

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]

7034

- [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

- NSL
 - EOG Resources
 7377
 - DRAGON 36 STATE
 3H
 30-025-40925

SEAL OF THE STATE OF NEW MEXICO
 1912 - 1913
 POOL
 - Red Hills Upper
 Bowe Springs Shale
 (97900)

[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.

MICHAEL H. FELDEWERT
 Print or Type Name

Signature

ATTORNEY
 Title
 01/31/14
 Date

m.feldewert@hollandkarr.com
 e-mail Address



Michael H. Feldewert
Recognized Specialist in the Area of Natural
Resources - oil and gas law - New Mexico
Board of Legal Specialization
mfeldewert@hollandhart.com

February 4, 2014

2014 FEB 28 7:30 AM

VIA HAND DELIVERY

Jami Bailey
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox well location for its Dragon 36 State 3H well in the E/2W/2 of Section 36, Township 24 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

EOG Resources, Inc. (OGRID No. 7377) seeks administrative approval of an unorthodox well location for its **Dragon 36 State 3H Well** to be completed within the Red Hills; Upper Bone Spring Shale Pool (Pool Code 97900) underlying Section 36, Township 24 South, Range 33 East, N.M.P.M., Lea County, New Mexico. This well will be drilled from a surface location 220 feet from the South line and 1965 feet from the West line of Section 36. The upper most perforation will be located 330 feet from the South line and 1385 feet from the East line (Unit N) of Section 36 and the lower most perforation will be 330 feet from the North line and 1385 feet from the West line of Section 36 (Unit C). Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 330 feet to the western boundary of the project area. Approval of the unorthodox completed interval will prevent waste of a productive portion of the reservoir and improve well performance.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Dragon 36 State 3H Well** encroaches on the spacing and proration units to the Southwest, West and Northwest.

Exhibit B is a land plat for Section 36 and the surrounding sections that shows the proposed **Dragon 36 State 3H Well** in relation to adjoining units and existing wells.

Exhibit C is a list of the parties affected by the encroachment to the Southwest. Each of these parties have been provided notice of this application by certified mail. EOG is the sole operator and mineral lessee of the state lease covering Section 36 and is the sole operator and mineral

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ©



lessee of the federal lease covering the W/2 of Section 25. Accordingly, there are no affected parties by the encroachment to the West and Northwest. Nonetheless, a copy of this application has been provided to the New Mexico State Land Office and the Bureau of Land Management.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

Michael H. Feldewert
ATTORNEY FOR EOG RESOURCES, INC.

cc: New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504

Bureau of Land Management
620 E. Green Street
Carlsbad, NM 88220

District I
1525 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) 748-1284 Fax: (575) 748-0720
District III
1600 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa 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.
Santa 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

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DRAGON 36 STATE			⁶ Well Number #3H
⁷ GRID No.		⁸ Operator Name EOG RESOURCES, INC.			⁹ Elevation 3480'

¹⁰Surface Location

¹¹ L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	36	24-S	33-E	-	220'	SOUTH	1965'	WEST	LEA

¹¹ L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	36	24-S	33-E	-	230'	NORTH	1385'	WEST	LEA

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

BOTTOM HOLE LOCATION
NEW MEXICO EAST
NAD '927
X=748658
Y=430340
LAT: N 32.1805679
LONG: W 103.5296294

LOWER MOST PERF.
NEW MEXICO EAST
NAD '927
X=748658
Y=430340
LAT: N 32.1832933
LONG: W 103.5296294

UPPER MOST PERF.
NEW MEXICO EAST
NAD '927
X=748654
Y=425621
LAT: N 32.1975951
LONG: W 103.5296286

SURFACE LOCATION
NEW MEXICO EAST
NAD '927
X=749274
Y=425514
LAT: N 32.1672906
LONG: W 103.5277553

¹⁷OPERATOR 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 undivided 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 _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR 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.

Date of Survey: 12/20/2012
Signature and Seal of Professional Surveyor: MICHAEL BROWN, 18329
Date Number: _____

EXHIBIT
A

U.S. U.S. U.S. U.S. MT McCoy(5) Madera State KUDERT MOORE

JG Res. 18P 3858 (HNG) Madera Ridge-Fed (Atch's Disc) TD 15750 (AC Disc) (3.5 Mil) (3.5 Mil) (3.5 Mil) 26 "Growth Fed" 150 U.S. "Fed." U.S.

EOGR 25 19858 103610 16595 12-1-2009 (P/B) (2.5 Mil) U.S. BHL State

Yates Fed et al 4-1-2010 13 651 30781 (HNG) Rattlesnake Gulch-St (TD 15360) (DA 2.10 86) U.S. State

DE Gonia VI 2013, V 51.1 357 91 EOG Res. HBP 28881 30 (HNG) Quarry TO 1548 DIA U.S. State

EOG Res. HBP 28881 (HNG) Quarry TO 1548 DIA U.S. State Leto Dillon

G Res. 9858 35 9 mil P.R. Bass Fed-Muse TO 5332 DIA 9 6 61 U.S.

EOG Res. LG 4238 Euron Diamond-St TD 15550 11 Mil (P/B) 2.9 Mil 22 2 Mil U.S. State

Kirklin LG-St TD 5345 DA 10 24 59 (HNG) Diamond 31 5M-36 TD 15,410 U.S. State

Landreth Gulf-Fed TO 5340 DIA 23-74 EOG Res. 28881 TO 15340 13 Mil "Diamond-Fed" UGX 71-2013 U.S. MI M.T. McCoy(5)

EOG Res. "Dillon" TO 15,275-38,814 Johnston U.S. State Leto Dillon

Francis) L-5114 (L-5158-1 Francis) 17079

EOG RESOURCES, INC. - DRAGON 36 STATE #3H

(HNG) F6 Bell Lake -St. (3.4 Mil) State

EOG Res. 108502 107 (3) F358 "Red Hills No. Ut." (A) U.S. BHL

Wood EOG Res 108485 (HNG) Oil Diamond 6" Fed 37 Mil TO 15,66 "Diamond 6" Fed" Marr Dis EOG Res. HBP 108: 108500 (3) U.S. MI M.T. McCoy(5) EXHIBIT B

3d Fel. Inc. 130' 210 (10) P GHL 208 EOG Res. 108: 118 70117 (Enron) (Diamo

Exhibit C

**Notification List for Application for approval of an unorthodox well location for the
Dragon 36 State 3H Well**

Kaiser-Francis Oil Company
PO Box 21468
Tulsa, OK 74121-1468

Roden Associates Ltd.
2603 Augusta Dr. Ste 740
Houston, TX 77057-5677

Roden Participants, Ltd.
2603 Augusta Dr. Ste 740
Houston, TX 77057-5677

Estate of Sol West III, deceased, and Judith West
c/o West Oil Company
40 NE Loop 410 Suite 200
San Antonio, TX 78216-0000

Endeavor Energy Resources, LP
Suite 200
110 North Marienfeld Street
Midland, TX 79701-4421

Sydhan LP
PO Box 92349
Austin, TX 78709-0000

HOLLAND & HART



Michael H. Feldewert
Recognized Specialist in the Area of Natural
Resources - oil and gas law - New Mexico
Board of Legal Specialization
mfeldewert@hollandhart.com

February 4, 2014

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox well location for its Dragon 36 State 3H well in the E/2W/2 of Section 36, Township 24 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Dan McCright
EOG Resources, Inc.
(432) 686-3741
(432) 686-3773 Facsimile
dan_mccright@eogresources.com

Sincerely,

Michael H. Feldewert
ATTORNEY FOR EOG RESOURCES, INC.

McMillan, Michael, EMNRD

From: Michael Feldewert <MFeldewert@hollandhart.com>
Sent: Tuesday, February 25, 2014 10:28 AM
To: McMillan, Michael, EMNRD
Cc: Ezeanyim, Richard, EMNRD; Goetze, Phillip, EMNRD
Subject: Dragon 36 State 3H

You are correct Michael.

The cover letter for the Dragon 36 State 3H states: "The upper most perforation will be located 330 feet from the South line and 1385 feet from the East line (Unit N) of Section 36 and the lower most perforation will be 330 feet from the North line and 1385 feet from the West line of Section 36 (Unit C)." It should read: "The upper most perforation will be located 330 feet from the South line and 1385 feet from the West line (Unit N) of Section 36 and the lower most perforation will be 330 feet from the North line and 1385 feet from the West line of Section 36 (Unit C)."

Sorry for the typo.

Michael H. Feldewert

Partner

Holland & Hart, LLP

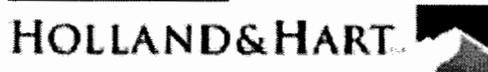
Post Office Box 2208

Santa Fe, New Mexico 87504-2208

Phone (505) 988-4421

E-mail: mfeldewert@hollandhart.com

[Download vCard](#)



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Tuesday, February 25, 2014 9:25 AM
To: Michael Feldewert
Cc: Ezeanyim, Richard, EMNRD; Goetze, Phillip, EMNRD
Subject: Dragon 36 State 3H

Michael:

Can you clarify the lower most perforation in the Dragon 36 State 3H. Your letter states the upper most perforation will be located 330 feet from the South line and 1385 feet from the East line. Your final perforation will be 330 feet from the North line and 1385 from the West Line.

Should the upper most perforation be 330 feet from the South line and 1385 from the West Line?

Thank you

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division

1220 South St. Francis Dr., Santa Fe NM 87505

O: 505.476.3448 F. 505.476.3462