

DATE IN <u>8/15/16</u>	SUSPENSE	ENGINEER <u>LEL</u>	LOGGED IN	TYPE <u>NSL</u>	APP NO. <u>LEL 1624355424</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - 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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☒ NSP ☐ SD

NSL-7420-A
NSP-2050

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **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.

Print or Type Name _____	Signature _____	Title _____	Date _____
e-mail Address _____			

DATE <u>8/5/16</u>	SUSPENSE	ENGINEER <u>LRL</u>	LOGGED IN	TYPE <u>NSL</u>	PLEL <u>1624355424</u>
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NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



NSL-7420-A
NSP-2050

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[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

EDG RESOURCES, INC.
[# 7377]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify Non-standard project area

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

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

Jordan L. Kessler
 Print or Type Name

[Signature]
 Signature

Attorney
 Title

jlkessler@hollandhart.com
 e-mail Address

8/5/16
 Date

RECEIVED OOD
 2016 AUG -5 P 2:20



August 5, 2016

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED OOD
2016 AUG -5 P 2:20

Re: Application of EOG Resources, Inc. for administrative approval of a 120-acre non-standard project area in the WC-025 G-09-S243335I Upper Wolfcamp Pool (98092) and amendment of NSL-7420, Section 35, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico.
Hawk 26 Fed No. 709H Well

Dear Mr. Catanach:

EOG Resources, Inc. (OGRID No. 7377) owns 100% of the working interest in the federal lease (USA NM-19858) covering the E/2 E/2 of Section 35, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico. EOG originally permitted the **Hawk 26 Fed No. 709H Well** as a horizontal well within a 160-acre project area in the WC-025 G-09-S243335I Upper Wolfcamp Pool (98092) comprised of the E/2 E/2 of Section 35.¹ EOG commenced drilling the well from a surface location 500 feet from the South line and 715 feet from the East line of Section 26 (Unit P) and intended to bottomhole the well at a standard location in Unit P of Section 35. However, due to drilling difficulties noted below, EOG was forced to cease drilling before penetrating Unit P, and must now limit the project area of the **Hawk 26 Fed No. 709H Well** to 120-acres comprised of Units A, H, and I. The first perforation will occur at 10 feet from the North line, 715 feet from the East line, pursuant to NSL-7420, and the final perforation will occur at 1,595 feet from the South line and 892 feet from the East line (Unit I) of Section 35.

892'
In drilling its **Hawk 26 Fed No. 709H Well**, EOG incurred mechanical difficulties which limited the producing interval to the 120-acre proposed project area, comprised of Units A, H, and I. EOG incurred significant geological hazards in that area and was unable to extend the lateral into Unit P. In order to efficiently drain the reservoir and prevent waste, EOG seeks to exclude Unit P from the project area for the **Hawk 26 Fed No. 709H Well**.

Accordingly, EOG respectfully requests the Division grant the following relief:

¹ EOG obtained a permit for an unorthodox location, NSL-7420, to allow for an unorthodox first penetration point.



(1) Pursuant to 19.15.16.15.E NMAC, approve a non-standard 120-acre project area comprised of the E/2 NE/4 and NE/4 SE/4 (Units A, H, and I) of Section 35, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico; and

(2) Pursuant to 19.15.15.13.C NMAC, amend NSL-7420 to reflect the revised final perforation point. The final perforation point will be located at 1,595 feet from the South line and 892 feet from the East line (Unit I) of Section 35, and therefore encroaches on the spacing and proration unit to the South.

As support for this application, EOG provides the following additional information and exhibits:

Exhibit A is the amended Well Location and Acreage Dedication Plat (Form C-102), which shows, as drilled, the non-standard project area and non-standard location for the **Hawk 26 Fed No. 709H Well**.

Exhibit B a land plat for Section 35 and the surrounding sections that shows the **Hawk 26 Fed No. 709H Well** in relation to the adjoining units and existing wells. EOG owns 100% of the working interest in the 40-acre tract excluded from the project area, and the Bureau of Land Management is the owner of the mineral interest. The tract affected by EOG's request for a non-standard location is the 40-acre spacing unit to the South. EOG is the sole working interest owner in the federal lease covering the SE/4 SE/4 of Section 35. Accordingly, there are no affected parties. However, a courtesy copy of this application has been provided to the Bureau of Land Management.

Your attention to this application is appreciated.

Sincerely,

Jordan L. Kessler

ATTORNEY FOR EOG RESOURCES, INC.

cc: Bureau of Land Management-Carlsbad
620 E. Green Street
Carlsbad, NM 88220

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-9720
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 HAWK 26 FED			⁶ Well Number #709H
⁷ GRID No.		⁸ Operator Name EOG RESOURCES, INC.			⁹ Elevation 3538'

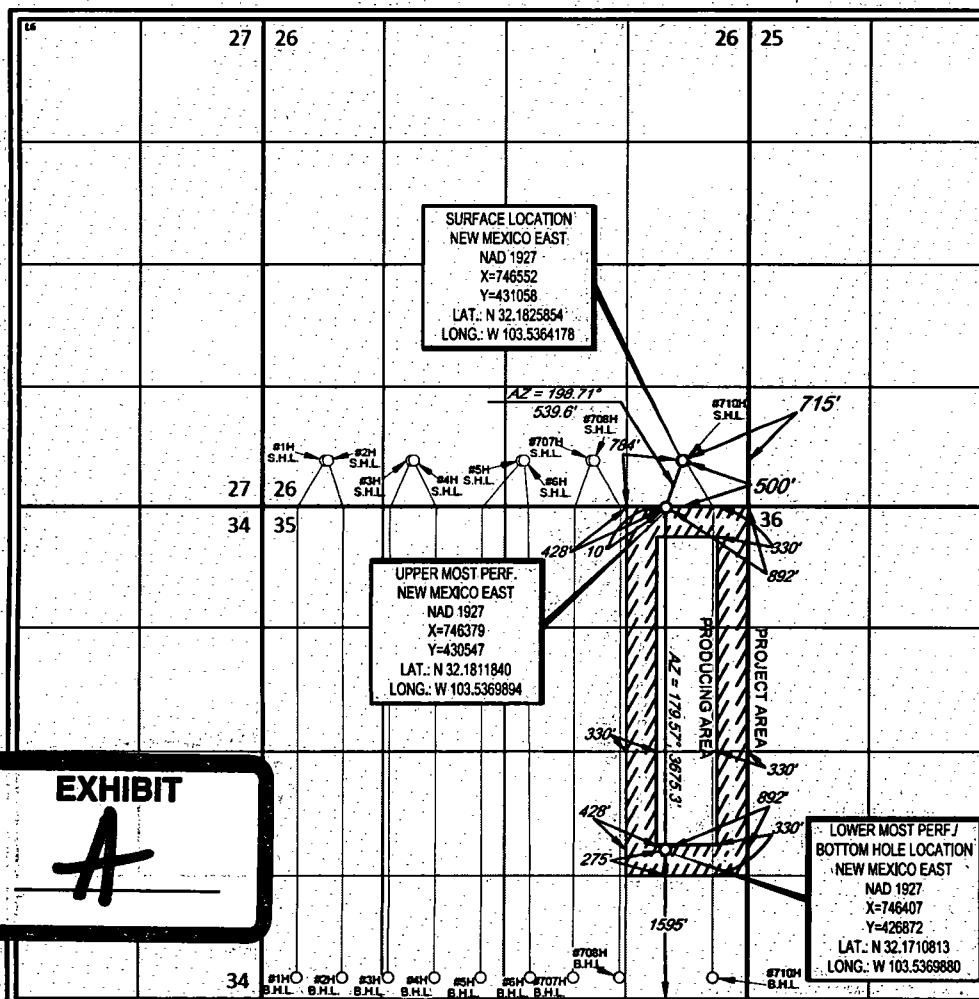
¹⁰Surface Location

UL or lot no. P	Section 26	Township 24-S	Range 33-E	Lot Idn -	Feet from the 500'	North/South line SOUTH	Feet from the 715'	East/West line EAST	County LEA
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UL or lot no. I	Section 35	Township 24-S	Range 33-E	Lot Idn -	Feet from the 1595'	North/South line SOUTH	Feet from the 892'	East/West line EAST	County LEA
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¹¹ Dedicated Acres 120.00	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ 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.

Signature _____ Date _____

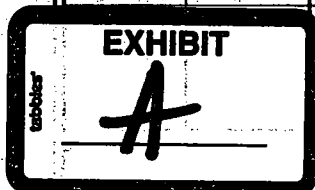
Printed Name _____

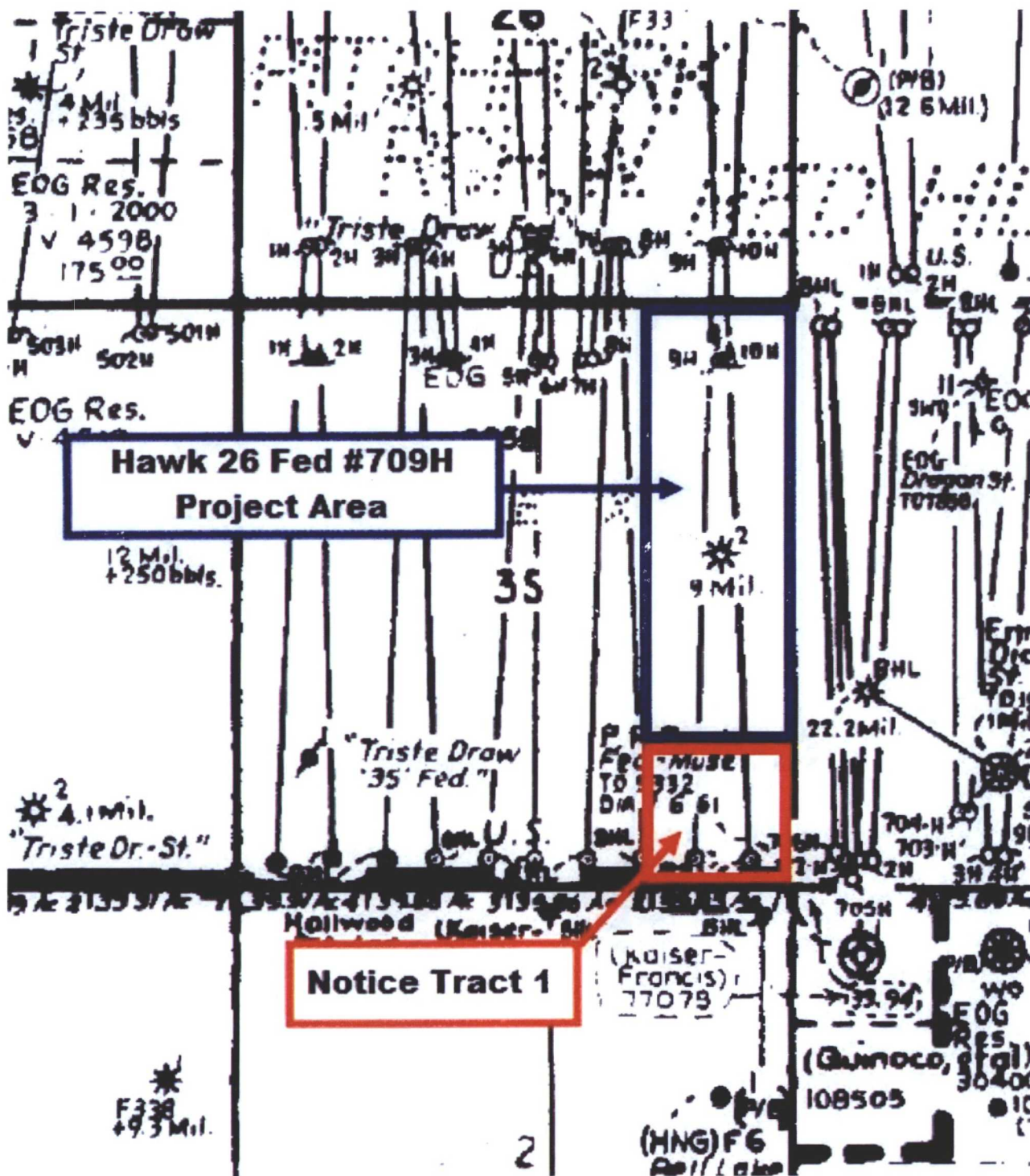
E-mail Address _____

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
02/06/2014
MICHAEL BROWN
NEW MEXICO
18329
PROFESSIONAL SURVEYOR
Certificate Number _____





EXHIBIT

B

7015 1730 0000 3619 7507

U.S. Postal Service[™]
CERTIFIED MAIL[®] RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFFICE *EUG/HAWK 109H*

Certified Mail Fee

\$ *3.85*

Extra Services & Fees (check box, add fee as appropriate)

☒ Return Receipt (hardcopy) \$ *2.80*

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage:

Bureau of Land Management-
Carlsbad
620 E. Green Street
Carlsbad, NM 88220



PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions