

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey, Division Director
Oil Conservation Division



July 18, 2013

EOG Resources, Inc.
Attn: Mr. Adam Rankin, Holland & Hart

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6835
Administrative Application Reference No. pAXK1317933242

EOG Resources, Inc.
OGRID 7377
Diamond 5 Federal Com Well No. 8H
API No. 30-025-Pending

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	170 FSL & 1790 FEL	O	5	25S	34E	Lea
Penetration Point	330 FNL & 1369 FEL	B	8	25S	34E	Lea
Terminus	230 FSL & 1370 FEL	O	8	25S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 E/2 of Section 8	160	Red Hills; Lower Bone Spring	51020

Reference is made to your application received on June 25, 2013.

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 Order R-10109, as amended, which provides for 80-acre units, with wells located no nearer than 330 feet to any governmental quarter-quarter section or lot, and Rule 15.16.14.B(2) [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 from an outer boundary of the project area

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Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/prg

cc: New Mexico Oil Conservation Division – Hobbs
United States Bureau of Land Management - Carlsbad