

**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 AMENDMENT  
OF DIVISION ORDER NO. R-11389 TO  
AUTHORIZE A PRESSURE MAINTENANCE  
PROJECT IN THE RED HILLS NORTH UNIT  
AREA, ESTABLISH PROCEDURES FOR  
APPROVAL OF ADDITIONAL INJECTION WELLS,  
AND FOR QUALIFICATION OF THE PROJECT  
AREA FOR THE RECOVERED OIL TAX RATE  
PURSUANT TO THE ENHANCED OIL RECOVERY  
ACT, LEA COUNTY, NEW MEXICO.**

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**12843**

**CASE NO. ~~12399~~ (REOPENED)**

**AMENDED APPLICATION**

EOG Resources, Inc., ("EOG") through its undersigned attorneys, Holland & Hart, LLP, hereby makes application for an order amending Division Order No. R-11389 to authorize a pressure maintenance project in the Red Hills North Unit, by the injection of water through vertical and horizontal wells into the Third Bone Spring Sand of the Red Hills-Bone Spring Pool (unitized interval). EOG also seeks the qualification of this project for the Recovered Oil Tax Rate pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act, and in support of its application states:

1. By Order No. R-11388, issued in Case No. 12329, dated May 25, 2000, the Red Hills North Unit was approved by the Division. In companion Case No. 12399, the Division approved a one-well pilot secondary recovery project for the re-injection of produced water into the Third Bone Spring Sand of the Red Hills-Bone Spring Pool through the perforated interval from approximately 12,240 feet to 12,264 feet in its Vaca "13" Federal Well No. 2 (API No. 30-025-32182) located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 13, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico.

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2. The Red Hills North Unit Area is comprised of 3,478 acres, more or less, of state and federal lands located in the following described acreage in Lea County, New Mexico:

**TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM**

Section 1: Lots 2 and 3, SW/4 NE/4,  
SE/4 NW/4, and S/2  
Section 12: All  
Section 13: N/2 and E/2 SE/4

**TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM**

Section 6: Lots 6 and 7, E/2 SW/4,  
and W/2 SE/4  
Section 7: All  
Section 8: W/2 SW/4  
Section 17: SW/4 NE/4; W/2, and W/2 SE/4  
Section 18: All

3. Information acquired from the pilot injection well shows that for secondary recovery operations to be successful in the Unit Area significant changes or modifications in the pressure maintenance process used to produce crude oil from this pool are required and the project must be expanded in size to include the remainder of the Unit Area which will be a new area of activity.

4. EOG seeks amendment of Order No. R-11389 to authorize the implementation of a pressure maintenance project in the Unit Area by the injection of water into the Third Bone Spring Sand of the Red Hills-Bone Spring Pool through new horizontal wells drilled for the purpose of injection and existing vertical and horizontal wells to be converted to injection. The initial horizontal injection well will be the EOG Resources, Inc. Red Hills North Unit Well No. 606 to be drilled from a surface location 530 feet from the South line and 1650 feet from the East line of Section 6, Township 25 South, Range 34 East, NMPM to a depth of approximately 12,200 and then in a west southwesterly direction approximately 7,000 feet in the Third Bone Spring Sand to a target point 1400 feet from the North line and 2150 feet from the West line of Section 12, Township 25 South, Range 33 East, NMPM all within the Unit

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Area as shown on the plat attached hereto as Exhibit A and in Division Form C-108 filed by EOG for this well.

5. EOG also seeks amendment of Division Order No. R-11389 to establish an administrative procedure whereby additional injection wells within the Red Hills North Unit Area may be drilled and/or completed as injection wells added without the necessity of additional hearings.

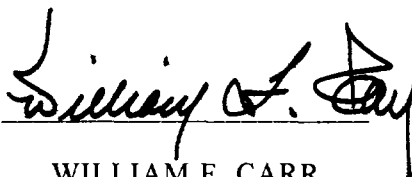
6. EOG further seeks to qualify this project for the Recovered Oil Tax Rate pursuant to the New Mexico Enhanced Oil Recovery Act.

7. Approval of this application will enable EOG to commence effective pressure maintenance operations in the Red Hills North Unit Area, will result in the recovery of hydrocarbons which otherwise will be left in the ground thereby preventing waste and will be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, EOG Resources, Inc. request that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 21, 2002, and after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully Submitted,

HOLLAND & HART, LLP

By: 

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