

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

**Jami Bailey, Division Director**  
Oil Conservation Division



May 19, 2014

EOG Resources Inc  
Attn: Mr. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

**Administrative Order NSL-7081**  
**Administrative Application Reference No. pMAM1413649561**

**EOG Resources INC**  
**OGRID 7377**  
**Hawk 26 Federal Well No. 10 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 FSL & 685 FEL | P           | 26          | 24S         | 33E          | Lea           |
| Penetration Point | 10 FNL & 380 FEL  | A           | 35          | 24S         | 33E          | Lea           |
| Terminus          | 230 FSL & 380 FEL | P           | 35          | 24S         | 33E          | Lea           |

**Proposed Project Area:**

| <u>Description</u>    | <u>Acres</u> | <u>Pool</u>                        | <u>Pool Code</u> |
|-----------------------|--------------|------------------------------------|------------------|
| E/2 E/2 of Section 35 | 160          | Red Hills; Upper Bone Spring Shale | 97900            |

Reference is made to your application received on May 15, 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.

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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 prevent waste of hydrocarbon reservoir and improve well performance.

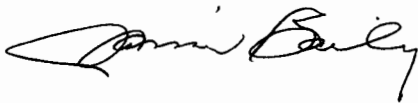
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on May 19, 2014

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey  
Director

JB/mam

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