

HOLLAND & HART<sup>LLP</sup>



**Michael H. Feldewert**  
Recognized Specialist in the  
Area of Natural Resources - oil  
and gas law New Mexico Board  
of Legal Specialization  
mfeldewert@hollandhart.com

August 30, 2011

**VIA HAND-DELIVERY**

Ms. Jami Bailey  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 14738*

2011 AUG 30 P 3:38  
RECEIVED OGD

**Re: Applications of EOG Resources, Inc. for Simultaneous Dedication and an exception to the Special Rules and Regulations for the Red Hills Bone Spring Pool, Lea County, New Mexico.**

Dear Ms. Bailey:

Enclosed in triplicate are two Applications of EOG Resources, Inc. as well as a copy of the legal advertisement. EOG Resources, Inc. requests that these matters be placed on the September 29, 2011 Examiner Hearing docket.

Sincerely,

Michael H. Feldewert

MHF

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

**APPLICATION OF EOG RESOURCES, INC. FOR SIMULTANEOUS  
DEDICATION AND AN EXCEPTION TO THE SPECIAL RULES AND  
REGULATIONS FOR THE RED HILLS-BONE SPRING POOL,  
LEA COUNTY, NEW MEXICO.**

2011 AUG 30 P 3:38  
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CASE NO. 14738

**APPLICATION**

EOG RESOURCES, INC., ("EOG") through its undersigned attorneys, hereby makes application to the New Mexico Oil Conservation Division for an order allowing an exception to the special rules governing the Red Hills-Bone Spring Pool for a 480-acre project area comprised of the W/2 of Section 31, Township 24 South, Range 34 East, and the NW/4 of Section 6, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. In support of this application, EOG states:

1. EOG is a working interest owner in the W/2 of Section 31 and the NW/4 of Section 6 and has the right to drill thereon.
2. EOG plans to develop the Red Hills-Bone Spring Pool by forming a 480-acre project area comprised of the W/2 of Section 31 and the NW/4 of Section 6 for the drilling of horizontal wells.
3. Division Order No. R-10109, dated April 26, 1994, established special rules and regulations for the Red Hills-Bone Spring Pool that provide for 80 acre spacing and proration units, allow one well in each quarter-quarter section of an 80 acre unit, and require each well to be located no closer than 330 feet to any governmental quarter-quarter section or lot.

4. Compliance with these existing rules will impair EOG's ability to efficiently and effectively produce the reserves in the Red Hills-Bone Spring Pool.

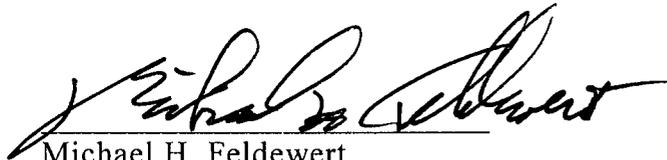
5. EOG seeks authority to drill and complete more than one horizontal well in each quarter-quarter section at unorthodox locations in the Red Hills-Bone Spring Pool underlying this 480 acre project area provided that the producing interval for any such wells are located no closer than 330 feet from the outer boundary of the designated project area.

6. Approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, EOG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 29, 2011, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505)988-4421  
(505) 983-6043 Facsimile  
mfeldewert@hollandhart.com

**ATTORNEYS FOR EOG RESOURCES, INC.**

CASE 14738

**Application of EOG Resources, Inc. for Simultaneous Dedication and an exception to the Special Rules and Regulations for the Red Hills-Bone Spring Pool, Lea County, New Mexico**

Applicant in the above-styled cause seeks an order allowing an exception to the special rules and regulations governing the Red Hills-Bone Spring Pool for a 480-acre project area comprised of the W/2 of Section 31, Township 24 South, Range 34 East, and the NW/4 of Section 6, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks authority to drill and complete multiple horizontal wells at unorthodox locations in the Red Hills-Bone Spring Pool underlying this 480 acre project area provided that the producing interval for any such wells are located no closer than 330 feet from the outer boundary of the designated project area. Said area is located approximately 20 miles West of Jal, New Mexico.