

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

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

CASE NO. 20610

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

EOG RESOURCES INC., applies for an order pooling all mineral interests within the Bone Spring Formation, at a non-standard spacing and proration unit, underlying the Lots 1 and 2, S/2NE/4, SE/4 (E/2) of Section 6, and the E/2 of Section 7, Township 25 South, Range 30 East, NMPM, Eddy County, New Mexico. In support of this application, Applicant states:

1. Applicant is an interest owner in the E/2 of Section 6 and E/2 of Section 7, and has the right to drill thereon.
2. Applicant proposes to drill its Kate 7 State Com #503H well to be located at a standard well location having a surface location 450 FSL and 770 FEL of Section 7 and a bottom hole location of 100 FNL and 330 FEL of Section 6, and will have approximate TVD of 9,300 feet and TMD of 19,200 feet, sufficient in depth to test the Bone Spring Formation.
3. Applicant seeks to dedicate the E/2 of Section 6 and E/2 of Section 7 to the well to form a non-standard 320 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 E/2 of Section 6 and E/2 of Section 7 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 E/2 of Section 6 and E/2 of Section 7 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 E/2 of Section 6 and E/2 of Section 7 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 E/2 of Section 6 and E/2 of Section 7 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. 20610

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 Kate 7 State Com #503H well, non-standard spacing and proration unit, underlying the Lots 1 and 2, S/2NE/4, SE/4 (E/2) of Section 6, and the E/2 of Section 7, Township 25 South, Range 30 East, NMPM, Eddy County, New Mexico. The well is located approximately 10 miles southeast of Malaga, New Mexico.