



January 3, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13639

2005 DEC 31 AM 10 37

Re: Application of EOG Resources, Inc. for compulsory pooling and horizontal drilling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of EOG Resources, Inc. in the above-referenced case as well as a copy of a legal advertisement. EOG Resources, Inc. requests that this matter be placed on the docket for the February 2, 2006 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Rick Lanning
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

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

2005 DEC 31 AM 10 37

**IN THE MATTER OF THE APPLICATION
OF EOG RESOURCES, INC. FOR
COMPULSORY POOLING AND
HORIZONTAL DRILLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 13639

APPLICATION

EOG RESOURCES, INC., ("EOG") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the Wolfcamp formation, Undesignated West Cottonwood Creek-Wolfcamp Gas Pool, in the S/2 of Section 7, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico to form a 320-acre project area for a horizontal well and in support of its application states:

1. EOG is a working interest owner in the S/2 of said Section 7 and has the right to drill thereon.
2. EOG proposes to dedicate the above-referenced pooled project area to its Yellow B7 Fee Well No. 1H to be drilled from a surface location 1880 feet from the South line and 660 feet from the East line (Unit I) to a depth of approximately 5,100 feet and then in a westerly direction approximately 3965.23 feet in the Wolfcamp formation to a bottomhole location 1880 feet from the South line and 660 feet from the West line (Unit L) of said Section 7.
3. EOG has been unable to locate and seek voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit the EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and EOG Resources, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 2, 2006 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject project area,
- B. designating EOG Resources, Inc. operator of this project area and the well to be drilled thereon,
- C. authorizing EOG Resources, Inc. to recover its costs of drilling, equipping and completing the well,
- 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 EOG Resources, Inc. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By:



WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR EOG RESOURCES, INC.

EXHIBIT A

**APPLICATION OF
EOG RESOURCES, INC.
FOR COMPULSORY POOLING AND HORIZONTAL DRILLING
S/2 OF SECTION 7, TOWNSHIP 16 SOUTH, RANGE 25 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

Paul Puckett and wife Mary E. Puckett
George Puckett and wife Lucille Puckett
Emma Puckett, a widow
Jean Puckett-Smith
Marolyn Puckett-Smith

CASE 13639:

Application of EOG Resources, Inc. for compulsory pooling and horizontal drilling drilling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Wolfcamp formation, Undesignated West Cottonwood Creek-Wolfcamp Gas Pool, in the S/2 of Section 7, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico to form a 320-acre project area for a horizontal well. Said unit is to be dedicated to its Yellow B7 Fee Well No. 1H to be horizontally drilled from a surface location 1880 feet from the South line and 660 feet from the East line to a depth of 5,100 feet and then in a westerly direction for approximately 3965.23 feet in the Wolfcamp formation to a bottomhole location 1880 feet from the South line and 660 feet from the West line of said Section 7. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles northwest of Artesia, New Mexico.