

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

IN THE MATTER OF THE APPLICATION OF
EOG RESOURCES, INC. FOR AN ORDER
ESTABLISHING THREE EXPLORATORY LAY-
DOWN APPROXIMATE 1,280 ACRE DRILLING
AND SPACING UNITS FOR HORIZONTAL
WELLS IN THE NIOBRARA FORMATION
UNDERLYING SECTIONS 9, 10, 14-16,
TOWNSHIP 11 NORTH, RANGE 63 WEST, 6TH
P.M., WELD COUNTY, COLORADO

CAUSE NO. _____

DOCKET NO. _____

APPLICATION

COMES NOW EOG Resources, Inc. ("Applicant"), by its undersigned attorneys, and makes application ("Application") to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing three exploratory drilling and spacing units, each such unit consisting of approximately one thousand, two hundred eighty (1,280) acres in a "laydown" configuration and allowing the drilling of up to two (2) horizontal wells in each such unit in the underlying Niobrara Formation. The proposed units are comprised of the following described lands in Weld County, Colorado:

Township 11 North, Range 63 West, 6th P.M.
1,280-acre DSU #1: Sections 9 and 10
1,280-acre DSU #2: Sections 14 and 15
1,280-acre DSU #3: Sections 15 and 16

(hereinafter "Application Lands")

A preliminary well plat for the Application Lands is attached hereto. Such plat remains subject to modification.

In support of its Application, Applicant avers and states as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado and is a registered operator in good standing with the Commission.
2. That Applicant owns a substantial leasehold interest in the Niobrara Formation underlying the Application Lands.
3. On February 22, 2010 the Commission entered Order No. 421-1 which established fifty-eight (58) approximate 640-acre drilling and spacing units in Townships 11 and 12 North, Ranges 62 and 62 West for the production of oil, gas and associated hydrocarbons from the Niobrara Formation with no more than one (1) horizontal well to be drilled in each unit. Order No. 421-1 further ordered that the surface location for each horizontal well shall be located anywhere within the unit, provided that the horizontal leg into the Niobrara Formation shall not be closer than 600 feet to the outside boundary of the drilling unit and the terminus of the horizontal leg shall not be any closer than 600 feet to the outside boundary of the drilling and spacing unit without exception being granted by the Director of the Oil and Gas Conservation Commission. The Applications Lands are subject to Order No. 421-1.
4. That Applicant is experienced in drilling horizontal wells with laterals in excess of 4,000 feet, and has successfully drilled many such wells in the Bakken Formation in North Dakota.
5. Based on its early experience in drilling horizontal wells in the Niobrara Formation in Colorado, Applicant believes that the Niobrara Formation underlying the Application Lands is an ideal candidate for the drilling and testing of up to two (2) horizontal wells with lengthy laterals. Due to a overlapping 1,280-acre drilling and spacing units in Section 15, Township 11 North, Range 63 West, portions of up to three (3) wellbores shall underlie Section 15, Township 11 North, Range 63 West.
6. That based upon geological studies and horizontal drilling of the Niobrara Formation in the same general area of the Application Lands, Applicant asserts that the Niobrara

Formation may produce economic volumes of oil when drilled and completed within horizontal wells having longer laterals than are currently authorized by Order No. 421-1.

7. That appropriate setbacks for the drilling of the two (2) exploratory horizontal wells within each drilling and spacing unit for the Niobrara Formation of the Application Lands should be as follows:

(a) That the surface location may be located anywhere on the Application Lands.

(b) That the initial perforation, lateral and terminus of the horizontal wells within the Niobrara Formation shall be located no closer than 600 feet from the boundary of the established drilling and spacing unit and the interior section line shall be extinguished.

(c). That the lateral within the Niobrara Formation shall be located no closer than 600 feet from any other wellbore on the Application Lands which has perforated the Niobrara Formation.

8. That the proposed drilling and spacing units will allow more efficient development of the oil and gas resources within the Niobrara Formation, will prevent waste and will not violate correlative rights.

9. That the Commission modify Order No. 421-1 to vacate the established 640-acre drilling and spacing units on the Application Lands and establish the three (3) requested exploratory laydown 1280-acre drilling and spacing units requested in this Application.

10. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in November 2010; that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 8th day of October, 2010.

BEATTY & WOZNIAK, P.C.

By: _____
Jamie L. Jost
Michael J. Wozniak
216 Sixteenth Street, Suite 1100
Denver, Colorado 80202-5155
303-407-4499

Applicant's Address:
600 17th St, Suite 1000N
Denver, CO 80202

VERIFICATION

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

Steve Smith, of lawful age, being first duly sworn upon oath, deposes and says that he a Landman for EOG Resources, Inc. and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Steve Smith

Subscribed and sworn to before me this _____ day of October, 2010.

Witness my hand and official seal.

My commission expires:_____

Notary Public

EXHIBIT A

INTERESTED PARTIES

David M. and Nancy Lewis P.O. Box 608 Sandpoint, ID 83864
Denkai Animal Sanctuary and E. Ray Reichley 1311 41st Ave. Greeley, CO 80634
Kristina R. and Roger Sparks 2003 Pine Cliff Dr. Valdosta, GA 31602
Raymond W. Thomas 3771 County Road P Wiggins, CO 80654
Ronald W. Thomas 11923 Granite Woods Loop Venice, FL 34292
Todd A. and Angela K. Ayars 565 Winter Bluff Dr. Fenton, MO 63026
Kenyon K. and Norma J. Ayars 63546 WCR 67 Grover, CO 80729
Karen R. Haley, as Trustee of the Karen R. Haley Rev. Tr. Agrmt dated 2-8-2002 9550 E. Orchard Dr. Greenwood Village, CO 80111
Susan Genevieve Mitchell Luecht 1944 29th Ave. Greeley, CO 80634
Colorado State Land Board 1127 Sherman St., #300 Denver, CO 80203

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AFFIDAVIT OF MAILING

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

Jamie L. Jost, of lawful age, and being first duly sworn upon his oath, states and declares:

That she is the attorney for EOG Resources, Inc., that on or before October 8, 2010, She caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Jamie L. Jost

Subscribed and sworn to before me October 8, 2010.

Witness my hand and official seal.

My commission expires: _____.

Notary Public