

DATE <u>3/17/2015</u>	SUSPENSE	ENGINEER <u>MAJ</u>	LOGGED IN <u>3/17/2015</u>	TYPE <u>NSL</u>	APP NO. <u>PMAM1507660382</u>
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NSP PMAM150766064

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

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

NSL 7248
NSP 2023
EOB resources

[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

well
- Opal 36 state 3014
30-025-42340
pool
- Harding Bone
Spring

[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.

Jordan L. Kessler
 Print or Type Name

[Signature]
 Signature

Attorney
 Title

jlkessler@hollandhart.com
 e-mail Address

3/17/15
 Date

HOLLAND & HART^{LLP}



Jordan L. Kessler
Associate

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JLKessler@hollandhart.com

March 17, 2015

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

Re: Application of EOG Resources Inc. for administrative approval of a 120-acre non-standard project area in the Hardin Tank; Bone Spring Pool (96661) and approval of an unorthodox location, Section 36, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.
Opal 36 State No. 301H Well

Dear Mr. Catanach:

EOG Resources, Inc. ("EOG") (OGRID 7377) is a working interest owner in the W/2 E/2 of Section 36, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. EOG originally permitted the **Opal 36 State No. 301H Well** as a horizontal well within a 160-acre project area in the Hardin Tank; Bone Spring Pool (Pool Code 96661) comprised of the W/2 E/2 of Section 36 (Units B, G, J, O). However, due to the drilling difficulties noted below, EOG must now limit the project area of **Opal 36 State No. 301H Well** to 120-acres comprised of Units G, J, and O. The surface hole is located 220 feet from the South line, 2260 feet from the East line (Unit O) of Section 36. The first perforation will occur at 330 feet from the South line, 2260 feet from the East line (Unit O) and the final perforation will occur at 1534 feet from the North line, 2259 feet from the East line (Unit G) of Section 36. Accordingly, the well encroaches on the spacing units to the North and Northwest of the 120-acre project area.

In drilling its **Opal 36 State No. 301H Well**, EOG incurred mechanical difficulties which limited the producing interval to the 120-acre proposed project area, comprised of Units G, J and O. EOG incurred significant geological hazards in that area and was unable to extend the lateral into Unit B. In order to efficiently drain the reservoir and prevent waste, EOG seeks to exclude Unit O from the project area for the **Opal 36 State No. 301H Well**.

Holland & Hart^{LLP}

Phone [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☏

HOLLAND & HART^{LLP}



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

(1) Pursuant to 19.15.16.15.E NMAC, approve a non-standard 120-acre project area comprised of the W/2 SE/4 and the SW/4 NE/4 (Units G, J, O) of Section 36, Township 25 South, Range 34 East, Lea County, New Mexico; and

(2) Pursuant to 19.15.15.13.C NMAC, approve an unorthodox well location for this well since the last perforation will be at 1534 feet from the North line, 2259 feet from the East line (Unit G) of Section 36.

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 proposed non-standard project area and the non-standard location of the **Opal 36 State No. 301H Well**.

Exhibit B is a land plat for Section 36 and the surrounding sections that shows the **Opal 36 State No. 301H 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, as wells as the two tracts affected by the encroachment to the North and Northwest. Accordingly, there are no affected parties. However, a courtesy copy of this application has been provided to the New Mexico State Land Office.

Your attention to this application is appreciated

Sincerely,

Jordan L. Kessler

ATTORNEY FOR EOG RESOURCES, INC.

cc: New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87501

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., Sante 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.
Sante 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 OPAL 36 STATE	⁶ Well Number #301H
⁷ OGRID No.	⁸ Operator Name EOG RESOURCES, INC.	⁹ Elevation 3297'

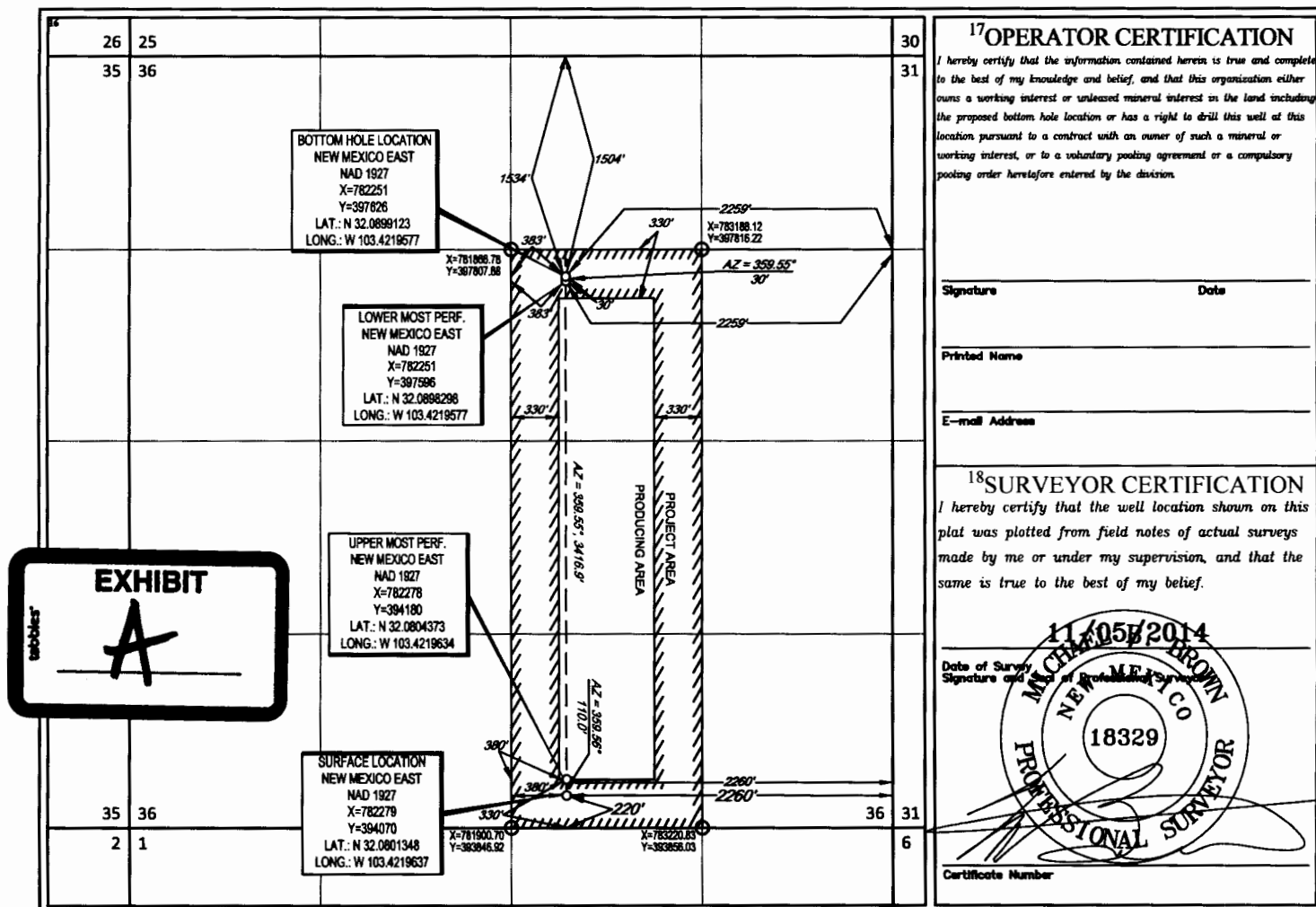
¹⁰Surface Location

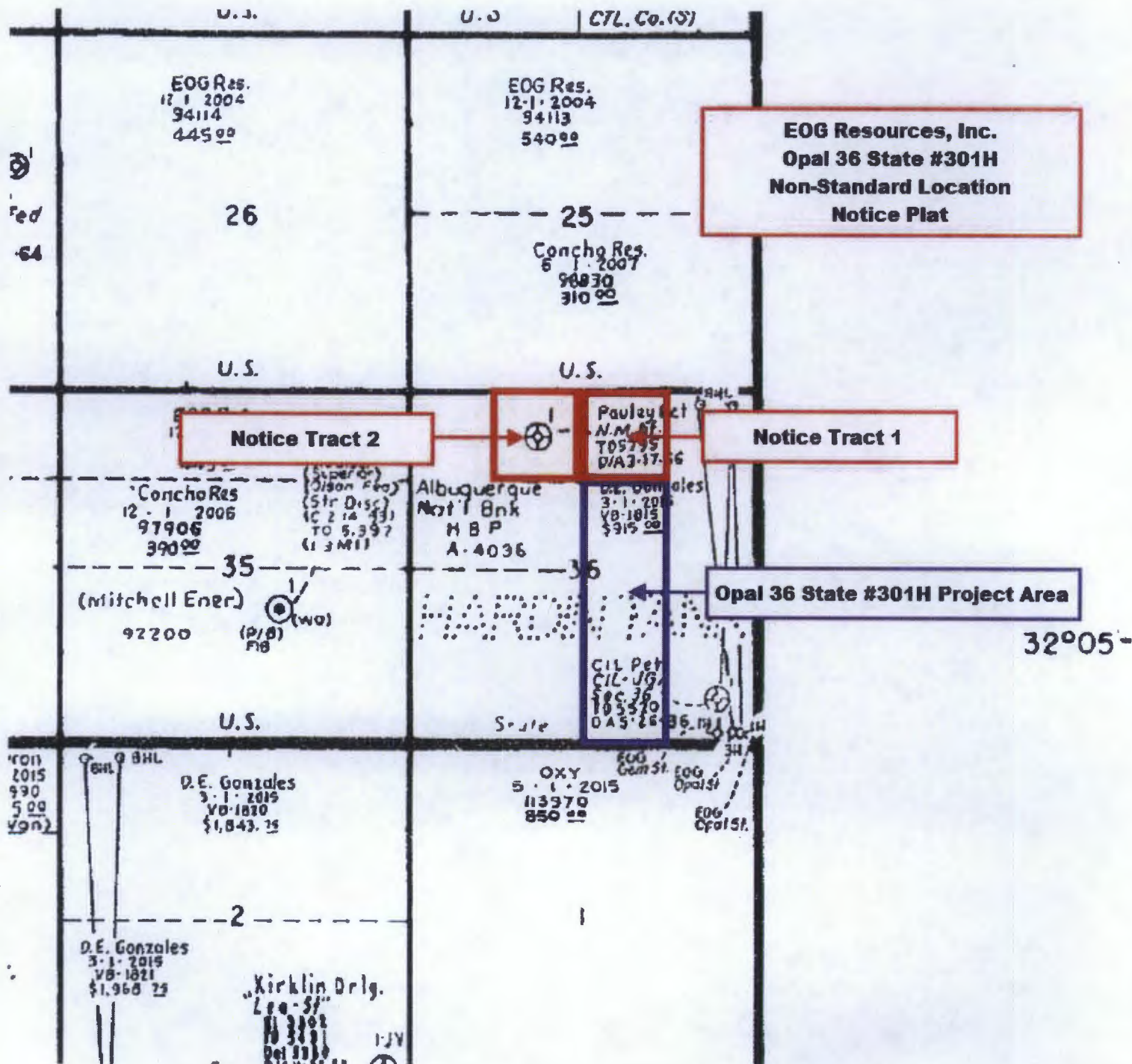
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	25-S	34-E	-	220'	SOUTH	2260'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	36	25-S	34-E	-	1504'	NORTH	2259'	EAST	LEA

¹² Dedicated Acres 120.00	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.





McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Wednesday, March 18, 2015 3:56 PM
To: McMillan, Michael, EMNRD
Cc: Michael Feldewert
Subject: RE: EOG Opal 36 State 301H

Dear Mr. McMillan,

The reason for seeking a non-standard project area and non-standard location is due to significant drilling hazards resulting from geologic impediments.

Thanks!
Jordan

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, March 18, 2015 9:08 AM
To: Jordan L. Kessler
Subject: EOG Opal 36 State 301H

Ms. Kessler:

You stated that significant geological hazards as the reason for the NSL and NSP application.

Shouldn't the reason be significant drilling hazards that prevented a standard location and project area from being formed?

This is the last thing I need to submit the application to the Director.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462
Michael.mcmillan@state.nm.us