

District I (505) 393-6161  
1625 N French Dr., Hobbs, NM 88240  
District II (505) 748-1283  
811 South First, Artesia, NM 88210  
District III (505) 334-6178  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV (505) 827-8198  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-106  
Revised March 17, 1999

ACT Permit No. \_\_\_\_\_

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator EOG RESOURCES, INC.

Address P.O. Box 2267 Midland, Tx. 79702 County Lea

Lease(s) to be served by this ACT Unit 62225  
NM 6225 - N/2 NE/4, W/2 Sec. 34, T-23-S, R32-E / NM 94616 S/2 NE/4, SE/4 Sec. 34, T-23-S, R-32-E  
NM 94850 Sec. 3 (S/4 NE/4 SW/9, T-24-S, R-32-E)

Pool(s) to be served by this ACT Unit Triste Draw (Delaware); Triste Draw (Bone Springs)

Location of ACT System: Unit J Section 34 Township 23-S Range 32-E

Order No. authorizing commingling between leases if more than one lease is to be served by this system.

Comingling Order PLC - 121 Date 5-2-96

Order No. authorizing commingling between pools if more than one pool is to be served by this system

DHC Order 1330 8-26-96 DHC Order 1358 9-20-96 Applied for as to  
NM 94850

Authorized transporter of oil from this system Oasis Transportation and Marketing Corp.

Transporter's address 13520 W. Highway 80 E. Midland, Tx. 79705

Maximum expected daily through-put for this system: 200 BBLs

If system fails to transfer oil due to malfunction or otherwise, waste by overflow will be averted by:

CHECK ONE: A.  Automatic shut-down facilities as required by Section (3) h-1 of "RULE 309-A" B.  Alternative (3) h-2, providing adequate available capacity to receive production during maximum unattended time of lease operation

If "A" above is checked, will flowing wells be shut-in at the header manifold or at the wellhead?

Maximum well-head shut-in pressure \_\_\_\_\_

If "B" above is checked, how much storage capacity is available above the normal high working level of the

surge tank 1000 BBLs.

What is the normal maximum unattended time of lease operation? 23 Hours.

What device will be used for measuring oil in this ACT unit?

CHECK ONE:  Positive displacement meter  Weir-type measuring vessel  
 Positive volume metering chamber  Other: describe \_\_\_\_\_

Remarks: \_\_\_\_\_

OPERATOR:

I hereby certify above information is true and complete to best of my knowledge and subject ACT system will be installed and operated in accordance with Rule 309-A. Approval of this Form C-106 does not eliminate necessity of an approved C-104 prior to running any oil or gas from this system.

Signature Mike Francis

Printed Name & Title Mike Francis

Date 8-29-00 Telephone 915/686-3714

OIL CONSERVATION DIVISION

Approved by: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

- INSTRUCTIONS: Submit 4 copies of Form C-106 with following attachments to appropriate district office
- 1) Lease plat showing all wells which will be produced in ACT system.
  - 2) Schematic diagram of battery and ACT equipment showing all major components and means employed.
  - 3) Letter from transporter agreeing to utilization of ACT system as shown on schematic diagram.

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

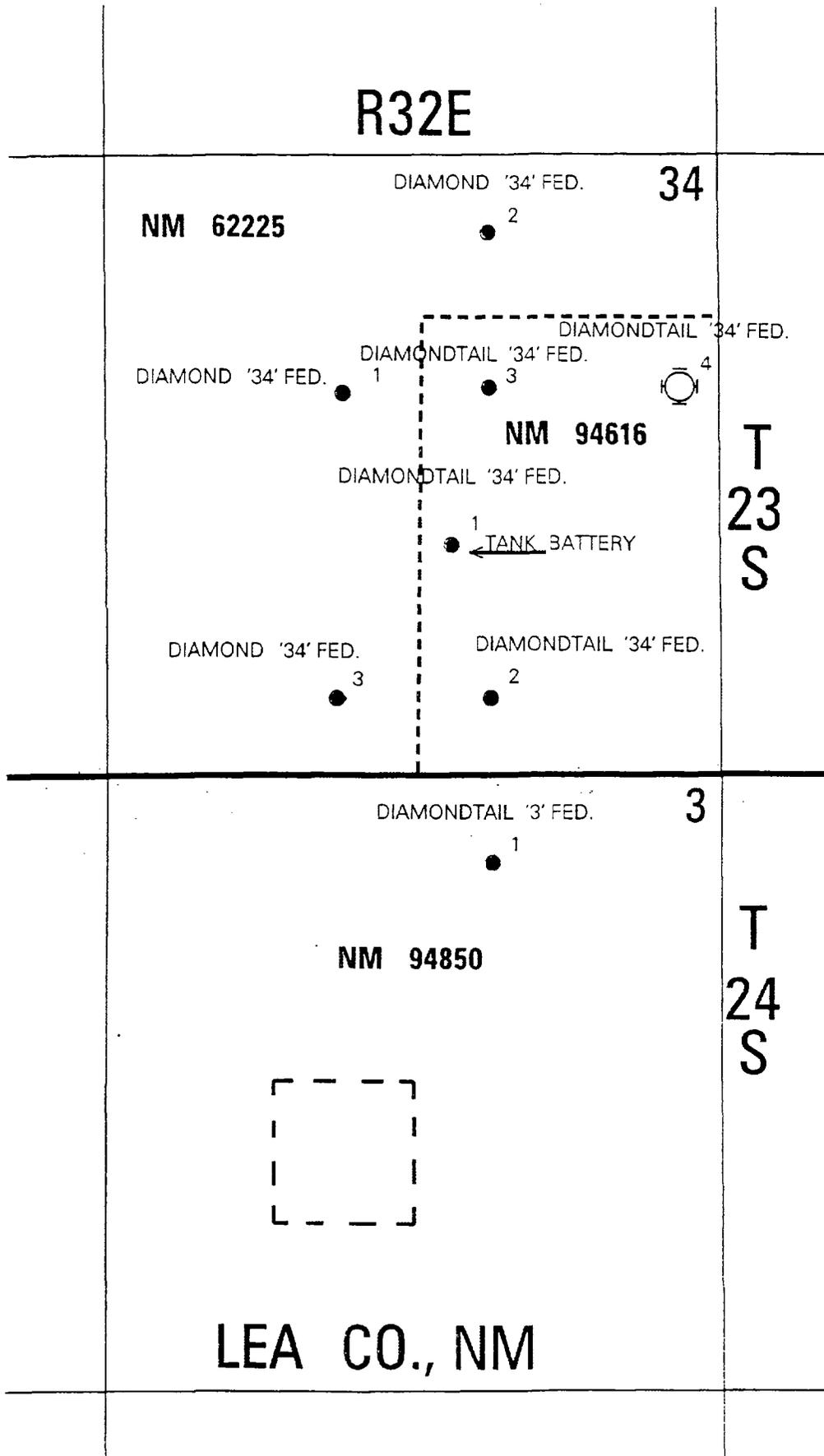
Case No. 12488 Exhibit No. 2

Submitted by:

EOG Resources, Inc.

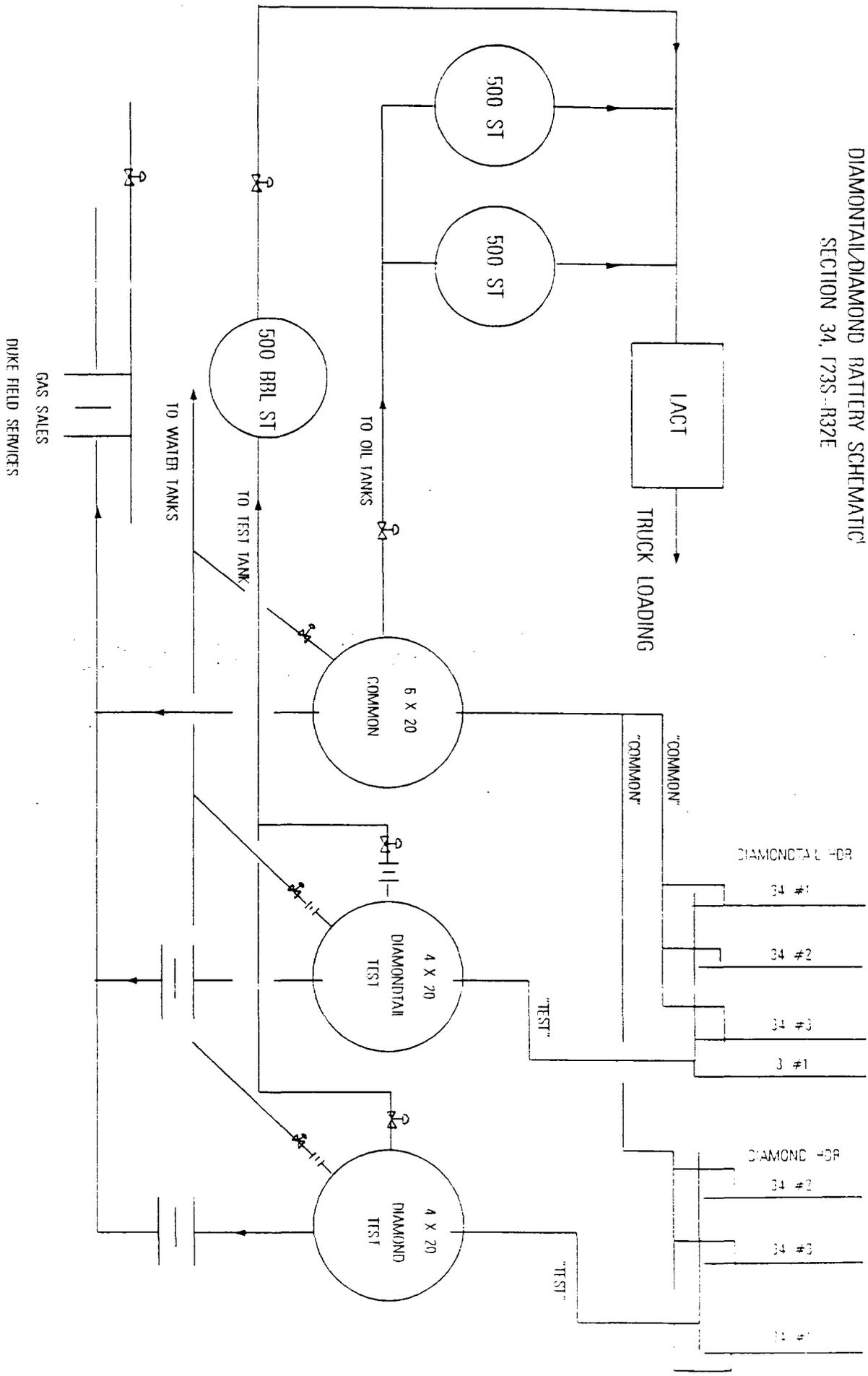
Hearing Date: October 5, 2000

# R32E



FEDERAL LEASE NO.	ACREAGE DESCRIPTION
NM 62225	W/2, N/2NE/4 Section 34 T-23-S, R-32-E
NM 94616	S/2NE/4, SE/4 Section 34 T-23-S, R-32-E
NM 94850	Section 3 (save and except NE/4, SW/4) T-24-S, R-32-E

DIAMONTAIL/DIAMOND BATTERY SCHEMATIC  
SECTION 34, T23S-R32E





EOG Resources, Inc.  
P.O. Box 2267  
Midland, TX 79702  
915-835-3600

August 22, 2000

Oasis Transportation and Marketing Corporation  
13520 W. Highway 80 East  
Midland, Texas 79765

Re: Application for Surface Commingling  
And Off Lease Storage and Measurement  
Federal Oil & Gas Lease NM 62225  
Federal Oil & Gas Lease NM 94616  
Federal Oil & Gas Lease NM 94850  
Lea County, New Mexico

Gentlemen:

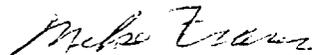
EOG Resources, Inc. ("EOG") has made application for surface commingling and off lease storage and measurement for the referenced Federal Oil & Gas Leases. (Copy attached hereto.)

As transporter of production from the subject lease, EOG hereby requests your approval of facilities as shown on the attached schematic showing automatic custody transfer equipment.

Please indicate your approval by signing in the space provided below, and returning to the undersigned. A self addressed stamped envelope is enclosed for your convenience. Should you have any questions please contact the undersigned at 915-686-3714.

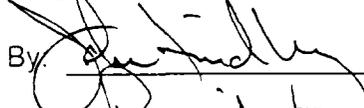
Yours very truly,

EOG RESOURCES, INC.

  
Mike Francis

Agreed and approved this 25<sup>th</sup> day of August, 2000.

OASIS TRANSPORTATION AND MARKETING CORPORATION

By:   
Title: President

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF EOG RESOURCES, INC. FOR SURFACE  
COMMINGLING AND OFF-LEASE STORAGE  
AND MEASUREMENT, LEA COUNTY,  
NEW MEXICO.

CASE \_\_\_\_\_

AMENDED APPLICATION

EOG Resources, Inc. ("EOG") through its undersigned attorneys, hereby makes application for an exception to the provisions of Oil Conservation Division Rule 303-A to authorize surface commingling and Rule 309-A to authorize off-lease storage and measurement of hydrocarbon production from the Delaware formation, Triste Draw-Delaware Pool and the Bone Spring Formation, Triste Draw-Bone Spring Pool and in support of its application states:

1. EOG is the operator of the following described Federal Oil and Gas Leases and wells which produce from the Delaware formation, Triste Draw-Delaware Pool, in Section 34, Township 23 South, Range 32 East, and Section 3, Township 24 South, Range 32 East, NMPM, Lea County New Mexico:

Federal Oil and Gas Lease No. NM 62225, (W/2, N/2 NE/4, Section 34, Township 23 South, Range 32 East, NMPM):

Diamond "34" Federal Well No. 1	Unit F
Diamond "34" Federal Well No. 2	Unit B
Diamond "34" Federal Well No. 3	Unit N

Federal Oil and Gas Lease No. NM 94616 (S/2 NE/4, SE/4, Section 34, Township 23 South, Range 32 East, NMPM):

Diamondtail "34" Federal Well No. 1      Unit J

Diamondtail "34" Federal Well No. 2      Unit O

Diamondtail "34" Federal Well No. 3      Unit G

Federal Oil and Gas Lease No. NM 94850: (All except NE/4 SW/4, Section 3, Township 24 South, Range 32 East, NMPM):

Diamondtail "3" Federal Well No. 1      Unit B

2.      EOG owns 100% of the working interest in the Diamondtail "34" Federal Lease (NM 94616) and the Diamondtail "3" Federal Lease (NM 94850). However, EOG owns only 75% of the working interest in the Diamond "34" Federal lease (NM 62225).

3.      Production from the Bone Spring formation, Triste Draw-Bone Spring Pool is commingled with Delaware production in the Diamond "34" Federal Well No. 2 (Order DHC-1330) and in the Diamondtail "34" Federal Well No. 1 (Order No. DHC-1358).

4.      EOG seeks authority for surface commingling and off-lease storage of production from each of the wells identified above in paragraph 1 in the Diamondtail "34" Battery which is located in Unit J of Section 34, Township 23 South, Range 32 East, NMPM.

5.      Production commingled in the Diamondtail "34" Battery from the Diamond "34" Federal lease and the Diamondtail "3" Federal Lease will be allocated to the subject wells based on periodic well tests.

6.      The commercial value of the commingled production will not be less than the

sum of the values of the production from each common source of supply.

7. Approval of the proposed commingling is necessary for continued operation of the above-referenced Federal Oil and Gas Leases and is otherwise in the interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an examiner of the Oil Conservation Division on September 7, 2000, and after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
AND SHERIDAN, P. A.

By   
William F. Carr

ATTORNEYS FOR EOG RESOURCES, INC.

DIAMONTALDIAMOND BATTERY SCHEMATIC  
SECTION 34, T23S-R32E

