

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

RECEIVED OCD  
2011 MAR 16 P 1:53

March 15, 2011

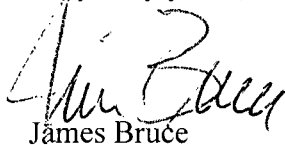
Case 14621

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

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 April 14, 2011 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for EOG Resources, Inc.

Parties Being Pooled

OXY Y-1 Company  
OXY USA WTP L.P.  
Suite 110  
5 Greenway Plaza  
Houston, Texas 77046

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

RECEIVED OCD  
2011 MAR 16 P 1:53  
Case No. 14621

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 E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11, Township 25 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 11, and the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11, and has the right to drill a well thereon.
2. Applicant proposes to drill its Elk Wallow 11 State Well No. 4 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate to the well (i) the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 11 to form a standard 40 acre oil spacing and proration unit, and (ii) the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$ , and a terminus at an orthodox location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ , of Section 11.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11 for the purposes set forth herein.

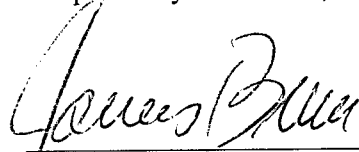
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11, pursuant to NMSA 1978 §§70-2-17, 18.

5. The pooling of all mineral interests underlying the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11 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 E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11;
- B. Pooling all mineral interests in (i) the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 11, and (ii) the E $\frac{1}{2}$ E $\frac{1}{2}$  of Section 11, from the surface to the base of the Bone Spring formation;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for EOG Resources, Inc.

PROPOSED ADVERTISEMENT

Case No. 14621 :

***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 E/2E/2 of Section 11, Township 25 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Bone Spring formation underlying (i) the SE/4SE/4 of Section 11 to form a standard 40 acre oil spacing and proration unit, and (ii) the E/2E/2 of Section 11 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 units are to be dedicated to the Elk Wallow 11 State Well No. 4, a horizontal well to be drilled at an orthodox surface location in the SE/4SE/4, with a terminus at an orthodox location in the NE/4NE/4, of Section 11. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 9 miles southeast of Malaga, New Mexico.

RECEIVED OGD  
2011 MAR 16 P 1:53