

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

**APPLICATION OF EOG RESOURCES, INC.
TO AMEND ORDER R-21431 FOR APPROVAL
OF A NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

EOG Resources, Inc. ("EOG" or "Applicant") (OGRID No. 7377) files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an amended order approving a 320-acre, more or less, non-standard horizontal spacing unit comprised of the W/2 W/2 of Section 3, Township 24 South, Range 35 East, and the W/2 W/2 of Section 34, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico, the proposed non-standard unit as provided in Order R-21431. In support of this application, EOG states:

1. Order R-21431, entered on August 18, 2020, in Case No. 21377, created a 320-acre, more or less, standard horizontal well spacing unit consisting of the W/2 W/2 of Section 3, Township 24 South, Range 35 East, and the W/2 W/2 of Section 34, Township 23 South, Range 35 East, NMPM, Lea County, New Mexico (the "Unit"), and designated Applicant as the operator of the Unit.

2. Order R-21431 further pooled the uncommitted interests in the Bone Spring formation [WC-025 G-08 S233528D; LWR BONE SPRING (97958)] in the Unit and dedicated the Unit to the initial **Gladiator 3 Fed Com #301H well** (the "well") to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 3 to bottom hole location in the SW/4 NW/4 (Unit E) of Section 34.

3. Since the entry of Order R-21431, Applicant encountered drilling issues prior to reaching the intended last take point for the well. Due to the drilling issues, the completed interval of the well terminates in the SW/4 NW/4 of Section 34 and will not penetrate the NW/4 NW/4 of Section 34, as originally planned and as initially approved in Order R-21431.

4. In an effort to avoid the economic disparities that may arise from the completed interval not penetrating every tract included in the spacing unit, Applicant has reached an agreement with the only interest owner in the NW/4 NW/4 of Section 34 and requests that this acreage remain included in the non-standard spacing unit approval under Order R-21431.

5. Since the well does not penetrate the NW/4 NW/4 of Section 34, approval of a non-standard spacing unit is necessary to allow this acreage remain dedicated to the well. *See* 19.15.16.15.B NMAC.

6. Notice of this application will be provided as required by Division rules.

7. Approval of this application is in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

8. In order to protect correlative rights and to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this non-standard spacing unit should be pooled, and Applicant should be designated the operator of the initial horizontal well and non-standard spacing unit.

WHEREFORE, EOG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 3, 2020, and, after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

A handwritten signature in blue ink, appearing to read "mfeldewert", is written over a horizontal line.

By: _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

agrarkin@hollandhart.com

jbroggi@hollandhart.com

kaluck@hollandhart.com

ATTORNEYS FOR EOG RESOURCES, INC.