

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



March 19, 2015

EOG Resources, Inc.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION
UNIT

Administrative Order NSL-7248
Administrative Application Reference No. pMAM1507660382

Administrative Order NSP-2023
Administrative Application Reference No. pMAM1507660641

EOG Resources, Inc.
OGRID 7377
Opal 36 State Well No. 301 H
API No. 30-025-42340

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	220' FSL & 2260' FEL	O	36	25S	34E	Lea
Penetration Point	330' FSL & 2260' FEL	O	36	25S	34E	Lea
Final perforation	1534' FNL & 2259' FEL	G	36	25S	34E	Lea
Terminus	1504' FNL & 2259' FEL	G	36	25S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 SE/4, and SW/4 NE/4 of Section 36	120	Hardin Tank; Bone Spring	96661

Reference is made to your application received on March 17, 2015.

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, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet to the outside boundaries of the proposed project area.

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 due to significant drilling hazards resulting from geological impediments that prevented a standard location and project area from being formed.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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

Non-Standard Proration Unit

You have also requested approval of a non-standard proration unit to be included in your proposed project area, as follows:

Units Comprising this Project Area

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>
W/2 SE/4, and SW/4 NE/4 of Section 36	120	Hardin Tank; Bone Spring	96661

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 120-acres, consisting of the entire area described above as the Subject Unit or Project Area.

We understand that you are seeking this exception in order to allow you to create a 120-acre non-standard proration unit, comprised of the W/2 SE/4, and SW/4 NE/4 of Section 36, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.

It is our understanding that EOG Resources, Inc. is seeking this location due to significant drilling hazards resulting from geological impediments that prevented a standard location and project area from being formed.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

General provisions

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.

DONE at Santa Fe, New Mexico, on March 19, 2015

A handwritten signature in black ink, appearing to read "David R. Catanach", is written over a horizontal line.

DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals