

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

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| IN THE MATTER OF THE APPLICATION OF )<br>EOG RESOURCES, INC. FOR AN ORDER )<br>ESTABLISHING DRILLING AND SPACING )<br>UNITS AND ESTABLISHING WELL )<br>LOCATION RULES FOR THE NIOBRARA )<br>FORMATION OF CERTAIN DESCRIBED )<br>LANDS LOCATED IN TOWNSHIP 6 NORTH, )<br>RANGES 61-62 WEST, TOWNSHIP 8 )<br>NORTH, RANGES 60, 62 WEST, TOWNSHIP )<br>10 NORTH, RANGES 59-60, 62-64, AND 66- )<br>67 WEST, AND TOWNSHIP 11 NORTH, )<br>RANGE 64 WEST, 6 <sup>TH</sup> P.M., WELD COUNTY, )<br>COLORADO ) | Cause No. _____<br><br>Docket No. _____ |
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APPLICATION

EOG Resources, Inc. ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing fifty-nine (59) approximate 640-acre drilling and spacing units and establishing existing well location rules applicable to the drilling and producing of wells for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation covering certain described lands in Weld County, Colorado and in support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.
  
2. Applicant holds certain leasehold interests in the lands described on Exhibit B attached hereto and incorporated herein by reference (hereafter the "Application Lands"). A reference map of the Application Lands is attached hereto.
  
3. The Application Lands are subject to Commission Rule 318.a. which provides that a well to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same source of supply, unless authorized by order of the Commission upon hearing. There are no other specific Commission Orders applicable to the Niobrara Formation underlying the Application Lands.
  
4. The Niobrara Formation in this area is defined as the stratigraphic equivalent of the interval between 7724' to 8022' as found in the Amoco Production Company, Champlin Amoco 291 A-1 Well located in the SE/4SE/4 of Section 15, Township 10 North, Range 65 West. The Niobrara Formation is a common source of supply underlying the Application Lands.

5. To promote efficient drainage within the Niobrara Formation of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish drilling and spacing units of approximately 640 acres as more particularly described in Exhibit B attached hereto and incorporated herein by reference.

6. That Applicant has drilled, tested and completed wells in the Niobrara Formation upon lands in close proximity to the Application Lands.

7. That the above-proposed drilling and spacing units will allow efficient drainage of the Niobrara Formation; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. Drilling and spacing units of the size and shape specified above are not smaller than the maximum area that can be economically and efficiently drained by the proposed well in each such drilling and spacing unit.

8. That the Applicant is requesting to drill and complete one (1) horizontal well in each of the established 640-acre drilling and spacing units comprised of the Application Lands. The Applicant states that each proposed horizontal well shall be located anywhere within the designated drilling and spacing unit with initial perforation of the Niobrara Formation and an ultimate bottomhole location no closer than 600' from the boundaries of the drilling and spacing unit. The Applicant further maintains that the proposed horizontal wells will have no adverse effect on correlative rights of adjacent owners.

9. 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 63 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. Applicant requests that the Commission take administrative notice of the exhibits and testimony presented by Applicant in Order No. 421-1.

10. On August 12, 2010, the Commission entered Order No. 535-2 approving Rubicon Oil & Gas, LLC's request for one hundred forty-five (145) approximate 640-acre drilling and spacing units in Townships 8, 9, 10, and 11 North, Ranges 65, 66, 67 West, 6<sup>th</sup> P.M., Weld County, Colorado, for the production of oil and gas and associated hydrocarbons from the Codell and Niobrara Formations and allowed two (2) horizontal wells in each unit, with the initial formation penetration, lateral leg, and terminus (bottomhole location) of the permitted wells no closer than 600 feet from the boundaries of the unit and the initial formation penetration, lateral leg and terminus (bottomhole location) of the second well not closer than 1,200 feet from the first well. Applicant requests that the Commission take administrative notice of the approval of the numerosity of units approved in Rubicon's application.

11. On September 1, 2010, Applicant filed an application for an order to expand Order No. 421-1 and establish eighty-four (84) approximate 640-acre drilling and spacing units in Township 12 North, Range 61 West, Townships 10, 11 & 12 North, Range 62 West, Townships 10,

11, and 12 North, Range 63 West, and Townships 11 & 12 North, Range 64 West in Weld County, Colorado 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 (Docket No. 1010-SP-28). Applicant further requested that the order allow the surface location for each horizontal well to 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 September 1, 2010 application was approved by the Commission on October 21, 2010. Applicant requests that the Commission take administrative notice of the exhibits and testimony presented by Applicant in Docket No. 1010-SP-28.

12. On November 24, 2010, Applicant submitted two separate applications (Pony Area and Team Area) requesting two orders establishing a total of two hundred and thirty-eight (238) 640-acre drilling and spacing units on various lands in Township 4 North, Ranges 61-62 West, Township 5 North, Ranges 61-62 West, Township 6 North, Range 61-62 West, Township 8 North, Ranges 59-62 West, Township 9 North, Ranges 58-61 North, and Township 10 North, Range 58 West, 6th P.M., Weld County, Colorado 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 (Docket Nos. 1101-SP-06 and 1101-SP-07). Applicant further requested that the Commission orders allow each proposed horizontal well to be located on the surface anywhere within the respective designated drilling and spacing unit with initial perforation of the Niobrara Formation and ultimate bottomhole location no closer than 600' from the boundaries of the drilling and spacing unit. The two November 24, 2010 applications were approved by the Commission on February 22, 2011. Applicant requests that the Commission take administrative notice of the exhibits and testimony presented by Applicant in Docket Nos. 1101-SP-06 and 1101-SP-07.

13. On December 23, 2010, Applicant submitted an application requesting an order establishing fifty-two (52) approximate 640-acre drilling and spacing units on various lands in Township 9 North, Range 65 West, Township 10 North, Ranges 64-65 West, and Township 11 North, Ranges 64-67 West, 6th P.M., Weld County, Colorado 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 (Docket No. 1104-SP-12). Applicant further requested that the Commission order allow each proposed horizontal well to be located on the surface anywhere within the designated drilling and spacing units with initial perforation of the Niobrara Formation and an ultimate bottomhole location no closer than 600' from the boundaries of the drilling and spacing unit. The December 23, 2010 application is set for hearing in front of the Commission on April 4, 2011.

14. 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 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 consistent with Applicant's proposals as set forth above.

Dated this \_\_\_\_ day of March, 2011.

Respectfully submitted,

EOG RESOURCES, INC.

By: \_\_\_\_\_

Jamie L. Jost  
Elizabeth Y. Gallaway  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> Street, Suite 1100  
Denver, Colorado 80202  
(303) 407-4499

Applicant's Address:

600 17th Street, Suite 1100N  
Denver, CO 80202

VERIFICATION

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

Jason McLaren, Landman, with EOG Resources, Inc., upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

EOG RESOURCES, INC.

\_\_\_\_\_  
Jason McLaren, Landman

Subscribed and sworn to before me this \_\_\_\_\_ day of March, 2011, by Jason McLaren,  
\_\_\_\_\_ for EOG Resources, Inc.

Witness my hand and official seal.

My commission expires:\_\_\_\_\_

\_\_\_\_\_  
Notary Public

EXHIBIT A

INTERESTED PARTIES

[To be submitted pursuant to Rule 503.e.]

EXHIBIT B

LIST OF DRILLING AND SPACING UNITS

TOWNSHIP 6 NORTH, RANGE 61 WEST, 6TH P.M.

Sections 4, 5

TOWNSHIP 6 NORTH, RANGE 62 WEST, 6TH P.M.

Sections 4 through 6

TOWNSHIP 8 NORTH, RANGE 60 WEST, 6TH P.M.

Section 22

TOWNSHIP 8 NORTH, RANGE 62 WEST, 6TH P.M.

Section 27

TOWNSHIP 10 NORTH, RANGE 59 WEST, 6TH P.M.

Sections 6, 7

TOWNSHIP 10 NORTH, RANGE 60 WEST, 6TH P.M.

Sections 1 through 6, 9 through 15, 17 through 23, 27 through 30, 34 and 35

TOWNSHIP 10 NORTH, RANGE 62 WEST, 6TH P.M.

Sections 11, 14, 15, 17, 21, 28, 30

TOWNSHIP 10 NORTH, RANGE 63 WEST, 6TH P.M.

Sections 8, 23 through 25, 30, 34

TOWNSHIP 10 NORTH, RANGE 64 WEST, 6TH P.M.

Section 26

TOWNSHIP 10 NORTH, RANGE 66 WEST, 6TH P.M.

Section 28

TOWNSHIP 10 NORTH, RANGE 67 WEST, 6TH P.M.

Sections 12, 14, 15, 19, 34

TOWNSHIP 11 NORTH, RANGE 64 WEST, 6TH P.M.

Sections 4 through 6, 20

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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 her oath, states and declares:

That she is the attorney for EOG RESOURCES, INC. and that on or before March \_\_, 2011, 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 March \_\_, 2011.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public