

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

**APPLICATION OF EOG RESOURCES, INC. FOR A GAS CAPTURE PILOT PROJECT
INVOLVING THE OCCASIONAL INJECTION OF PRODUCED GAS INTO THE BONE
SPRING FORMATION, LEA COUNTY, NEW MEXICO.**

CASE NO. 21567

EOG RESOURCES, INC.'S PRE-HEARING STATEMENT

EOG Resources, Inc. ("EOG") (OGRID No. 7377), the applicant in the above-captioned case, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

EOG Resources, Inc.

ATTORNEY

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APPLICANT'S STATEMENT OF CASE

EOG seeks Division approval to implement a second expanded pilot project within the same interval of the Bone Spring formation as was approved in Order No. R-21061. EOG previously sought approval for a similar gas capture pilot project targeting the Leonard Shale interval of the Bone Spring formation in Case No. 20965 at a hearing before a Division examiner

on December 12, 2019. The Division approved the pilot project in Order No. R-21061, entered on January 31, 2020. EOG proposes to include the following six horizontal wells, all of which are operated by EOG, located in Lea County, New Mexico, and are completed in and producing from in the Bone Spring formation:

- The **Black Bear 36 State #04H well** (API No. 30-025-40580), a horizontal well at a surface location in the SW/4 SE/4 (Unit O) of Section 36, Township 25 South, Range 33 East, NMPM. This well is currently producing from the Bone Spring formation (Red Hills; Upper Bone Spring Shale Pool [Pool Code 97900]), and dedicated to a standard horizontal well spacing unit comprised of the E/2 of Section 36, Township 25 South, Range 33 East, NMPM.
- The **Brown Bear 36 State #01H well** (API No. 30-025-40371), a horizontal well at a surface location in the SW/4 SW/4 (Unit M) of Section 36, Township 25 South, Range 33 East, NMPM. This well is currently producing from the Bone Spring formation (Red Hills; Upper Bone Spring Shale Pool [Pool Code 97900]), and dedicated to a standard horizontal well spacing unit comprised of the W/2 of Section 36, Township 25 South, Range 33 East, NMPM.
- The **Ophelia 27 #1H well** (API No. 30-025-41114), a horizontal well at a surface location in the SE/4 NE/4 (Unit H) of Section 27, Township 26 South, Range 33 East, NMPM. This well is currently producing from the Bone Spring formation (Red Hills; Upper Bone Spring Shale Pool [Pool Code 97900]), and dedicated to a standard horizontal well spacing unit comprised of the E/2 NE/4 of Section 27, and the E/2 SE/4 of Section 22, Township 26 South, Range 33 East, NMPM.

- The **Hawk 25 Fed #01H well** (API No. 30-025-41494), and the **Hawk 25 Fed #02H well** (API No. 30-025-41419), horizontal wells located in the SW/4 SW/4 (Unit M) of Section 25, Township 24 South, Range 33 East, NMPM. These wells are currently producing from the Bone Spring formation (Red Hills; Bone Spring, North Pool [Pool Code 96434]), and dedicated to a standard horizontal well spacing unit comprised of the of W/2 W/2 of Section 25, Township 24 South, Range 33 East, NMPM.

The source of the produced gas will be the Bone Spring, Wolfcamp, and Atoka formations delivered to the Localized Gas Lift Compressor Stations associated with each well. EOG seeks authority for this second pilot project to avoid the shut-in of producing wells or the temporary flaring of gas during pipeline capacity constraints, mechanical difficulties, plant shut downs, or other events impacting the ability to deliver gas into a pipeline.

APPLICANT’S PROPOSED EVIDENCE

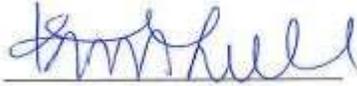
| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---------------------------------------|-----------------------|-----------------|
| Davis Lunsford, Facilities Engineer | Approx. 20 | Approx. 4 |
| Matt Smith, Landman | Approx. 10 | Approx. 3 |
| Brice Letcher, Production Engineer | Approx. 20 | Approx. 7 |
| Jenna Hessert, Geologist | Approx. 20 | Approx. 3 |
| Carlos Sonka, Reservoir Engineer | Approx. 20 | Approx. 4 |

PROCEDURAL MATTERS

EOG is no longer seeking authority for injection in the **Diamond 31 Fed #03H well**, and the **Diamond 31 Fed #04H well**, that were included in the application in this case.

Respectfully submitted,

HOLLAND & HART LLP



By: _____

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