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July 19, 2011

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14722

Dear Florene:

Enclosed for filing, on behalf of EOG Resources, Inc., are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the August 18, 2011 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for EOG Resources, Inc.

RECEIVED OGD
2011 JUL 18 P 1:45

Parties Being Pooled

Basin Petroleum Company
P.O. Box 4028
Albuquerque, New Mexico 87198

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14722

APPLICATION

EOG Resources, Inc. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23, and has the right to drill a well thereon.
2. Applicant proposes to drill its Parkway 23 State Com. Well No. 2 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate to the well the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23 to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well will be a horizontal well, with an orthodox surface location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$, and a terminus at an orthodox location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, of Section 23.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

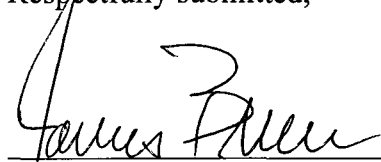
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23, pursuant to NMSA 1978 §§70-2-17, 18.

5. The pooling of all mineral interests underlying the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23 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. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23;
- B. Pooling all mineral interests in the Bone Spring formation underlying the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23; and
- C. Designating applicant as operator of the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for EOG Resources, Inc.

PROPOSED ADVERTISEMENT

Case No. 14722:

Application of EOG Resources, Inc. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2N/2 of Section 23, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the N/2N/2 of Section 23 to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Parkway 23 State Com. Well No. 2, a horizontal well to be drilled at an orthodox surface location in the NW/4NW/4, with a terminus at an orthodox location in the NE/4NE/4, of Section 23. Also to be considered will be the designation of applicant as operator of the well. The unit is located approximately 12-1/2 miles south-southwest of Loco Hills, New Mexico.