

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



June 15, 2017

EOG Resources Inc.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7540

EOG Resources Inc.
OGRID 7377
Antietam 9 Federal Com. Well No. 704H
API No. 30-025-43480

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	164` FNL & 2033` FWL	C	9	25S	33E	Lea
Penetration Point	330` FNL & 1365` FWL	C	9	25S	33E	Lea
Final perforation	2310` FNL & 1363` FWL	F	16	25S	33E	Lea
Terminus	2410` FNL & 1364` FWL	F	16	25S	33E	Lea

Proposed Project Area:

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 W/2 of Section 9	240	WC-025 G-09 S253309A; Upper Wolfcamp	98180
E/2 NW/4 of Section 16			

Reference is made to your application received on May 10, 2017.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (2) NMAC.

It is our understanding that EOG Resources Inc. is seeking this location because wells need to be spaced approximately 330 feet apart for effective drainage in the Wildcat Upper Wolfcamp Pool. As a result, the subject well is located at an unorthodox location. Further, the failure to drill four wells in the W/2 of Section 9, and NW/4 of Section 16 will result in stranded reserves, which constitutes waste, per EOG engineer.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.



DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad