

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

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|-------------------------------------|---|----------------------------------|
| IN THE MATTER OF THE PROMULGATION |) | CAUSE NO. 535 |
| AND ESTABLISHMENT OF FIELD RULES TO |) | |
| GOVERN OPERATIONS IN AN UNNAMED |) | 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 units established for Sections 6 and 7, Township 10 North, Range 59 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 Sections 6 and 7, 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 10 North, Range 59 West, 6th P.M.
Section 6: All
Section 7: 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 Units

3. On or about June 27, 2011, the Commission entered Order No. 535-28, which, among other things, established 640-acre drilling and spacing units for certain lands, including Sections 6 and 7, Township 10 North, Range 59 West, 6th P.M., and approved one horizontal well for each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the surface location for any permitted well to be located anywhere upon the drilling and spacing unit, and the treated interval of the wellbore to be no closer than 600 feet from the boundaries of the 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 units previously established for the Application Lands. At present, one horizontal well is authorized for the existing 640-acre drilling and spacing units; 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 Application for Permit-to-Drill ("APD"), Form 2, for the Drillhole Draw #1-06H Well, API #05-123-34547, a planned horizontal well for Section 6, Township 10 North, Range 59 West, 6th P.M., under Order No. 535-28. Under this Application, EOG is not requesting a change to the unit acreage assigned to the Drillhole Draw #1-06H 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. 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.

8. 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.

9. 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 8.

10. 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.

11. 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.

* * *

12. 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.

13. 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 units established for the Application Lands, 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: 8/16/16

SARAH E. NICHOLSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20124053832
MY COMMISSION EXPIRES AUGUST 16, 2016

Notary Public

Application Lands - 

Sec. 6 & 7, T10N, R59W
Weld County

Exhibit A
Application Map

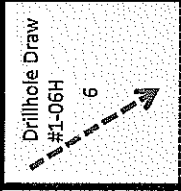
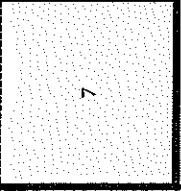
| | | | | | | | | |
|----|--|----|------------------------|----|----|----|----|----|
| 36 | 31 | 32 | 33 | 34 | 35 | 36 | 31 | 32 |
| 1 |  Drillhole Draw #1-06H 6 | 5 | 4 | 3 | 2 | 1 | 6 | 5 |
| 12 |  7 | 8 | 9 | 10 | 11 | 12 | 7 | 8 |
| 13 | 18 | 17 | 16 | 15 | 14 | 13 | 18 | 17 |
| 24 | 19 | 20 | T10N R59W 21 | 22 | 23 | 24 | 19 | 20 |
| 25 | 30 | 29 | 28 | 27 | 26 | 25 | 30 | 29 |
| 36 | 31 | 32 | 33 | 34 | 35 | 36 | 31 | 32 |

EXHIBIT B

INTERESTED PARTIES

The names and addresses of the interested parties (owners within Sections 6 and 7, Township 10 North, Range 59 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

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United States of America
Washington D.C.

David Bauer
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IN THE MATTER OF THE PROMULGATION
AND ESTABLISHMENT OF FIELD RULES TO
GOVERN OPERATIONS IN AN UNNAMED
FIELD, WELD COUNTY, COLORADO

) CAUSE NO. 535
)
) DOCKET NO. 1211-SP-141
)

AFFIDAVIT OF MAILING

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

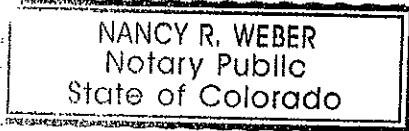
Jessica Rauh, of lawful age, and being first duly sworn upon her oath, states and declares that she caused a copy of the Application (for the spacing of Sections 6, 7, Township 10 North, Range 59 West, 6th P.M.) in the above-captioned matter to be deposited in the United States Mail, postage prepaid, addressed to the interested parties on the attached Exhibit A on this 20th day of September 2012.

Jessica Rauh
Jessica Rauh

Subscribed and sworn to before me on the 20th 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

United States of America
Washington D.C.

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