

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



February 7, 2014

EOG Resources Inc
Attn: Mr. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7002
Administrative Application Reference No. pMAM1403159641

EOG Resources INC
OGRID 7377
Hawk 35 Federal Well No. 2 H
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	500 FNL & 686 FWL	D	35	24S	33E	Lea
Penetration Point	50 FSL & 883 FWL	M	26	24S	33E	Lea
Terminus	230 FNL & 880 FWL	D	26	24S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 W/2 of Section 26	160	Red Hills; Upper Bone Spring Shale	97900

Reference is made to your application received on January 31, 2014.

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, and Rule [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule [19.15.16.15.B (4) NMAC] which allows for surface locations outside project area. 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. Even though your bottom hole location is 230 feet from the section boundary, the final perforation will comply with the 330 feet setback requirement.

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 you are seeking this location for engineering reasons, in order to maximize production of hydrocarbons underlying this project area and prevent waste.

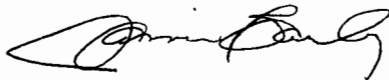
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule [19.15.15.13 (B) NMAC], 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 [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", written in a cursive style.

Jami Bailey
Director

JB/mam

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