

HOLLAND & HART^{LLP}



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November 2, 2010

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 14574

RECEIVED OGD
2010 NOV -2 P 2:03

Re: Application of EOG Resources, Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy 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 December 2, 2010 Examiner hearings.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry

Enclosures

cc: Doug Hurlbut
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

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**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 A
NON-STANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14574

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, for an order: (1) creating a non-standard spacing unit comprised of the S/2 N/2 of Section 1, Township 18 South, Range 29 East, NMPM, which will be the project area for the Sand Tank "1" Fed Com Well No. 4H and (2) pooling all mineral interests from the surface to the base of the Bone Spring formation in the following described project area located in the S/2 N/2 of Section 1, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico to form a 160-acre project area in the Bone Spring formation, Sand Tank Bone Spring Pool. In support of its application, EOG states:

1. EOG is a working interest owner in the S/2 N/2 of said Section 1 and has the right to drill thereon.
2. EOG proposes to dedicate the above-referenced spacing or proration units to its Sand Tank "1" Fed Com Well No. 4H to be drilled from a surface location 2250 feet from the North line and 330 feet from the East line (Unit H) and a bottomhole location

2200 feet from the North line and 330 feet from the West line (Unit E) of said Section 1.

3. EOG has sought and been unable to obtain voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

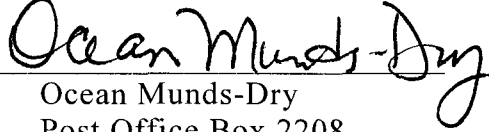
5. In order to permit EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and EOG Resources, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 2, 2010 and, after notice and hearing as required by law, the Division enter its order:

- A. creating a non-standard spacing and proration unit in the Bone Spring formation comprised of the S/2 N/2 of Section 1, Township 18 South, Range 29 East, NMPM;
- B. pooling all mineral interests in the subject project area,
- C. designating EOG Resources, Inc. operator of this project area and the well to be drilled thereon,
- D. authorizing EOG Resources, Inc. to recover its costs of drilling, equipping and completing the well,
- E. 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
- F. 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: 
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
(505)988-4421

ATTORNEYS FOR EOG RESOURCES, INC.

EXHIBIT A

**APPLICATION OF
EOG RESOURCES, INC.
FOR A NON-STANDARD SPACING AND PRORATION UNIT AND
COMPULSORY POOLING
S/2 N/2 OF SECTION 1, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

Notification List for Pooling:

Elizabeth Najar, SSP
827 N. Hawthorne Lane
Indianapolis, IN 46219

Susan Nishio, SSP
5613 Excalibur Place
Columbus, OH 73235

David Najar, SSP
c/o Elizabeth Najar, Guardian
827 N. Hawthorne Lane
Indianapolis, IN 46219

Jeffrey Najar, SSP
3417 W. Wyndham Lane
Durham, NC 27705

Notification List for Non-Standard Spacing Unit:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88201

CASE 14579:

Application of EOG Resources, Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order: (1) creating a non-standard spacing unit comprised of the S/2 N/2 of Section 1, Township 18 South, Range 29 East, NMPM and (2) pooling all mineral interests from the surface to the base of the Bone Spring formation, Sand Tank Bone Spring Pool in the non-standard spacing unit which will be the project area for the Sand Tank "1" Fed Com No. 4H to be drilled from a surface location 2250 feet from the North line and 330 feet from the East line and a bottomhole location 2200 feet from the North line and 330 feet from the West line of said Section 1. 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 miles southwest of Loco Hills, New Mexico.