

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

**IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION DIVISION FOR THE PURPOSE
OF CONSIDERING:**

CASE NO. 12843

**APPLICATION OF EOG RESOURCES, INC. FOR
AMENDMENT OF DIVISION ORDER NO. R-11389 TO
AUTHORIZE A PRESSURE MAINTENANCE PROJECT
IN THE RED HILLS NORTH UNIT AREA, ESTABLISH
PROCEDURES FOR APPROVAL OF ADDITIONAL
INJECTION WELLS, AND FOR QUALIFICATION OF
THE PROJECT AREA FOR THE RECOVERED OIL TAX
RATE PURSUANT TO THE ENHANCED OIL
RECOVERY ACT, LEA COUNTY, NEW MEXICO.**

OIL CONSERVATION DIVISION
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PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

EOG Resources, Inc.
Attn: Patrick J. Tower
P. O. Box 2267
Midland, TX 79702
915-686-3600

ATTORNEY

William F. Carr, Esq.
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STATEMENT OF CASE

APPLICANT

Applicant seeks amendment of Division Order No. R-11389 which approved a one well pilot pressure maintenance project in the Red Hills North Unit Area to authorize a pressure maintenance project by injection of water into Third Bone Spring Sand of the Red Hills-

Bone Spring Pool through new horizontal wells drilled for the purpose of injection and existing vertical and horizontal wells to be converted to injection. Applicants also seek the establishment of an administrative procedure whereby additional wells within the Red Hills North Unit Area can be drilled and/or converted to injection without the necessity of additional hearings and to qualify this project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act. The Red Hills North Unit is located in the following described lands in Lea County, New Mexico:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

- Section 1: Lots 2 and 3, SW/4 NE/4,
SE/4 NW/4, and S/2
- Section 12: All
- Section 13: N/2 and E/2 SE/4

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM

- Section 6: Lots 6 and 7, E/2 SW/4,
and W/2 SE/4
- Section 7: All
- Section 8: W/2 SW/4
- Section 17: SW/4 NE/4; W/2,
and W/2 SE/4
- Section 18: All

The unit area is located approximately 19 miles northwest of Jal, New Mexico.

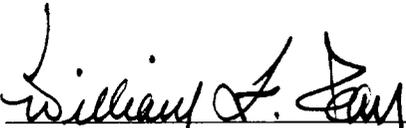
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	EST. TIME	EXHIBITS
Patrick J. Tower (Landman)	Approximately 15 minutes	Approximately 3
Randy Cate (Petroleum Engineer)	Approximately 15 minutes	Approximately 3

PROCEDURAL MATTERS

EOG Resources, Inc., has none at this time.



William F. Carr
Attorney for EOG Resources, Inc.