

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

IN THE MATTER OF THE APPLICATION
OF EOG RESOURCES INC., FOR
COMPULSORY POOLING, NON-STANDARD
SPACING AND PRORATION UNIT
IN EDDY COUNTY, NEW MEXICO.

CASE NO. 16239

APPLICATION FOR COMPULSORY POOLING, NON-STANDARD
SPACING AND PRORATION UNIT AND NON-STANDARD LOCATION

EOG RESOURCES INC., applies for an order pooling all mineral interests within the Bone Spring Formation, non-standard spacing and proration unit, underlying the W/2E/2 of Section 23 and W/2SE/4 of Section 14, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. In support of this application, Applicant states:

1. Applicant is an interest owner in the W/2E/2 of Section 23 and W/2SE/4 of Section 14, and has the right to drill thereon.
2. Applicant proposes to drill its Haracz 23 Fed Com #207H well to be located at a non-standard well location having a surface location 220 FSL and 1875 FEL of Section 23 and a bottom hole location of 2410 FSL and 1875 FEL of Section 14, sufficient in depth to test the Leonard interval of the Bone Spring Formation.
3. Applicant seeks to dedicate the W/2E/2 of Section 23 and W/2SE/4 of Section 14 to the well to form a non-standard 240 acre spacing and proration unit within the vertical limits of the Bone Spring Formation.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2E/2 of Section 23 and W/2SE/4 of Section 14 for the purposes set forth herein.
5. Certain working interest owners have failed or refused to join in the drilling of the proposed well, therefore, applicant seeks an order pooling all mineral

interest owners in the W/2E/2 of Section 23 and W/2SE/4 of Section 14 pursuant to NMSA 1978, Section 70-2-17 as requested in this application.

6. The pooling of all mineral interests as requested in this application underlying the W/2E/2 of Section 23 and W/2SE/4 of Section 14 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral interests in the W/2E/2 of Section 23 and W/2SE/4 of Section 14 within the Bone Spring formation.

B. Approving this application with respect to non-standard spacing and proration unit and unorthodox location.

C. Designating Applicant as the operator of the well;

D. Considering the cost of completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and,

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

PADILLA LAW FIRM, P.A.

By: /s/ ERNEST L. PADILLA
Ernest L. Padilla
P.O. Box 2523
Santa Fe, New Mexico 87504
(505) 988-7577
padillalaw@qwestoffice.net

NMOCD Case No. 16237

Application of EOG Resources, Inc, for compulsory pooling, non-standard spacing and proration unit, Eddy County, New Mexico; Applicant seeks an order pooling all mineral interests within the Bone Spring Formation of its Haraca 23 Fed Com #207H well, non-standard spacing and proration unit and non-standard well location, underlying the W/2E/2 of Section 23 and W/2SE/4 of Section 14, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. The well is located approximately 18 miles east of Malaga, New Mexico.

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