

May 26, 2009

**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 14334*

RECEIVED  
2009 MAY 26 PM 4 01

**Re: Application of EOG Resources, Inc. for compulsory pooling,  
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 June 25, 2009 Examiner hearings.

Sincerely,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Doug Hurlbut  
EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79702

May 26 2009

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

**TO AFFECTED INTEREST OWNERS**

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

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Bone Spring formation in certain spacing and proration units in the N/2 NE/4 of Section 18 and the N/2 NW/4 of Section 17, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Said pooled unit is to be dedicated to EOG's Sand Tank Fed Com Well No. 2H to be drilled at a surface location 430 feet from the North line and 2260 feet from the East line of said Section 18 and a bottomhole location 430 feet from the North line and 2310 feet from the West line of said Section 17.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on June 25, 2009. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

  
Ocean Munds-Dry  
ATTORNEY EOG RESOURCES, INC.

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

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

CASE NO. 14334

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, for an order pooling all mineral interests from the surface to the base of the Bone Spring formation in the following described project area located in the N/2 NE/4 of Section 18 and the N/2 NW/4 of Section 17, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico to form a 160-acre project area in the Bone Spring formation. In support of its application, EOG states:

1. EOG is a <sup>2/0?</sup> working interest owner in the N/2 NE/4 of said Section 18 and the N/2 NW/4 of Section 17 and has the right to drill thereon.

2. EOG proposes to dedicate the above-referenced spacing or proration units to its Sand Tank 18 Fed Com Well No. 2H to be drilled from a surface location 430 feet from the North line and 2260 feet from the East line (Unit B) of said Section 18 and a bottomhole location 430 feet from the North line and 2310 feet from the West line (Unit C) of said Section 17.

3. EOG has been unable to locate and obtain 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 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 June 25, 2009 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: Ocean Munds - By  
William F. Carr

Ocean Munds-Dry  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505)988-4421

ATTORNEYS FOR EOG RESOURCES, INC.

**EXHIBIT A**

**APPLICATION OF  
EOG RESOURCES, INC.  
FOR COMPULSORY POOLING  
N/2 NE/4 OF SECTION 18, N/2 NW/4 SECTION 17, TOWNSHIP 18 SOUTH,  
RANGE 30 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO.**

Beatrice Anderson  
3109 142 Street  
Urbandale, IA 50323

Juliette Condon  
4712 Tobey Street  
San Diego, CA 92120-3518

CASE 14334:

**Application of EOG Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** To: Beatrice Anderson and Juliette Condon or their successors, heirs or devisees. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation in the following described project area located in the N/2 NE/4 of Section 18 and the N/2 NW/4 of Section 17, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico to form a 160-acre project area in the Bone Spring formation. Said unit is to be dedicated to its Sand Tank 18 Fed Com No. 2H to be drilled from a surface location 430 feet from the North line and 2260 feet from the East line of said Section 18 and a bottomhole location 430 feet from the North line and 2310 feet from the West line of said Section 17. 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 4.5 miles south of Loco Hills, New Mexico.