

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

CASE #: 14334

EXHIBIT

1

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

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

CASE NO. 14334

AFFIDAVIT OF DOUGLAS W. HURLBUT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, Douglas W. Hurlbut, being first duly sworn on oath, states as follows:

1. My name is Douglas W. Hurlbut. 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 Sections 17 and 18, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

2. EOG seeks an order pooling certain interest owners in the N/2 NE/4 of Section 18 and the N/2 NW/4 of Section 17 in the Bone Spring formation, to form a 160-acre project area for a horizontal well.

3. EOG owns a working interest in the N/2 NE/4 of Section 18 and the N/2 NW/4 of Section 17 and has dedicated this proposed project area to its Sand Tank 18 Fed Com Well No. 2H (**API 30-015-36578**) to be drilled from a surface location 430 feet from the North line and 2260 feet from the East line (Unit B) of said Section 18 to a depth of approximately 12,291 feet total MD and a bottomhole location 430 feet from the North line and 2310 feet from the West line (Unit C) of said Section 17. 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 of four federal 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 Beatrice Anderson and Juliette Condon.

- a. Used a broker to search the county records in Eddy County, New Mexico.
- b. Searched Internet and could not find any listings.
- c. Looked for probate proceedings in the county records and found nothing.
- d. Sent well proposal and AFE to last known address and they were returned.
- e. Checked Yates Petroleum Corporation database and found nothing.

7. EOG requests that Ms. Anderson and Ms. Condon be pooled and EOG be designated operator of the well and the project area.

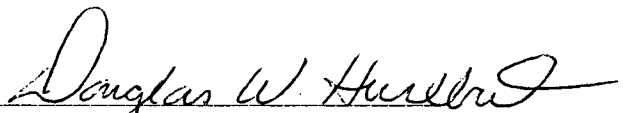
8. EOG proposes overhead charges (combined fixed rates) of \$6,000.00 per month while drilling and \$600.00 per month while producing.

9. Attachment C is a copy of the authorization for expenditure (AFE) for this well.

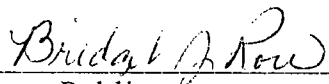
14. Attachment D is an affidavit of publication.

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 N/2 NW/4 of Section 18 and the N/2 NW/4 of Section 17 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

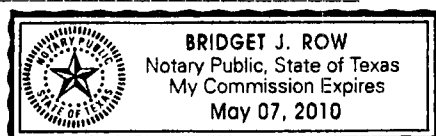
FURTHER AFFIANT SAYETH NOT.


Douglas W. Hurlbut

SUBSCRIBED AND SWORN before me on this 17th day of June, 2009.


Notary Public

My Commission Expires:



ATTACHMENT A

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name SAND TANK 18 FED. COM	Well Number 2H
OGRID No.	Operator Name EOG RESOURCES, INC.	Elevation 3510.8'

Surface Location

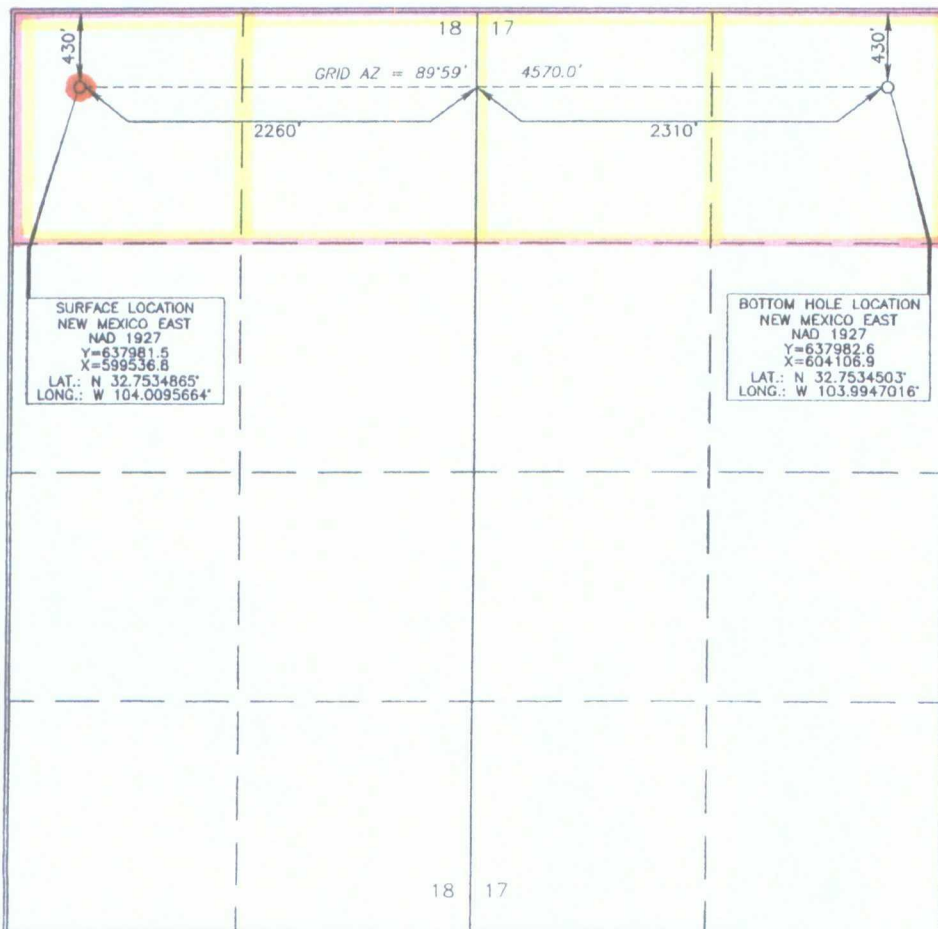
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	18	18 SOUTH	30 EAST, N.M.P.M.		430	NORTH	2260	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	17	18 SOUTH	30 EAST, N.M.P.M.		430	NORTH	2310	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of a legal survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date on Survey _____

Signature and Seal of Professional Surveyor _____

Terry G. Dahl 5/8/2008
Certificate Number 15079

- Project Area
- Surface Location
- Four Federal Leases

ATTACHMENT A

Attachment B

1. NW/4 NE/4 of Section 18, T18S, R30E - LC-048468
2. NE/4 NE/4 of Section 18, T18S, R30E - NM-0437521
3. NW/4 NW/4 of Section 17, T18S, R30E - LC-063621
4. NE/4 NW/4 of Seciton 17, T18S, R30E - LC-063621-a

Working Interest Owners	WI %
EOG Resources, Inc.	65.80454
Read & Stevens, Inc.	7.11421
Fair Oil, Ltd.	3.72277
Chesapeake Exploration Limited Partnership	3.04445
Rialto Production Company	2.72724
Sharbro Oil Ltd Co.	1.34020
Sacramento Partners Ltd Partnership	1.34020
Paul Slayton	0.95303
Wirtaine F. Sparks	1.56250
Bass Mineral Trust dtd 10/22/01	1.56250
Harvey E. Yates Company	0.76505
Pathfinder Exploration Co.	0.69243
Cannon Exploration Co.	0.69243
John A. Yates	0.67010
Trust Q uwo Peggy A. Yates	0.67010
Hair Family Trust dtd 4/20/01	1.04167
Beatrice Anderson	2.50000
Julliette Condon	0.62500
Wirt Rhea, Dec.	0.31023
Jo Sue Starkweather	0.52083
Betty J. Neighbors Revocable Trust UTA dtd 4/12/95	0.52083
Jean Ann Morgan Revocable Trust UTA dtd 10/5/2000	0.52083
Yates Energy Corporation	0.25357
Jalapeno Corporation	0.21010
CALCO, LLC	0.17522
Cibola Energy Co.	0.11147
Aston Partnership	0.11119
VALKO, LLC	0.09428
EAKO, LLC	0.07648
Samson Resources Company	0.07446
Ellen Paull	0.06403
Audrey Bean	0.06403
Sharon Olsen Trust dtd 7/31/81	<u>0.06403</u>
Total	100.00000

MIDLAND

Printed: 06/23/2008



AFE No.	103692	Original
Property No.	043207-000	
EOG W.I.(BCP)	65.0957%	(ACP) 65.0957%
EOG AFE Amt:	(Drig)	\$1,187,606
	(Completion)	\$1,163,195
	Total Cost	\$2,350,801

AFE Type : EXPLORATORY DRILLING	AFE Name : SAND TANK 18 FED COM #2H D&C	AFE Date : 11/13/2007	Budget Year : 2008
Reg. Lease No. :	Prospect Name : SAND TANK	TVD / MD : 0 / 0	Begin Date :
Location : Section 18-T18S-R30E, 430 FNL & 2260 FEL BH(LATERAL #1): Section 17-T18S-R30E, 430 FNL & 2310 FWL	Formation :	DD&A Field :	
Operator : EOG RESOURCES, INC	County & State : EDDY NEW MEXICO	Field : SAND TANK	Water Depth :
AFE Description : Sand Tank 18 Fed Com #2H D&C a vertical pilot hole, plugging back and then drilling a 4500' lateral in the 2nd Bone Spring Sand in Eddy County, NM. Funds include 30 days to reach TD and two days to run and cement the production casing.		Product : GAS	Days : 0 / 0

DESCRIPTION	SUB ACT	DRILLING	COMPLETION	TOTAL
ACCESS LOCATION,ROADS & SURVEY	401	100,000	2,000	102,000
RIG MOVE	402	125,000	0	125,000
DAY WORK COST 30 / 2 DAYS @ \$19,000 / \$19,000	404	570,000	38,000	608,000
BITS & BHA	405	100,000	1,100	101,100
FUEL 30 / 2 DAYS @ \$2,600 / \$2,600	406	78,000	5,200	83,200
WATER	407	50,000	10,000	60,000
MUD & CHEMICALS	408	60,000	0	60,000
CEMENTING & SERVICE	409	65,000	45,000	110,000
OPEN HOLE LOGGING & TESTING	411	20,000	30,000	50,000
MUD LOGGING 26 DAYS @ \$950	412	24,700	0	24,700
COMP-PERFORATING	413	0	90,000	90,000
COMP-STIMULATION	414	0	435,000	435,000
TRANSPORTATION	415	15,000	26,000	41,000
DRILLING OVERHEAD 32 DAYS @ \$250	416	8,000	0	8,000
EQUIPMENT RENTAL	417	144,000	150,000	294,000
COMP-COMPLETION RIG	418	0	58,000	58,000
OTHER DRILLING EXPENSE	419	30,000	0	30,000
ENVIRONMENTAL & SAFETY CHARGES	421	5,000	2,500	7,500
DIRECTIONAL DRILLING	422	120,000	0	120,000
SUPERVISION 34 / 900 DAYS @ \$1,500 / \$20	424	51,000	18,000	69,000
COMMUNICATIONS 32 DAYS @ \$150	431	4,800	500	5,300
TUBULAR INSPECTION/HANDLING	436	20,000	15,000	35,000
WIRELINE SERVICES	442	5,000	0	5,000
DISPOSAL COSTS	447	20,000	50,000	70,000
TITLE OPINION-DRILL SITE	453	10,000	0	10,000
IDC CONTINGENCIES	490	81,300	180,000	261,300
TOTAL INTANGIBLES		\$1,706,800	\$1,156,300	\$2,863,100

	UOM	QTY	SIZE	GRADE	RATE			
SURFACE CASING	FEET	500	11.75	H-40	36.00	102	18,000	18,000
INTERMEDIATE CASING	FEET	3,400	8.625	K-55	24.00	103	81,600	81,600
COMP-PRODUCTION CASING	FEET	12,500	5.5	N-80	18.00	104	0	225,000
EUE	FEET	8,000	2.875	L-80	5.63	106	0	45,100
WELLHEAD EQUIPMENT						107	18,000	33,000
COMP-TANKS						108	0	30,000
COMP-FLOW LINES						109	0	2,000
COMP-VALVES & FITTINGS						110	0	38,000
COMP-RODS	FEET	8,000			4.25	111	0	34,000
COMP-PUMP EQUIPMENT-SURFACE						112	0	125,000
COMP-PUMP EQUIP/SUBSURFACE						113	0	16,000
COMP-HEATER,TREATER,SEPARATOR						115	0	16,000
COMP-METERING EQUIPMENT						118	0	20,000
COMP-NONCONTROLLABLE EQUIPMENT						119	0	1,500
COMP-CONSTRUCTION COST						122	0	63,000
TOTAL TANGIBLES							\$117,600	\$630,600
TOTAL COST							\$1,824,400	\$3,611,300

By <i>Joel L. Pettit</i>	Date 6-23-08	By	Date
By	Date	By	Date

JOINT OPERATOR APPROVAL

Firm	By	e	Date
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Affidavit of Publication

NO.

20702

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT

being duly

sworn, says: That he is the

PUBLISHER of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication

May 31, 2009

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

31 Day

May

2009



OFFICIAL SEAL

Jo Morgan

NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 6/30/2012

[Signature]

Notary Public, Eddy County, New Mexico

ATTACHMENT D

Copy of Publication:

NOTICE OF PUBLICA-
TION STATE OF NEW
MEXICO ENERGY,
MINERALS AND NAT-

URAL RESOURCES
DEPARTMENT

OIL CONSERVATION
DIVISION SANTA FE,
NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on June 25, 2009, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by June 15, 2009. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14334

Application of EOG Resources, Inc. for compulsory pooling, Eddy

or devises. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation in the following described project area located in the N/2 NE/4 of Section 18 and the N/2 NW/4 of Section 17, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico to form a 160-acre project area in the Bone Spring formation. Said unit is to be dedicated to its Sand Tank 18 Fed. Com No. 2H to be drilled from a surface location 430 feet from the North line and 2260 feet from the East line of said Section 18 and a bottomhole location 430 feet from the North line and 2310 feet from the West line of said Section 17. 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 4.5 miles south of Loco Hills, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 28th day of May 2009.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director

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Beatric Anderson
3109 142 Street
Urbandal, IA 50323

Instructions:

HOLLAND & HART

110 North Guadalupe Suite 1 Santa Fe, NM 87501
P.O. Box 2208 Santa Fe, NM 87504-2208

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Urbandal, IA 50323

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