

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



February 21, 2018

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NON-STANDARD LOCATION

Administrative Order NSL-7637

EOG Resources, Inc. OGRID 7377
Gem 36 State Com Well No. 5H
API No. 30-025-44263

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 & 2309` FWL | N | 36 | 25S | 32E | Lea |
| Penetration Point | 330` FSL & 2543` FEL | O | 36 | 25S | 32E | Lea |
| Final perforation | 330` FNL & 2463` FEL | B | 36 | 25S | 32E | Lea |
| Terminus | 230` FNL & 2462` FEL | B | 36 | 25S | 32E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-----------------------|--------------|-----------------------------------|------------------|
| W/2 E/2 of Section 36 | 160 | Jennings; Upper Bone Spring Shale | 97838 |

Reference is made to your application received on January 30, 2018.

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 well's completed interval is as close as 127 feet from the western edge of the project area and therefore will cause an encroachment toward the following tracts:

Section 25, encroachment to SE/4 SW/4
Section 36, encroachment to the E/2 W/2
Section 1 (T26S, R32E), encroachment to the NE/4 NW/4

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.

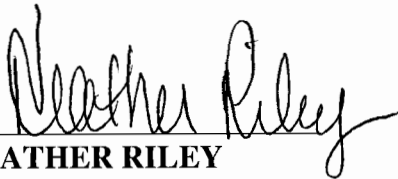
It is our understanding that the Applicant is seeking this location to maximize the recovery of oil and gas reserves from the Upper Bone Spring Shale formation underlying the W/2 E/2 of Section 36.

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.

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 following all other applicable Division rules.

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



HEATHER RILEY
Director

HR/wvjj

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