

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

APPLICATION OF EOG RESOURCES, INC.  
FOR COMPULSORY POOLING AND  
HORIZONTAL DRILLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 13660

AFFIDAVIT OF RICHARD L. LANNING

STATE OF TEXAS            )  
                                  ) ss.  
COUNTY OF MIDLAND    )

I, Richard L. Lanning, being first duly sworn on oath, states as follows:

1. My name is Richard L. Lanning. I reside in Midland County, Texas. I am the Landman employed by EOG Resources, Inc. ("EOG") who is familiar with the status of the lands in Section 11, Township 16 South, Range 24 East, NMPM, Eddy County, New Mexico.

2. EOG seeks an order pooling certain interest owners in the S/2 of Section 11 in the Wolfcamp formation, to form a standard 320-acre project area for a horizontal well.

3. EOG owns a working interest in the S/2 of Section 11 and has dedicated this proposed project area to its Brazos "B" 11 Fee Well No. 1H (API 30-015-34483) to be drilled from a surface location 1730 feet from the South line and 660 feet from the East line (Unit I) to a depth of approximately 5,100 feet and then in a westerly direction approximately 3986 feet in the Wolfcamp formation to a bottomhole location 1880 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. Attachment A is a plat of the subject lands showing the proposed project area, the producing area and the well location.

4. The proposed project area consists entirely of Fee leases. Attachment B lists the nature and percentage of the ownership interests in the subject project area.

5. All mineral owners in the project area have voluntarily agreed to pool their interests. This application has been instituted solely to pool the interests of working interest owners who have not been found.

6. EOG has conducted a diligent search to locate the unknown heirs of Mary Pearl Whiteside.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13660 Exhibit No. 1  
Submitted by:  
EOG RESOURCES, INC.  
Hearing Date: March 16, 2006

a. Ms. Whiteside owned a 50% interest in the S/2 S/2 of the proposed spacing unit. EOG searched county records and determined that Ms. Whiteside was the original patentee of the acreage. Since 1924, when she conveyed half the mineral interest, nothing has been filed in the county records covering this interest.

b. EOG also performed an internet search for heirship information on Ms. Whiteside;

c. EOG employed a private investigator to research this matter and determine any heirship information. The investigator visited Ms. Whiteside's last known address in California. Ms. Whiteside was never married and died on March 14, 1983 at an assisted living home in California. The assisted living home employees were interviewed by the private investigator who advised that they had no information as to her next of kin or heirs.

7. EOG requests that the unknown heirs of Ms. Whiteside be pooled and EOG be designated operator of the well and the project area.

8. EOG proposes overhead charges (combined fixed rates) of \$4,500.00 per month while drilling and \$450.00 per month while producing.

9. EOG has proposed a horizontal well because vertical wells in the Wolfcamp formation in this area are generally not economic. A horizontal wellbore allows a much greater extent of the formation to be exposed and treated. This typically results in greater production rates and recoverable reserves.

10. EOG plans to run and cement casing in the horizontal portion of the wellbore. The formation will then be stimulated by a high volume water and sand frac.

11. Horizontal wells are more expensive to drill and complete than vertical wells. There is more mechanical risk involved in drilling a horizontal well than a vertical well.

12. EOG has drilled other horizontal wells in the area which were successfully completed. These include the Mackenzie 13 Fee No's. 1, 2, and 3 wells in Section 13, T-16-S, R-24-E and the Rio Grande 23 Federal No. 1 well in Section 23, T-16-S, R-24-E.

13. Attachment C is a copy of the authorization for expenditure (AFE) for this well. This AFE was completed February 13, 2006.

14. Attachment D is an affidavit of publication.

15. Approval of this application will avoid the drilling of unnecessary wells,

will prevent waste, will protect correlative rights, and allow EOG and the other interest owners in the S/2 of Section 11 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

*Richard Dunning*  
3/10/2006

SUBSCRIBED AND SWORN before me on this 10<sup>th</sup> day of March 2006.

*Peggy C. Lavine*  
Notary Public

My Commission Expires:

