

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



February 28, 2017

EOG Resources, Inc.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7483-A

EOG Resources, Inc.
OGRID 7377
Neptune 10 State Com Well No. 503H
API No. 30-025-43454

Non-Standard Location

Proposed Location:

| | <u>Footages</u> | <u>Unit/Lot</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|----------------------|-----------------|-------------|-------------|--------------|---------------|
| Surface | 330` FSL & 2308` FWL | N | 10 | 24S | 33E | Lea |
| Penetration Point | 434` FSL & 2486` FWL | N | 10 | 24S | 33E | Lea |
| Final perforation | 437` FNL & 2472` FWL | 3 | 3 | 24S | 33E | Lea |
| Terminus | 333` FNL & 2473` FWL | 3 | 3 | 24S | 33E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-----------------------|--------------|-----------------------------|------------------|
| E/2 W/2 of Section 3 | 160.1 | Triple X; Bone Spring, West | 96674 |
| E/2 W/2 of Section 10 | 160 | | |

Reference is made to your application received on January 31, 2017.

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 location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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 to allow its preferred well spacing, thereby preventing waste.

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

This Order supersedes Administrative Order NSL-7483, issued on November 15, 2016

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 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.



DAVID R. CATANACH
Director

DRC/lrl

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