

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

| | | |
|-------------------------------------|---|----------------------------------|
| IN THE MATTER OF THE PROMULGATION |) | CAUSE NO. 421 |
| AND ESTABLISHMENT OF FIELD RULES TO |) | |
| GOVERN OPERATIONS IN THE HEREFORD |) | DOCKET NO. <i>To be assigned</i> |
| 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: (1) vacating the approximate 640-acre drilling and spacing unit established for Section 12, Township 11 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation; and (2) establishing an approximate 1,280-acre stand-up exploratory drilling unit consisting of said Section 12 and Section 1, Township 11 North, Range 64 West, 6th P.M. for horizontal and vertical well development, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. 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, and has registered as an operator with the Commission.
2. Applicant owns substantial leasehold interests in the below-listed lands:

Township 11 North, Range 64 West, 6th P.M.
Section 1: All
Section 12: All

These lands are hereinafter referred to as the "Application Lands." A map depicting the acreage comprising the Application Lands is attached hereto and marked as Exhibit A.

Vacating the Established 640-Acre Drilling and Spacing Unit

3. On or about October 21, 2010, the Commission entered Order No. 421-3, which, among other things, established 640-acre drilling and spacing units for certain lands, including Section 12, Township 11 North, Range 64 West, 6th P.M., and approved one horizontal well for the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the surface location for each horizontal well to be located anywhere upon the drilling and spacing 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.

4. Applicant herein requests the establishment of an approximate 1,280-acre stand-up exploratory drilling unit for the Application Lands for horizontal and vertical well development, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, and by so doing, it is necessary to vacate the 640-acre drilling and spacing unit previously established for Section 12 of the Application Lands. At present, one horizontal well

is authorized for the existing 640-acre drilling and spacing unit; however, by establishing an approximate 1,280-acre stand-up exploratory drilling unit, additional wells (either horizontal or vertical) may be drilled which will allow the Niobrara Formation underlying the Application Lands to be more efficiently and economically drained without promoting waste of the resource.

5. EOG has obtained an approved Application for Permit-to-Drill ("APD"). Form 2, for the Lion Creek #1-12H Well, API #05-123-33306, a planned horizontal well for Section 12, Township 11 North, Range 64 West, 6th P.M., under Order No. 421-3. Under this Application, EOG is not requesting a change to the unit acreage assigned to the Lion Creek #1-12H Well, and the distribution of the proceeds from the well will be allocated on a 640-acre basis.

Establishment of the 1,280-acre Stand-up Exploratory Drilling Unit

6. The geologic strata subject to this request for unitization as an stand-up exploratory drilling unit is the Niobrara Formation, found at a depth of 6,667 feet below ground surface in the Jake #2-01H Well, API #05-123-30574, whose surface location is in the SE¼ NW¼ of Section 1, Township 11 North, Range 63 West, 6th P.M., and known to be a common source of supply.

7. Section 1, Township 11 North, Range 64 West, 6th P.M., is unspaced with respect to the Niobrara Formation, which is a common source of supply underlying said lands and, as such, Rule 318.a. applies to said land and under said rule, wells greater than 2,500 feet in depth shall be located not less than 600 feet from any lease line, and shall not be located less than 1,200 feet from any other producible or drilling well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

8. Applicant requests the Commission establish the Application Lands as an approximate 1,280-acre stand-up exploratory drilling unit for the Niobrara Formation pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed stand-up exploratory drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the wells proposed to be drilled under this Application and completed in the Niobrara Formation.

9. Applicant requests it be authorized to drill and complete one or more horizontal wells in the approximate 1,280-acre stand-up exploratory drilling unit for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

10. In addition to the proposed horizontal wells, Applicant requests it be authorized to drill and complete one or more new vertical or directional wells in the approximate 1,280-acre stand-up exploratory drilling unit for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, as necessary and for those same reasons set forth in Paragraph 9.

11. Applicant states that wells to be drilled under this Application, whether horizontal, vertical or directional, should be drilled from a new, common or existing well pad, with no more than one well pad per quarter quarter section, without exception being granted by the Director.

12. Applicant states that for any permitted wells to be drilled under this Application, the bottomhole location or, in the case of horizontal wells, the treated intervals of the wellbore, should be not less than 600 feet from the outer boundary of the proposed stand-up exploratory drilling unit and not less than 460 feet from any other well or treated interval of a well producing from the Niobrara Formation, without exception being granted by the Director.

* * *

13. 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.

14. That the names and addresses of the interested parties (owners within the proposed stand-up exploratory drilling unit) according to the information and belief of the Applicant are set forth in Exhibit B attached hereto. The Applicant shall submit a certificate of service for the Application within the 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. Vacating the approximate 640-acre drilling and spacing unit established for Section 12, Township 11 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

B. Establishing an approximate 1,280-acre stand-up exploratory drilling unit for the Application Lands, for horizontal and vertical well development, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

C. Requiring that any permitted wells to be drilled under this Application, whether horizontal, vertical or directional, should be drilled from a new, common or existing well pad, with no more than one well pad per quarter quarter section, without exception being granted by the Director.

D. Requiring that any permitted wells to be drilled under this Application, the bottomhole location or, in the case of horizontal wells, the treated intervals of the wellbore, should be not less than 600 feet from the outer boundary of the proposed stand-up exploratory drilling unit and not less than 460 feet from any other well or treated interval of a well producing from the Niobrara Formation, without exception being granted by the Director.

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

DATED this 14th day of September, 2012.

Respectfully submitted,

EOG RESOURCES, INC.

By:

Robert A. Willis (Colorado Bar No. 26308)

Burleson LLP

Wells Fargo Center

1700 Lincoln Street, Suite 1300

Denver, CO 80203

(303) 801-3200

Applicant's Address:

600 17th Street, Suite 1100

Denver, CO 80202

VERIFICATION

STATE OF COLORADO

)

) ss.

CITY & COUNTY OF DENVER

)

Jason McLaren, Landman for 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.

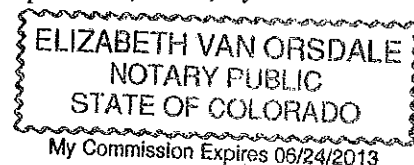
EOG RESOURCES, INC.

Jason McLaren

Subscribed and sworn to before me this 14th day of September, 2012, by Jason McLaren, Landman for EOG Resources, Inc.

Witness my hand and official seal.

My commission expires: 6/24/2013



Notary Public

Application Lands - ☐

Sec. 1 & 12, T11N, R64W
Weld County

Exhibit A
Application Map

| | | | | | | | | |
|----|----|-----------------------|------------------------|----|----|----------------------------|----|----|
| 13 | 18 | 17 <i>Wyoming</i> | 16 | 15 | 14 | 13 | 18 | 17 |
| 24 | 19 | 20 <i>Colorado</i> | 21 T12N R64W | 22 | 23 | 24 | 19 | 20 |
| 25 | 30 | 29 | 28 | 27 | 26 | 25 | 30 | 29 |
| 36 | 31 | 32 | 33 | 34 | 35 | 36 | 31 | 32 |
| 1 | 6 | 5 | 4 | 3 | 2 | 1 | 6 | 5 |
| 12 | 7 | 8 | 9 | 10 | 11 | 12 Lion Creek #1-12H | 7 | 8 |
| 13 | 18 | 17 | 16 T11N R64W | 15 | 14 | 13 | 18 | 17 |

EXHIBIT B

INTERESTED PARTIES

The names and addresses of the interested parties (owners within Sections 1 and 12, Township 11 North, Range 64 West, 6th P.M.) according to the information and belief of the Applicant are set forth in this Exhibit B.

EOG Resources, Inc.
600 17th Street, Suite 1100
Denver, CO 80202

Robert A. Willis
Burleson LLP
1700 Lincoln St., Suite 1300
Denver, CO 80203

Kim Kaal
Energy Liaison
Colorado Division of Wildlife
711 Independent Avenue
Grand Junction, CO 81505

Kent Kuster
Colorado Department of Public Health and
Environment
4300 Cherry Creek Drive South
Denver, CO 80246

David Bauer
Weld County LGD
1111 H Street
Greeley, CO 80632

Union Pacific Land Resources Corp.
c/o Anadarko Petroleum Corp.
P.O. Box 9149
The Woodlands, TX 77387

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OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION)
AND ESTABLISHMENT OF FIELD RULES TO)
GOVERN OPERATIONS IN THE HEREFORD)
FIELD, WELD COUNTY, COLORADO)

CAUSE NO. 421

DOCKET NO. 1211-SP-134

AFFIDAVIT OF MAILING

STATE OF COLORADO)

)ss.

CITY AND COUNTY OF DENVER)

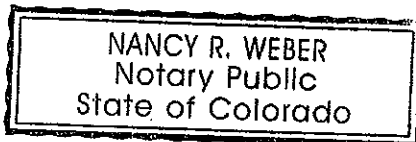
Jessica Rauh, of lawful age, and being first duly sworn upon her oath, states and declares that she caused a copy of the Application (for the spacing of Sections 1, 12, Township 11 North, Range 64 West, 6th P.M.) in the above-captioned matter to be deposited in the United States Mail, postage prepaid, addressed to the interested parties on the attached Exhibit A on this 19th day of September 2012.

Jessica Rauh
Jessica Rauh

Subscribed and sworn to before me on the 19th day of September, 2012.

Witness my hand and official seal.

Nancy R. Weber
Notary Public



My Commission Expires _____

My commission expires: 1/15/2013

EXHIBIT A

EOG Resources, Inc.
600 17th Street, Suite 1100
Denver, CO 80202

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Burleson LLP
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