 of Section 23, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- (3) Applicant further seeks an order pooling all uncommitted interests within the Bone Spring formation within this Project Area.
- (4) Division records indicate that Bone Spring oil well production within this acreage is currently located within the Turkey Track-Bone Spring Pool (60660).
- (5) The above-described Project Area is to be dedicated to Applicant's Parkway 23 State Com. Well No. 2H (API No. 30-015-37206), located on the surface within the NW/4 NW/4 of Section 23. The well has been drilled to the Bone Spring

formation and then horizontally within the Bone Spring pay interval to a bottomhole location within the NE/4 NE/4 of Section 23, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(6) The proposed non-standard oil spacing and proration unit should be approved and Applicant should be designated the operator of the well and of the Project Area.

(7) Two or more separately owned tracts are embraced within the Project Area, and/or there are royalty interests or interests in oil and gas minerals in one or more tracts included in the Project Area that are separately owned.

(8) Applicant is an owner of an oil and gas working interest within the Project Area. Applicant has proposed to drill and has drilled its horizontal well to a common source of supply within the N/2 N/2 of Section 23.

(9) All of the working interests in the Project Area have been voluntarily pooled. However, there are owners of record title to State oil and gas leases in the Project Area that have not agreed to pool their interests.

(10) Applicant appeared at the hearing and presented land evidence that all working interest owners had voluntarily joined the proposed Project Area. Applicant also presented geologic evidence that the Bone Spring is continuous across the Project Area and the well will likely be productive from all quarter-quarter sections.

(11) Brad D. Bassore d/b/a Basin Petroleum Company entered an appearance in this case and appeared at the hearing but did not present evidence indicating reasons for not creating the Project Area. There were no other appearances.

(12) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Project Area the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, all uncommitted interests should be pooled, whatever they may be, within the Project Area.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of EOG Resources, Inc. ("Applicant"), a 160-acre, more or less, non-standard oil spacing and proration unit or project area (the "Project Area") is hereby formed for production of oil from the Bone Spring formation consisting of the N/2 N/2 of Section 23, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) Within this Project Area, all uncommitted interests are hereby pooled for the Bone Spring formation within this vertical extent, which presently includes but is not necessarily limited to the Turkey Track-Bone Spring Pool (60660).

(3) The above-described Project Area shall be dedicated to Applicant's Parkway 23 State Com. Well No. 2H (API No. 30-015-37206), located on the surface within the NW/4 NW/4 of Section 23. The well has been drilled to the Bone Spring formation and then horizontally within the Bone Spring pay interval to a bottomhole location within the NE/4 NE/4 of Section 23, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(4) EOG Resources, Inc. (OGRID 7377) is hereby designated the operator of the well and of the Project Area.

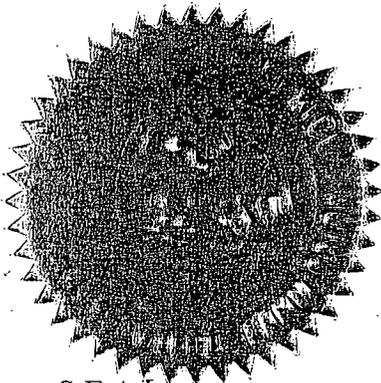
(5) Since the only pooled parties are owners of bare record title and have no economic interest in the Project Area, there is no necessity to provide for allocation of either costs or revenue.

(6) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(7) The operator of the well and Project Area shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(8) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY
Director