

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NOS. 407 & 535
ESTABLISHMENT OF FIELD RULES TO)	
GOVERN OPERATIONS IN THE WATTENBERG)	DOCKET NO. <i>To be assigned</i>
FIELD AND AN UNNAMED FIELD, WELD)	
COUNTY, COLORADO)	

APPLICATION

EOG Resources, Inc. (“EOG” or “Applicant”), by and through its attorneys, Burleson LLP, respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order authorizing an exception surface location for a horizontal well to be drilled and completed in the NW¼ NW¼ (Lot 1) of Section 18, Township 5 North, Range 61 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. In support of the Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.

2. Applicant owns substantial leasehold interests in the below-listed lands:

Township 5 North, Range 61 West, 6th P.M.
Section 18: All

These lands are hereinafter referred to as the “Application Lands.”

3. On April 27, 1998, the Commission adopted Rule 318A.a., which, among other things, designated the following surface drilling locations (Greater Wattenberg Area “GWA” windows) for wells drilled in the GWA, including Section 18, Township 5 North, Range 61 West, 6th P.M.:

(1) A square with sides four hundred (400) feet in length, the center of which is the center of any governmental quarter-quarter section (“400’ window”); and

(2) A square with sides eight hundred (800) feet in length, the center of which is the center of any governmental quarter section (“800’ window”).

(3) Absent a showing of good cause, which shall include the existence of a surface use or other agreement with the surface owner authorizing a surface well location outside of the GWA window, all surface wellsites shall be located within a GWA window.

4. On November 29, 2010, the Commission issued Order No. 407-380, which, among other things, established an approximate 640-acre drilling and spacing unit for the Application Lands, and approved one horizontal well within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with a bottomhole location and horizontal leg of the permitted well being no closer than 460 feet from the boundaries of the unit. {00142640.1}

5. Applicant proposes to drill the Sandborn #05-18H Well (the "Well") from a surface location outside of the GWA window, specifically, 301 feet FNL and 501 feet FWL in the NW¹/₄ NW¹/₄ (Lot 1) of Section 18, Township 5 North, Range 61 West, 6th P.M., and alleges that the surface location will allow the optimum wellbore positioning for the horizontal development of the Niobrara Formation within the established drilling and spacing unit while maintaining the setback from the boundaries of the unit. Applicant has attempted, but has been unable, to negotiate an agreement with the surface owner on terms consistent with other surface owners with whom the Applicant has successfully resolved similar issues in the area. A plat reflecting the location is attached as Exhibit A.

6. That in order to promote efficient drainage of the Niobrara Formation underlying the Application Lands, to prevent waste, and to protect correlative rights, the Commission should authorize a surface well location outside of the GWA window for the Well as is proposed above.

7. The granting of this application is in accord with the Oil and Gas Conservation Act, found at §34-60-101, *et seq.*, C.R.S., and the Commission rules.

8. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit B attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order:

A. Authorizing the Sandborn #05-18H Well to be drilled from a surface location of 301 feet FNL and 501 feet FWL in the NW¹/₄ NW¹/₄ (Lot 1) of Section 18, Township 5 North, Range 61 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

B. For such other findings and orders as the Commission may deem proper or advisable in the premises.

EXHIBIT B

INTERESTED PARTIES

The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in this Exhibit B.

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STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

Bailey Blumenreich

My commission expires: _____.

 $\{00142640.1\}$