

NSL Initial Application

Received March 8, 2019

*This application is only placed in file. It MAY or MAY NOT have been
reviewed to be determined Administratively Complete*

NSL-7863

Revised March 23, 2017

RECEIVED: 3/8/19	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL 19
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

06748168

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: EOG Resources, Inc. **OGRID Number:** 7377
Well Name: Savage 2 State Com No. 505H Well **API:** PENDING
Pool: Lower Bone Spring Pool **Pool Code:** 97964

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☒ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Adam G. Rankin

Print or Type Name

Signature

March 8, 2019

Date

505-988-4421

Phone Number

agrarkin@hollandhart.com

e-mail Address



March 8, 2019

VIA HAND DELIVERY

Gabriel Wade
Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox well location for its Savage 2 State Com No. 505H Well in the E/2W/2 of Section 2, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Wade:

EOG Resources, Inc. (OGRID No. 7377) seeks administrative approval of an unorthodox well location for its **Savage 2 State Com No. 505H Well** (API No. Pending) to be completed within the WC-025 F-07 S243225C; Lower Bone Spring Pool (97964) underlying Lot 3 and the SE/4NW/4, E/2SW/4 (i.e., E/2W/2) of Section 2, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico. This well will be drilled from a surface location 403 feet from the north line and 3,108 feet from the west line (Lot 2) of Section 2. The upper most perforation will be located 100 feet from the north line and 2,570 feet from the west line (Lot 3) of Section 2 and the lower most perforation will be 100 feet from the south line and 2,570 feet from the west line (Unit N) of Section 2. Since this acreage is governed by the Division's statewide rules, the completed interval for this well will be unorthodox because it is closer than 330 feet to the eastern boundary of the spacing unit. Approval of the unorthodox completed interval will allow EOG to use their preferred well spacing plan for horizontal wells in this area and thereby prevent waste.

Exhibit A is a Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Savage 2 State Com No. 505H Well** encroaches on the drilling and spacing unit to the east.

Exhibit B is a land plat for Section 2 that shows the proposed **Savage 2 State Com No. 505H Well** in relation to adjoining units and existing wells in Section 2. This exhibit also shows EOG's well spacing pattern for the subject area.

HOLLAND & HART^{LLP}



Exhibit C is a certification of the ownership identifying the affected parties in Lot 2 and the SW/4NE/4, W/2SE/4 (i.e., W/2E/2) of Section 2, the drilling and spacing unit to the east. Each of the parties listed on Exhibit C have been provided notice of this application by certified mail. A copy of this application has been provided to the State Land Office.

Exhibit D is a statement from an engineer confirming that EOG's requested unorthodox location is necessary to optimize well spacing, thereby preventing waste.

Your attention to this matter is appreciated.

Sincerely,

Adam G. Rankin

ATTORNEY FOR EOG RESOURCES, INC.

cc: New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

HOLLAND & HART^{LLP}



Adam G. Rankin

Associate

Phone (505) 954-7294

Fax (505) 983-6043

AGRankin@hollandhart.com

March 8, 2019

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox well location for its Savage 2 State Com No. 505H Well in Lot 3 and the SE/4NW/4, E/2SW/4 (i.e., E/2W/2) of Section 2, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Charles Moran
EOG Resources, Inc.
(432) 686-3684
Charles_Moran@eogresources.com

Sincerely,

Adam G. Rankin

ATTORNEY FOR EOG RESOURCES, INC.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

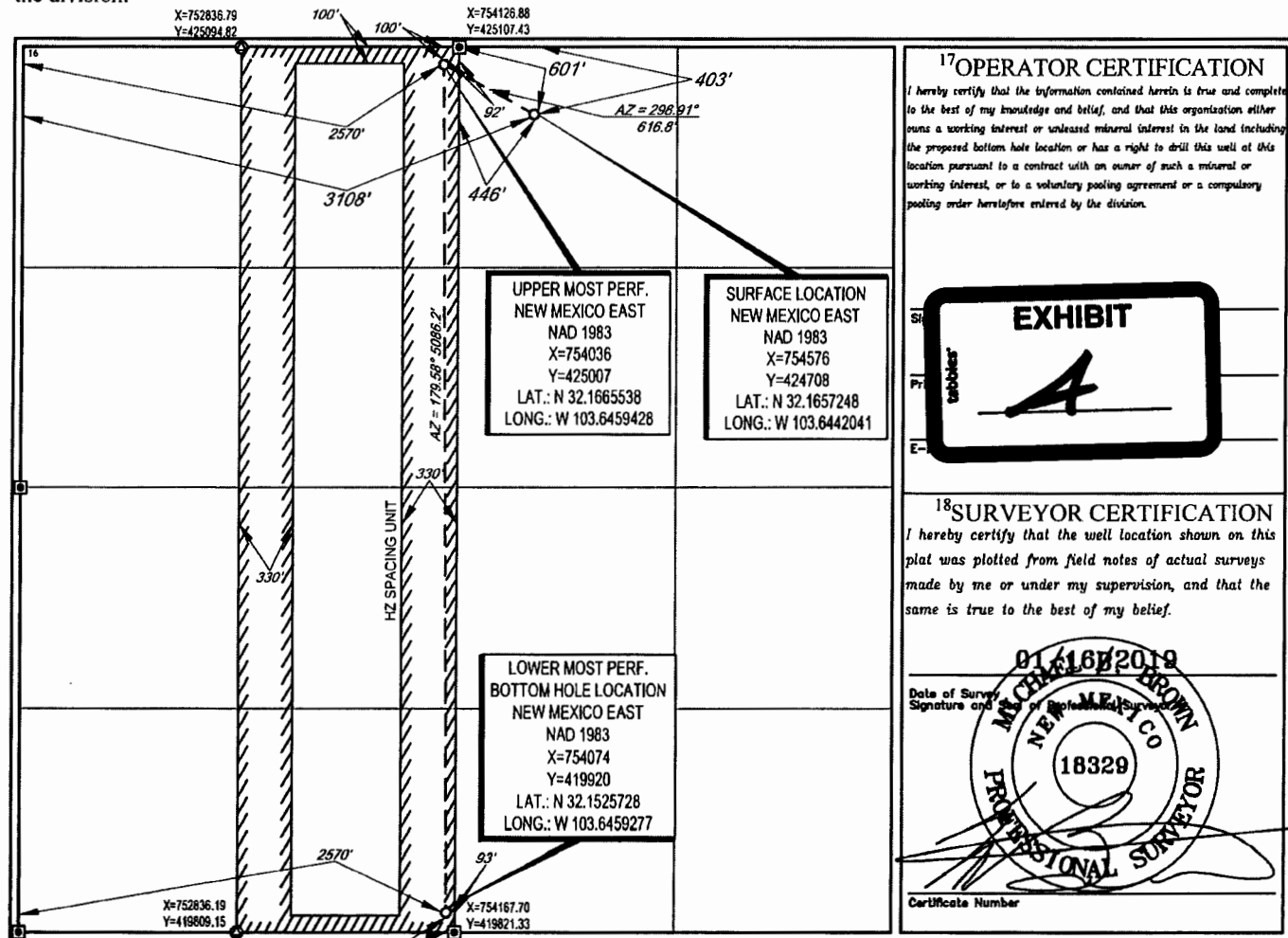
¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name SAVAGE 2 STATE COM			⁶ Well Number 505H
⁷ GRID No.		⁸ Operator Name EOG RESOURCES, INC.			⁹ Elevation 3529'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	2	25-S	32-E	-	403'	NORTH	3108'	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	2	25-S	32-E	-	100'	SOUTH	2570'	WEST	LEA

¹² Dedicated Acres 160.29	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

EXHIBIT
A

¹⁸SURVEYOR CERTIFICATION

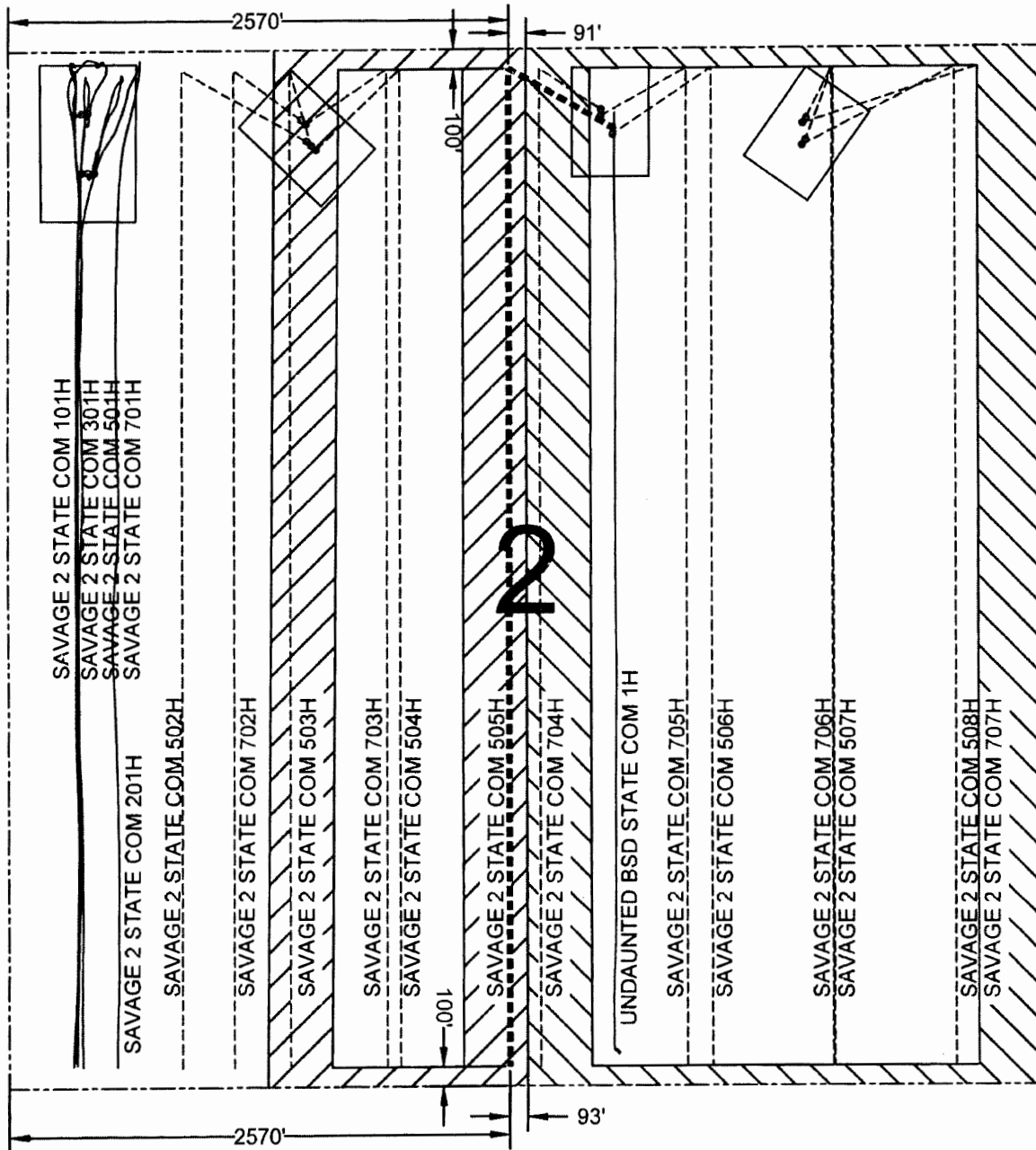
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

Date of Survey
Signature and Seal of Professional Surveyor
01/16/2019
NEW MEXICO
18329
PROFESSIONAL SURVEYOR
Certificate Number

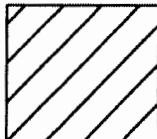
T-25-S, R-32-E, LEA COUNTY

UNORTHODOX LOCATION APPLICATION

SAVAGE 2 STATE COM # 505H



HZ SPACING UNIT
FOR PROPOSED WELL



AFFECTED PARTIES

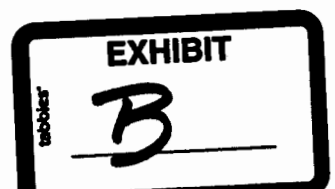


WOLFCAMP

PROPOSED WELL
EXISTING WELL

BONE SPRING

PROPOSED WELL
EXISTING WELL



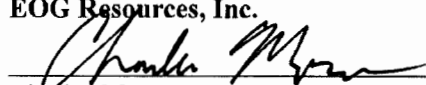


Certification of Ownership

I have reviewed the ownership of the oil and gas leasehold in Section 2, T25S-R32E, Lea County, New Mexico, for purposes of the unorthodox location for EOG Resources, Inc.'s Savage 2 State Com #505H in the E/2W/2 of Section 2. As of this date below, the affected parties are:

EOG Resources, Inc. 5509 Champions Drive Midland, Texas 79706
Oxy Y-1 Company Attn: Permian Land Manager – New Mexico P. O. Box 4294 Houston, Texas 77210-4294
New Mexico State Land Office P. O. Box 1148 Santa Fe, New Mexico 87504

EOG Resources, Inc.


Charles Moran
Land Advisor
February 27, 2019





Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

EO G Resources - Savage 503H 505H NSL
CM# 44497.0001
OXY & SLO 20190308

Shipment Date: 03/08/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

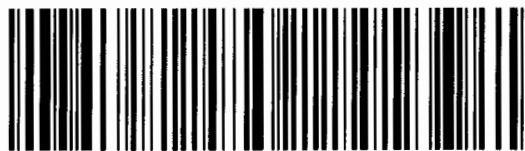
B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0013 1461 90



Firm Mailing Book For Accountable Mail

Name and Address of Sender	USPS Tracking/Article Number	Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Priority Mail	Affix Stamp Here <i>(if issued as an international certificate of mailing or for additional copies of this receipt).</i> Postmark with Date of Receipt.
Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501	1. 9214 8901 9403 8379 7638 29	New Mexico State Land Office PO BOX 1148 Santa Fe NM 87504	
	2. 9214 8901 9403 8379 7638 36	OXY Y-1 Company Attn NM Land Manager PO BOX 4294 Houston TX 77210	
Total Number of Pieces Listed by Sender 2	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)	



February 26, 2019

Re: EOG Resources, Inc. NSL Application
Savage 2 State Com #505H (Well)
E/2W/2 Sec. 2, T25S-R32E
Lea County, New Mexico

To Whom it may concern:

Considering the distance between wells in the development plan for the Bone Spring formation as well as the location of the existing wells in Section 2-T25S-R32E, EOG believes the non-standard location is necessary to develop the 2nd Bone Spring resource in an economic fashion. Based on current 2nd Bone Spring wells in Section 2-T25S-R32E, placing the well at this location prevents completion energy distribution to be skewed into a region of lower pressure caused by offset depletion, negatively impacting well's production. Granting the exception will allow for more total production from the section and more efficient development of the asset therefore protecting correlative rights.

Sincerely

EOG Resources, Inc.

A handwritten signature in black ink that reads "Matt Mason".

Matt Mason
Reservoir Engineer I



Lowe, Leonard, EMNRD

From: Adam Rankin <AGRankin@hollandhart.com>
Sent: Wednesday, March 13, 2019 5:23 PM
To: Lowe, Leonard, EMNRD
Cc: Michael Feldewert
Subject: [EXT] RE: EOG Resources INC. Savage 2 State Com Well NO. 503H & 505H

Leonard,

I've confirmed with EOG and their surveyor that the distances and footages are correct as stated and certified on the C-102 plats for both the Savage 503H and 505H wells. The section is wider than the standard of 5,280 feet by approximately 40 feet. I think this clarification should suffice along with the surveyor's certification on the C-102s.

Thank you, Leonard.

Best,
Adam

From: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Sent: Tuesday, March 12, 2019 3:55 PM
To: Adam Rankin <AGRankin@hollandhart.com>
Subject: EOG Resources INC. Savage 2 State Com Well NO. 503H & 505H
Importance: High

Mr. Adam Rankin,

Upon review of your submitted NSL applications for the above Subject Wells.

There appears to be a discrepancy on the FTP and LTP referenced within your application. From the Western Line ONLY.

Your Request Letter states the following:

FTP = 1450' FWL, from the Western Section Line
LTP = 1450' FWL, from the Western Section Line

The attached C-102 states the following

The same as above, but also shows

FTP = 80' From the HSU western boundary line
LTP = 118' From the HSU western boundary line

If subtracted to show the length from the western line. They don't add up accordingly.

FTP: $1450' - 80' = 1370'$ (does not equal 1320'). I'd suspect this one may not add up accordingly due to its Lot status of 40.1 acres.
LTP: $1450' - 118' = 1332'$ (does not equal 1320')

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Tuesday, March 12, 2019 3:55 PM
To: 'Adam Rankin'
Subject: EOG Resources INC. Savage 2 State Com Well NO. 503H & 505H

Importance: High

Mr. Adam Rankin,

Upon review of your submitted NSL applications for the above Subject Wells.

There appears to be a discrepancy on the FTP and LTP referenced within your application. From the Western Line ONLY.

Your Request Letter states the following:

FTP = 1450' FWL, from the Western Section Line
LTP = 1450' FWL, from the Western Section Line

The attached C-102 states the following

The same as above, but also shows

FTP = 80' From the HSU western boundary line
LTP = 118' From the HSU western boundary line

If subtracted to show the length from the western line. They don't add up accordingly.

FTP: $1450' - 80' = 1370'$ (does not equal 1320'). I'd suspect this one may not add up accordingly due to its Lot status of 40.1 acres.
LTP: $1450' - 118' = 1332'$ (does not equal 1320')

When I subtract, I get. 130', NOT 80' or 118', as stated on the C-102.

There are conflicting information. Either way it is less than 330' towards the west, but if I'm going to write up an exception to the rule, I need to have concrete evidence to present to the Director.

I'd suggest to rid of the 80' and 118' references on the C-102, as you have 1450' correctly stated for both FTP & LTP.

Please resubmit a correct C-102. Or clarify what you are stating.

This pertains to Well No. 505H as well.

Call me for clarification.

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Wednesday, April 3, 2019 11:42 AM
To: 'Adam Rankin'
Cc: Sharp, Karen, EMNRD; Kautz, Paul, EMNRD; 'lisa@rwbyram.com'; Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; Warnell, Terry G, EMNRD; Murphy, Kathleen A, EMNRD; Holm, Anchor E.
Subject: APPROVED NSL-7863 & -7864_EOG Resources, INC._Savage 2 State Com Well No. 505H (503H)_SEC 2 25S 32E_Eddy County

Importance: High

Mr. Adam G. Rankin,

The following administrative orders have been issued and will soon be available on the Division's web site:

<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

EOG Resources, INC. [7377]

NSL-7863

30-025-45692

Savage 2 State Com Well No. 505H

NSL-7864

30-025-45672

Savage 2 State Com Well No. 503H

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>