8/06/2015 DATE IN	SUSPENSE	MAM ENGINEER	8/06/2015 LOGGED IN	CTB TYPE	pMAM1521858854 APP NO.

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]

CTB759
- EOG Resources
7377
WEU
- Neptune 10 State Com #501H
30-025-42322
- Neptune 10 State Com 502H
30-025-42323

[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 _____

[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

[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.

Stan Wagner	Stan Wagner	Regulatory Analyst	08/06/2015
Print or Type Name	Signature	Title	Date

Stan_Wagner@eogresources.com
e-mail Address

APPLICATION FOR SURFACE LEASE COMMINGLING

EOG Resources, Inc. respectfully requests administrative approval to surface lease commingle oil & gas from the following wells:

	API	WELL NAME	NUMBER	LOCATION	POOL CODE/NAME	STATUS
1	30-025-42322	NEPTUNE 10 STATE COM	#501H	P-10-24S-33E	[96674] TRIPLE X; BONE SPRING, WEST	PRODUCING
2	30-025-42323	NEPTUNE 10 STATE COM	#502H	P-10-24S-33E	[96674] TRIPLE X; BONE SPRING, WEST	PRODUCING

State lease NM VO-4397 covers 480.00 acres, being the N/2, SW/4 Section 10, T24S, R33E, Lea County, NM. State lease NM VA-730 covers 160.00 acres, being the SE/4 Section 10, T24S, R33E, Lea County, NM. The central tank battery and all of the aforementioned wells are located within the boundaries of NM VA-730. Ownership of the wells is identical (see landman statement attached). The Neptune 10 State Com #501H spud on 1/31/15 and the Neptune 10 State Com #502H spud on 2/17/15.

Attached please find a process flow diagram of the central tank battery, C-102 plats for each of the wells and a landman's statement certifying the ownership of the wells.

OIL AND GAS METERING

Neptune 10 State Com #501H production is measured at its dedicated separator which includes: Coriolis meter for oil, senior orifice meter for gas, and turbine meter for water.

Neptune 10 State Com #502H production is measured at its dedicated separator which includes: Coriolis meter for oil, senior orifice meter for gas, and turbine meter for water.

PROCESS AND FLOW DESCRIPTIONS

The production from each well will flow into a dedicated 3-phase separator. The production stream will be separated into 3 independent streams (gas, oil, and water) by the separator and each stream will be measured individually after it exits the separator. The gas will be measured using a senior orifice meter. The oil will be measured using a Coriolis meter, and the water will be measured using a turbine meter. The water from each separator is combined in a common header and flows into (4) 500 barrel coated steel tanks. Guided wave radar is used to measure water volumes in these tanks. The oil from each separator will be combined into a common header and flow into a heated separator to aid separation of water entrained in the oil. Water from the heated separator flows into the common water header connected to the (4) 500 barrel water tanks. The water is then pumped and/or trucked to a salt water disposal well. The oil from the heated separator flows through a vapor recovery tower where gas is allowed to breakout at a lower pressure, and then the oil flows into (8) 500 barrel coated steel tanks. Guided wave radar is used to measure water and oil volumes in these tanks. Oil is pumped out of the tanks through a Coriolis meter into a truck or a pipeline. Every tank utilizes a guided wave radar to determine the volume of product in each. After the gas from each separator is measured it is combined into a common header. The gas from the heated separator also flows into this header. The gas flows through the header to a custody transfer orifice meter that serves as our lease production meter. The overhead gas from the vapor recovery tower is compressed by a vapor recovery compressor and then measured by a custody transfer orifice meter. The gas from the vapor recovery system combines with the gas from the lease production meter and flows into our gas gathering pipeline system.

Gas Composition and Properties

Effective July 1, 2015 - January 18, 2038

Source #: 60389005
Name: MARS 10 ST 502H-503H FC

Component	Mole %	Liquid Content	Mass %
Carbon Dioxide, CO2	0.3714		0.7468
Nitrogen, N2	2.1474		2.7484
Methane, C1	73.6711		53.9960
Ethane, C2	13.9329	3.7252	19.1405
Propane, C3	6.4036	1.7637	12.9007
iso-Butane, iC4	0.6792	0.2222	1.8036
n-Butane, nC4	1.5317	0.4828	4.0673
iso-Pentane, iC5	0.2925	0.1070	0.9642
n-Pentane, nC5	0.2923	0.1059	0.9635
Neo-Pentane, NeoC5			
Hexanes Plus, C6+	0.6779	0.2947	2.6690
Water, H2O			
Hydrogen Sulfide, H2S	0.0000		0.0000
Oxygen, O2			
Carbon Monoxide, CO			
Hydrogen, H2			
Helium, He			
Argon, Ar			
Totals	100.0000	6.7020	100.0000

Property	Total Sample	C6 Plus Fraction
Pressure Base	14.730	
Temperature Base	60.00	
HCDP @ Sample Pressure		
Cricondentherm		
HV, Dry @ Base P, T	1267.55	
HV, Sat @ Base P, T	1267.55	
HV, Sat @ Sample P, T		
Relative Density	0.7600	

C6+: 100

Sample

Date: 06/29/2015
Type:
Tech: CM

Pressure: 103.9
Temperature: 89.0
H2O: lbs/mm
H2S: 0 ppm

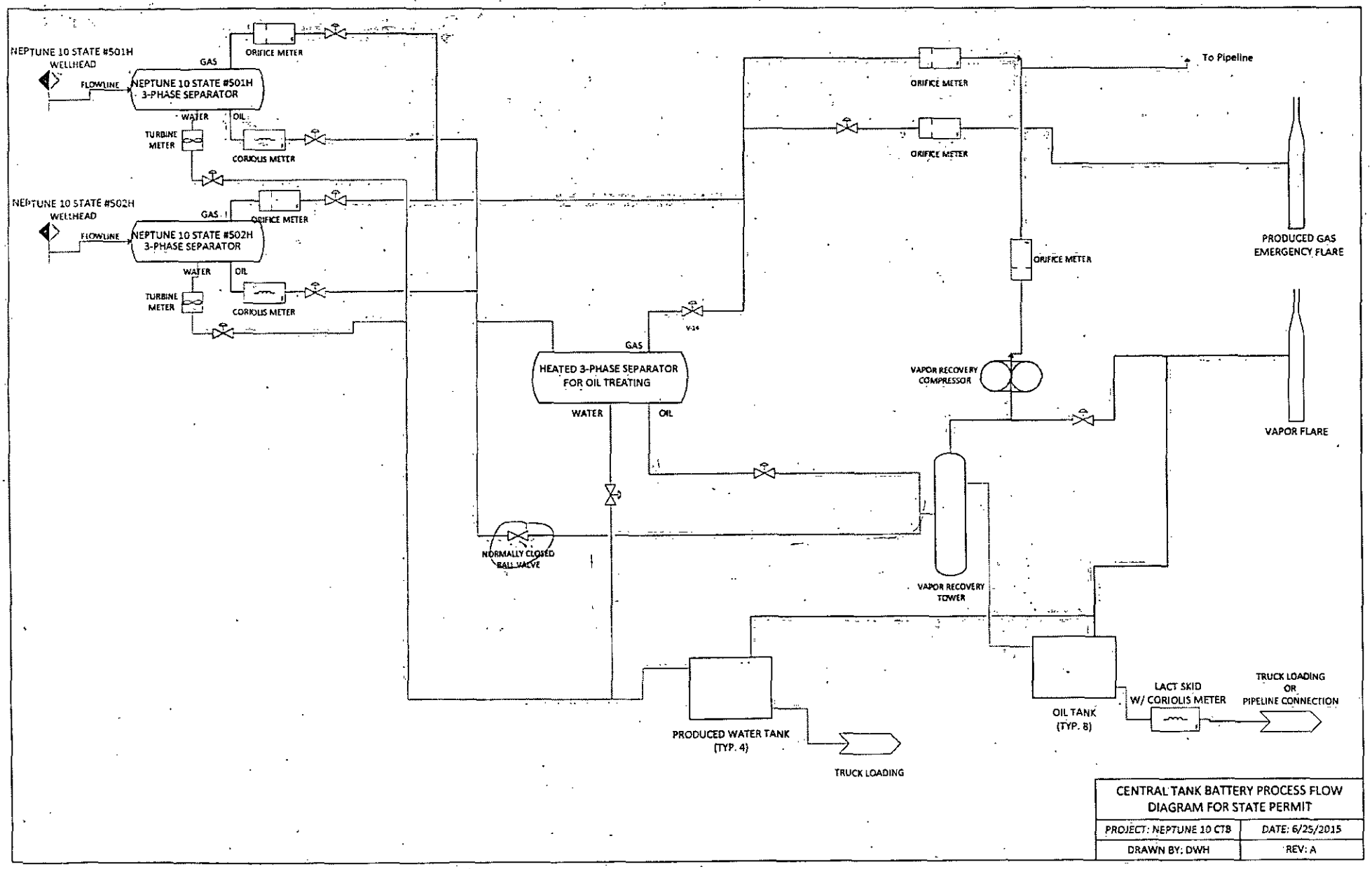
Remarks:

Analysis

Date:
Tech:

Instrument:
Cylinder:

Remarks: NM



CENTRAL TANK BATTERY PROCESS FLOW DIAGRAM FOR STATE PERMIT	
PROJECT: NEPTUNE 10 CTB	DATE: 6/25/2015
DRAWN BY: DWH	REV: A

Date: August 5, 2015

To: State of New Mexico Oil Conservation Division

Re: Surface Lease Commingling Application; Neptune 10 State Com #501H and #502H

To whom it may concern:

This letter serves to notice you that the ownership of the following wells is identical in working, royalty, and overriding royalty interest and percentages:

#	API	WELL NAME	NUMBER	LOCATION	POOL CODE/NAME	STATUS
1	30-025-42322	NEPTUNE 10 STATE COM	#501H	P-10-24S-33E	[96674] TRIPLE X; BONE SPRING, WEST	PRODUCING
2	30-025-42323	NEPTUNE 10 STATE COM	#502H	P-10-24S-33E	[96674] TRIPLE X; BONE SPRING, WEST	PRODUCING

I certify that this information is true and correct to the best of my knowledge.

EOG Resources, Inc.

By: Matthew C. Phillips

Matthew C. Phillips
Landman II

McMillan, Michael, EMNRD

From: Stan Wagner <Stan_Wagner@eogresources.com>
Sent: Thursday, August 06, 2015 1:24 PM
To: McMillan, Michael, EMNRD
Cc: Matthew Phillips
Subject: Surface Commingling Application -
Attachments: image0300.pdf

Good afternoon Michael,

Attached please find a surface commingling application, similar to our most recent approvals. These are new completions, so no production history is available. BTU is representative from nearby wells from the same pool.

If you need more information, please let me know.

Thank you,

Stan Wagner
EOG Resources – Midland Regulatory
432-686-3689

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

HOBBS OCD
DEC 09 2014
RECEIVED

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
30-025- 42322	96674	Triple X; Bone Spring, West

[4]Property Code	[5]Property Name	[6]Well Number
	NEPTUNE 10 STATE COM	501H

[7]OGRID No.	[8]Operator Name	[9]Elevation
7377	EOG RESOURCES, INC.	3609'

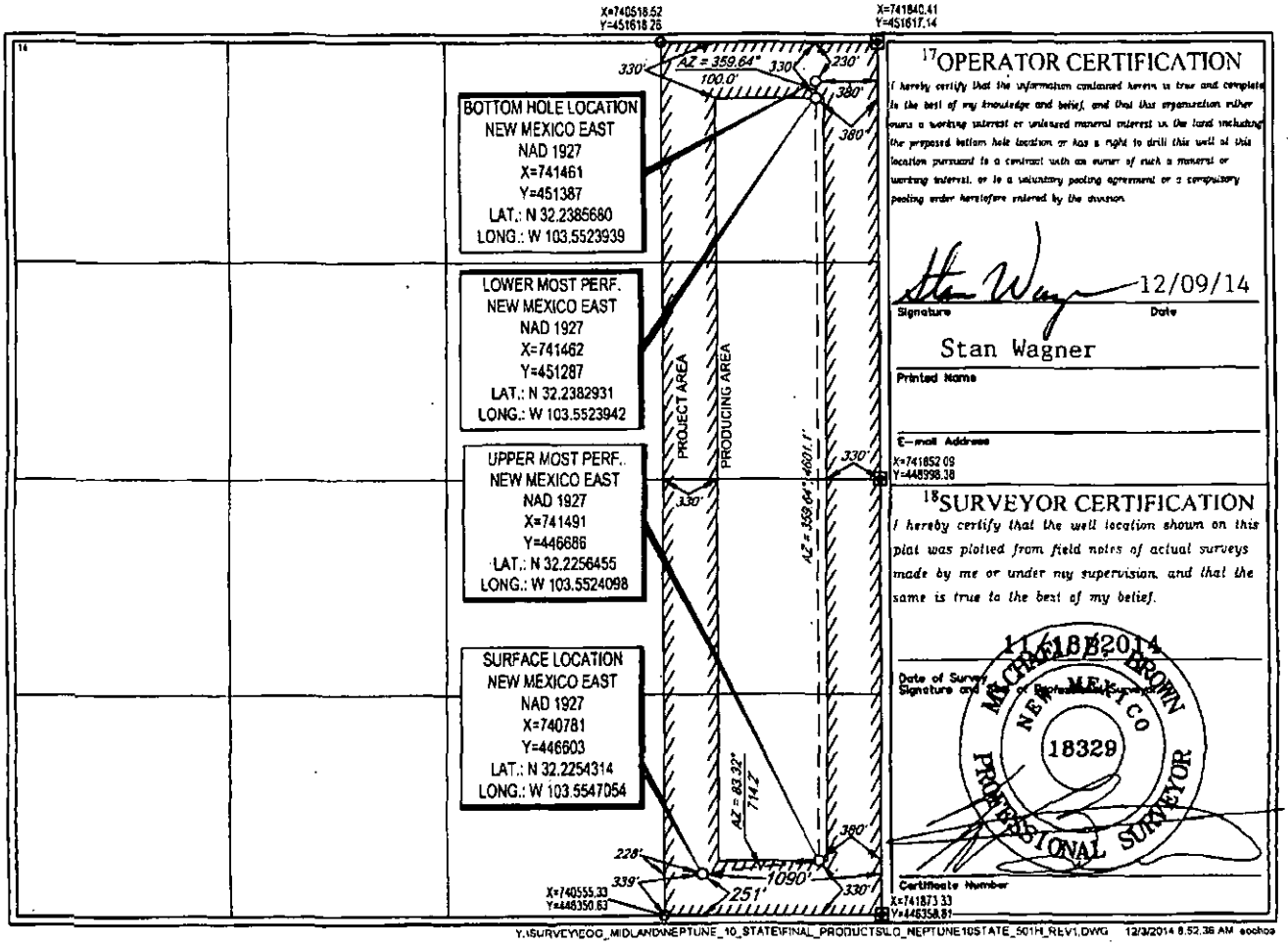
[10]Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	24-S	33-E	-	251'	SOUTH	1090'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	24-S	33-E	-	230'	NORTH	380'	EAST	LEA

[12]Dedicated Acres	[13]Joint or Infill	[14]Consolidation Code	[15]Order No.
160.00			

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.



[17]OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date: 12/09/14

Stan Wagner
Printed Name

E-mail Address

[18]SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.

11/18/2014
Date of Survey
Signature and Seal of Professional Surveyor

MICHAEL BROWN
NEW MEXICO
18329
PROFESSIONAL SURVEYOR

Certificate Number

Y:\SURVEY\EOG_MIDLAND\NEPTUNE_10_STATE\FINAL_PRODUCTS\10_NEPTUNE10STATE_501H_REV1.DWG 12/3/2014 8:52:38 AM eochoa

DEC 11 2014

HOBBS OCD

DEC 09 2014

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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

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[4]Property Code	[5]Property Name	[6]Well Number
	NEPTUNE 10 STATE COM	502H

[7]OGRID No.	[8]Operator Name	[9]Elevation
7377	EOG RESOURCES, INC.	3610'

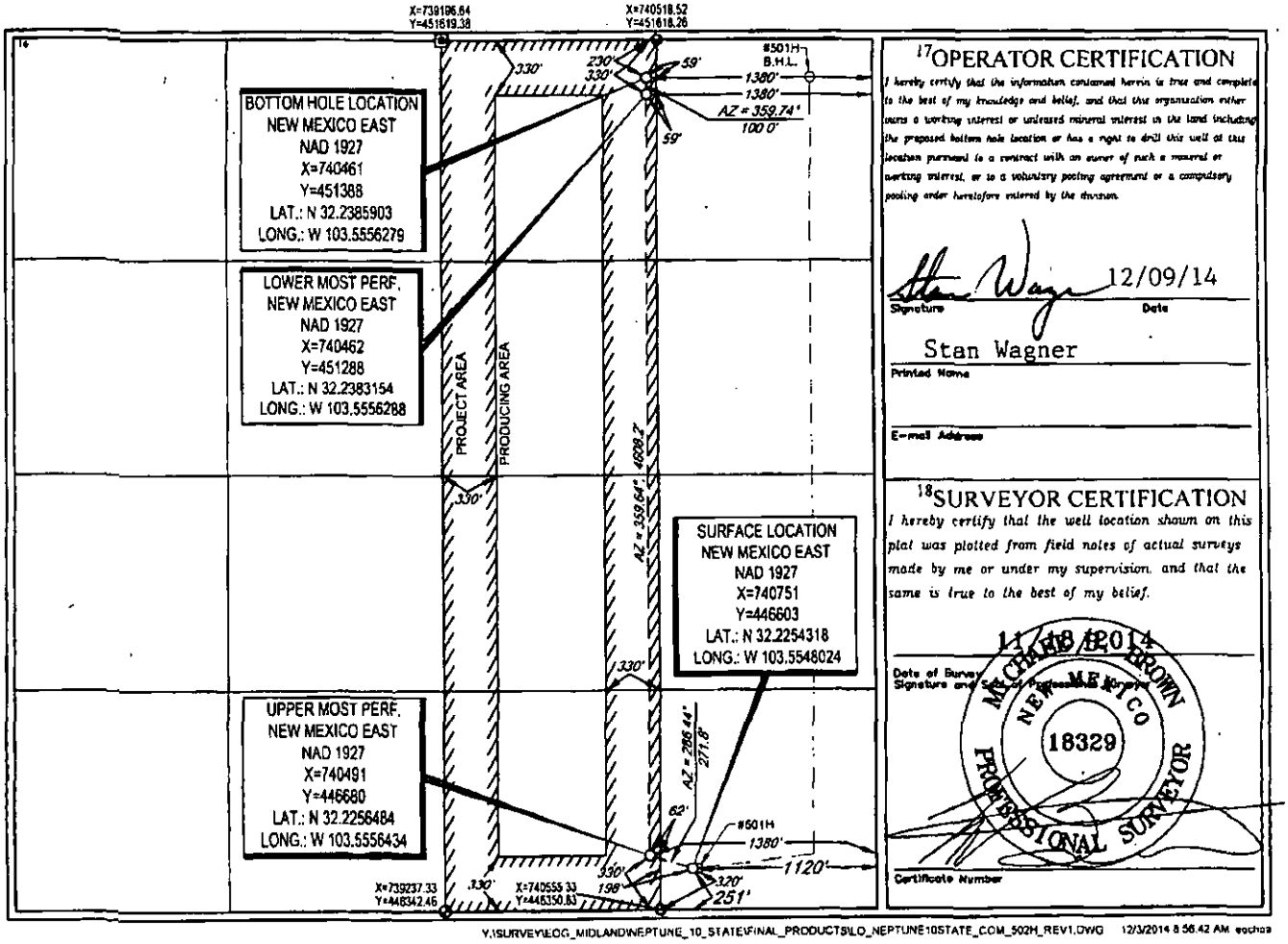
[10]Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	24-S	33-E	-	251'	SOUTH	1120'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	10	24-S	33-E	-	230'	NORTH	1380'	EAST	LEA

[12]Dedicated Acres	[13]Joint or Infill	[14]Consolidation Code	[15]Order No.
160.00			

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.



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Signature — Date: 12/09/14

Stan Wagner
Printed Name

E-mail Address

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11/18/2014
Date of Survey
Signature and Seal of Professional Surveyor

MICHAEL BROWN
NEW MEXICO
18329
PROFESSIONAL SURVEYOR

Certificate Number

Y:\SURVEY\EOG_MIDLAND\NEPTUNE_10_STATE\FINAL_PRODUCTS\LO_NEPTUNE10STATE_COM_502H_REV1.DWG 12/3/2014 8:56:42 AM eschaa

DEC 11 2014