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August 15, 2000

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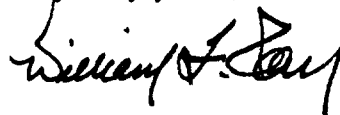
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 Pacheco Street
Santa Fe, New Mexico 87503

Re: Application of EOG Resources, Inc. for surface commingling and off lease
storage and measurement, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate 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 September 7, 2000 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc w/enc.: Mr. Larry Cunningham
EOG Resources, Inc.

19482

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

**IN THE MATTER OF THE APPLICATION
OF EOG RESOURCES, INC. FOR SURFACE
COMMINGLING AND OFF LEASE STORAGE
AND MEASUREMENT, SAN JUAN COUNTY,
NEW MEXICO.**

CASE 12-438

OIL CONSERVATION DIV.
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APPLICATION

EOG Resources, Inc. ("EOG") through its undersigned attorneys, hereby makes application for an exception to the provisions of Oil Conservation Division Rules 303 A and 309 to authorize surface commingling and off lease storage and measurement of hydrocarbon production from the Delaware formation, Triste Draw-Delaware Pool and the Bone Spring Formation, Triste Draw-Bone Spring Pool and in support of its application states:

1. EOG is the operator of the following described Federal Oil and Gas Leases and wells which produce from the Delaware formation, Triste Draw-Delaware Pool, in Section 34, Township 23 South, Range 32 East, and Section 3, Township 24 South, Range 32 East, NMPM, Lea County New Mexico:

Federal Oil and Gas Lease No. NM 62225 (W/2, N/2 NE/4):

Diamond "34" Federal Well No. 1	Unit F
Diamond "34" Federal Well No. 2	Unit B
Diamond "34" Federal Well No. 3	Unit N

Federal Oil and Gas Lease No. NM 94616 (S/2 NE/4, SE/4):

Diamondtail "34" Federal Well No. 1	Unit J
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Diamondtail "34" Federal Well No. 2 Unit O

Diamondtail "34" Federal Well No. 3 Unit G

Federal Oil and Gas Lease No. NM 94850: (All except NE/4 SW/4)

Diamondtail "3" Federal Well No. 1 Unit B

2. EOG owns 100% of the working interest in the Diamondtail "34" Federal Lease (NM 94616) and the Diamondtail "3" Federal Lease (NM 94850). However, EOG owns only 75% of the working interest in the Diamond "34" Federal lease (NM 62225).

3. Production from the Bone Spring formation, Triste Draw-Bone Spring Pool is commingled with Delaware production in the Diamond "34" Federal Well No. 2 (Order DHC-1330) and in the Diamondtail "34" Federal Well No. 1 (Order No. DHC-1358).

4. EOG seeks authority to surface commingle and store production from each of these wells in the Diamondtail "34" Battery which is located in Unit J of Section 34, Township 23 South, Range 32 East, NMPM.

5. Production from the Daimond "34" Federal lease and the Diamondtail "3" Federal Lease will be metered (test sales) prior to being commingled into the Diamondtail "34" Battery. The casinghead gas will be metered (test sales) prior to being purchased at the sales meter.

6. The commercial value of the commingled production will not be less than the sum of the values of the production from each common source of supply.

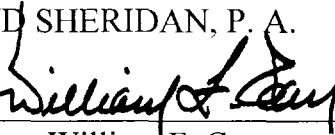
7. Approval of the proposed commingling is necessary for continued operation of the above-referenced Federal Oil and Gas Leases and is otherwise in the interest of

conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an examiner of the Oil Conservation Division on September 7, 2000, and after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
AND SHERIDAN, P. A.

By 
William F. Carr

ATTORNEYS FOR EOG RESOURCES, INC.

Case 12488

PROPOSED LEGAL ADVERTISEMENT:

Application of EOG Resources, Inc. for surface commingling and off lease storage and measurement, Lea County, New Mexico. Applicant seeks authority to commingle in its Diamondtail "34" Battery located in Unit J of Section 34, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, production from the Triste Draw-Delaware Pool and the Triste Draw-Bone Spring Pool from the following leases and wells:

Federal Oil and Gas Lease No. NM 62225 (W/2, N/2 NE/4, Section 34, Township 23 South, Range 32 East, NMPM):

Diamond "34" Federal Well No. 1	Unit F
Diamond "34" Federal Well No. 2	Unit B
Diamond "34" Federal Well No. 3	Unit N

Federal Oil and Gas Lease No. NM 94616 (S/2 NE/4, SE/4, Section 34, Township 23 South, Range 32 East NMPM):

Diamondtail "34" Federal Well No. 1	Unit J
Diamondtail "34" Federal Well No. 2	Unit O
Diamondtail "34" Federal Well No. 3	Unit G

Federal Oil and Gas Lease No. NM 94850: (All except NE/4 SW/4, Section 3, Township 24 South, Range 32 East, NMPM):

Diamondtail "3" Federal Well No. 1	Unit B
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Said leases and wells are located approximately __ miles _____ of _____, New Mexico.