

May 24, 2005

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 13510

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Re: Application of EOG Resources, Inc. for compulsory pooling, Lea 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 16, 2005 Examiner hearings.

Very truly yours,


William F. Carr

Enclosures

cc: Mr Dan McCright
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

**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,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24/3510

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, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 16, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated North Lusk-Morrow Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the W/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Young-Strawn Pool; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated North Young-Wolfcamp, Young-Bone Spring Pool, Undesignated North Young-San Andres Pool, Undesignated South Maljamar-Grayburg Pool, and Young-Queen Pool; and in support of its application states:

1. EOG is a working interest owner in the W/2 of said Section 16 and has the right to drill thereon.

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2. EOG proposes to dedicate the above-referenced pooled units to its Joven "16" State Com Well No. 1 to be drilled at a standard gas well location 1800 feet from the North line and 990 feet from the West line of said Section 16 to a depth of approximately 13,000 feet to test all formations from the surface through the base of the Morrow formation.

3. EOG has sought and been unable to obtain a voluntary agreement for the development of these lands from Devon Energy Corporation, 20 North Broadway, Suite 150, Oklahoma City, Oklahoma 73102, a working interest owner in the subject spacing units.

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 the 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 16, 2005 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 ththese units 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: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR EOG RESOURCES, INC.

CASE 13510 **Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 16, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated North Lusk-Morrow Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the W/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Young-Strawn Pool; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated North Young-Wolfcamp, Young-Bone Spring Pool, Undesignated North Young-San Andres Pool, Undesignated South Maljamar-Grayburg Pool, and Young-Queen Pool. These spacing and proration units are to be dedicated to the Joven "16" State Com Well No. 1 to be drilled to the Morrow formation at a standard gas well location 1800 feet from the North line and 990 feet from the West line of said Section 16. 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 8 miles south of Maljamar, New Mexico.



May 24, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Devon Energy Corporation
20 north Broadway, Suite 150
Oklahoma City, Oklahoma 73102

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

Ladies and Gentlemen:

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 Morrow formation in certain spacing and proration units in the W/2 of Section 16, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Said pooled units are to be dedicated to the EOG Resources, Inc. Joven "16" State Com Well No. 1 to be drilled at a standard gas well location 1800 feet from the North line and 990 feet from the West line to a depth of approximately 13,000 feet to test all formations. The well will be at a standard location in all formations.

This application has been set for hearing before a Division Examiner on June 16, 2005. 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.

Very truly yours,

William F. Carr
ATTORNEY FOR EOG RESOURCES, INC.

cc:

Dan McCright