

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



August 11, 2015

EOG Resources, Inc.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION
UNIT

Administrative Order NSL-7327
Administrative Application Reference No. pJAG1519036653

Administrative Order NSP-2036
Administrative Application Reference No. pJAG1519036979

EOG Resources, Inc.
OGRID 7377
Lucky 13 Federal Com. Well No. 6 H
API No. 30-025-42611

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2303` FSL & 1527` FEL	J	13	25S	33E	Lea
Penetration Point	2586` FNL & 2195` FEL	G	13	25S	33E	Lea
Final perforation	1650` FNL & 2198` FEL	G	12	25S	33E	Lea
Terminus	1550` FNL & 2198` FEL	G	12	25S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 NE/4 of Section 13,	80	Red Hills; Upper Bone Spring Shale	97900
W/2 SE/4 of Section 12, and	80		
SW/4 NE/4 of Section 12	40		

Reference is made to your application received on July 8, 2015.

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 less than 330 feet to the outside boundaries of the proposed project area.

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 for efficient length and spacing of horizontal wells, 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.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Proration Unit

You have also requested approval of a non-standard proration unit to be included in your proposed project area, as follows:

Units Comprising this Project Area

Unit	Acres	Pool	Code
W/2 NE/4 of Section 13,	80	Red Hills; Upper Bone Spring Shale	97900
W/2 SE/4 of Section 12, and	80		
SW/4 NE/4 of Section 12	40		

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 200-acres, consisting of the entire area described above as the Subject Unit or Project Area.

We understand that you are seeking this exception in order to allow you to create a 200-acre non-standard proration unit, comprised of the W/2 NE/4 of Section 13, W/2 SE/4 of Section 12, and SW/4 NE/4 of Section 12, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico.

It is our understanding that EOG Resources, Inc. is seeking this approval of this non-standard spacing unit to allow for efficient length and spacing of horizontal wells, thereby preventing waste.

It is understood that you have given due notice of this application to all operators or owners to whom notice is required by Division Rule 19.15.4.12.A(3) NMAC.

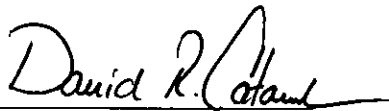
Pursuant to the authority conferred by Division Rule 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

General provisions

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.

DONE at Santa Fe, New Mexico, on August 11, 2015.



DAVID R. CATANACH
Director

DRC/mam

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