

## APPLICATION FOR SURFACE POOL COMMINGLING

On 6/3/15 the NMOCD issued approval to surface pool commingle production from the Dragon 36 State Com #501H, #502H, #701H and #702H into a central tank battery ("CTB") located in Section 36, T24S, R33E, Lea County, NM. Approval was granted for same by the New Mexico State Land Office 6/6/15.

EOG desires to commingle oil and gas from additional Wolfcamp wells and as such hereby respectfully requests administrative approval to surface pool commingle oil and gas from the following DRILLED wells:

	API	WELL NAME	NUMBER	LOCATION	POOL CODE/NAME	STATUS
1	30-025-42316	DRAGON 36 STATE	#701H	B-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	PRODUCING
2	30-025-42317	DRAGON 36 STATE	#702H	B-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	PRODUCING
3	30-025-42500	DRAGON 36 STATE	#501H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	PRODUCING
4	30-025-42501	DRAGON 36 STATE	#502H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	PRODUCING
5	30-025-42656	DRAGON 36 STATE	#703H	N-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
6	30-025-42657	DRAGON 36 STATE	#704H	N-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
7	30-025-42658	DRAGON 36 STATE	#705H	M-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
8	30-025-42655	DRAGON 36 STATE	#706H	M-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED

## GENERAL INFORMATION

State lease NM LG-4235 covers 640.00 acres, being all of Section 36, T24S, R33E, Lea County, NM. The central tank battery and all of the aforementioned wells are located entirely within the boundary of the lease. Ownership of the wells is identical (see landman statement attached).

Attached please find a process flow diagram of the central tank battery, C-102 plats for each of the wells and a landman's statement certifying the ownership of the wells.

## OIL AND GAS METERING

Dragon 36 State #703H production is measured at its dedicated separator which includes: Coriolis meter for oil, senior orifice meter for gas, and turbine meter for water.

12/09/2015 DATE IN	SUSPENSE	MAM ENGINEER	12/09/2015 LOGGED IN	PC TYPE	PMAM534335865 APP NO.
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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]

#### [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 ☐ PPR

- [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

#### [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.

Stan Wagner

Print or Type Name

Signature

Regulatory Analyst

Title

12/09/2015

Date

Stan Wagner@cogresources.com  
 e-mail Address



P.O. Box 2267, Midland, Texas 79702  
Phone: (432) 686-3600 Fax: (432) 686-3773

Date: December 7, 2015

To: State of New Mexico Oil Conservation Division

Re: Surface Pool Commingling Application; Dragon 36 State #501H, 502H, 701H, 702H, 703H, 704H, 705H, 706H

To whom it may concern:

This letter serves to notice you that the ownership of the following wells is identical in working, royalty, and overriding royalty interest and percentages:

	API	WELL NAME	NUMBER	LOCATION	POOL CODE/NAME	STATUS
1	30-025-42316	DRAGON 36 STATE	#701H	B-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	PRODUCING
2	30-025-42317	DRAGON 36 STATE	#702H	B-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	PRODUCING
3	30-025-42500	DRAGON 36 STATE	#501H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	PRODUCING
4	30-025-42501	DRAGON 36 STATE	#502H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	PRODUCING
5	30-025-42656	DRAGON 36 STATE	#703H	N-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
6	30-025-42657	DRAGON 36 STATE	#704H	N-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
7	30-025-42658	DRAGON 36 STATE	#705H	M-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
8	30-025-42655	DRAGON 36 STATE	#706H	M-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED

Dragon 36 State #704H production is measured at its dedicated separator which includes: Coriolis meter for oil, senior orifice meter for gas, and turbine meter for water.

Dragon 36 State #705H production is measured at its dedicated separator which includes: Coriolis meter for oil, senior orifice meter for gas, and turbine meter for water.

Dragon 36 State #706H production is measured at its dedicated separator which includes: Coriolis meter for oil, senior orifice meter for gas, and turbine meter for water.

## **PROCESS AND FLOW DESCRIPTIONS**

The production from each well will flow into a dedicated 3-phase separator. The production stream will be separated into 3 independent streams (gas, oil, and water) by the separator and each stream will be measured individually after it exits the separator. The gas will be measured using a senior orifice meter. The oil will be measured using a Coriolis meter, and the water will be measured using a turbine meter. The water from each separator is combined in a common header and flows into (4) 500 barrel coated steel tanks. Guided wave radar is used to measure water volumes in these tanks. The oil from each separator will be combined into a common header and flow into a heated separator to aid separation of water entrained in the oil. Water from the heated separator flows into the common water header connected to the (4) 500 barrel water tanks. The water is then pumped and/or trucked to a salt water disposal well. The oil from the heated separator flows through a vapor recovery tower where gas is allowed to breakout at a lower pressure, and then the oil flows into (8) 500 barrel coated steel tanks. Guided wave radar is used to measure water and oil volumes in these tanks. Oil is pumped out of the tanks through a Coriolis meter into a truck or a pipeline. Every tank utilizes a guided wave radar to determine the volume of product in each. After the gas from each separator is measured it is combined into a common header. The gas from the heated separator also flows into this header. The gas flows through the header to a custody transfer orifice meter that serves as our lease production meter. The overhead gas from the vapor recovery tower is compressed by a vapor recovery compressor and then measured by a custody transfer orifice meter. The gas from the vapor recovery system combines with the gas from the lease production meter and flows into our gas gathering pipeline system.

## **WELLS TO BE COMMINGLED**

Dragon 36 State #501H

Dragon 36 State #502H

Dragon 36 State #701H

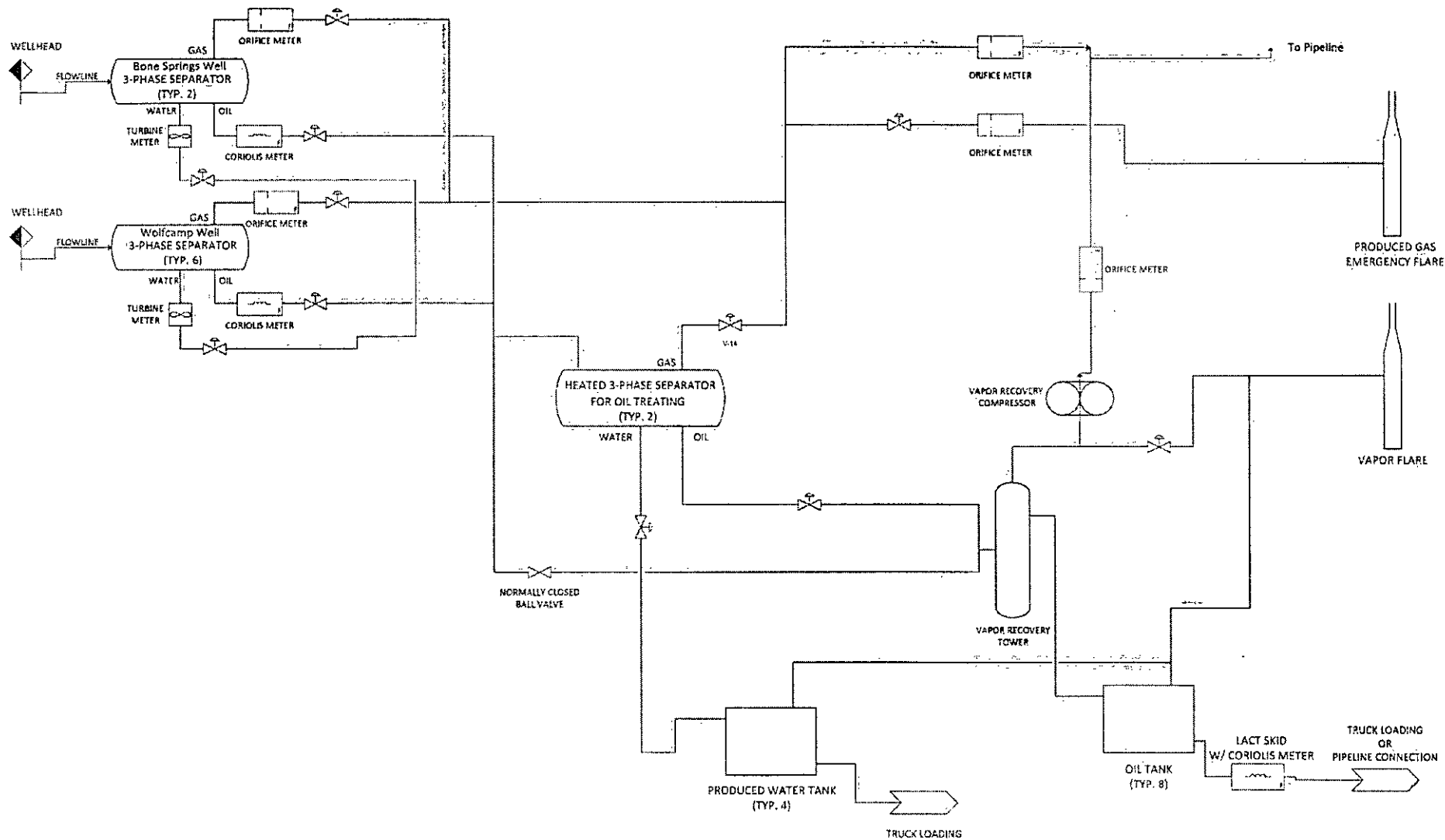
Dragon 36 State #702H

Dragon 36 State #703H

Dragon 36 State #704H

Dragon 36 State #705H

Dragon 36 State #706H



CENTRAL TANK BATTERY PROCESS FLOW  
DIAGRAM FOR STATE PERMIT

PROJECT: Dragon CTB DATE: 11/5/2015

DRAWN BY: DWH REV: A



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (505) 393-6161 Fax: (505) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (505) 748-1283 Fax: (505) 748-9720  
District III  
1000 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

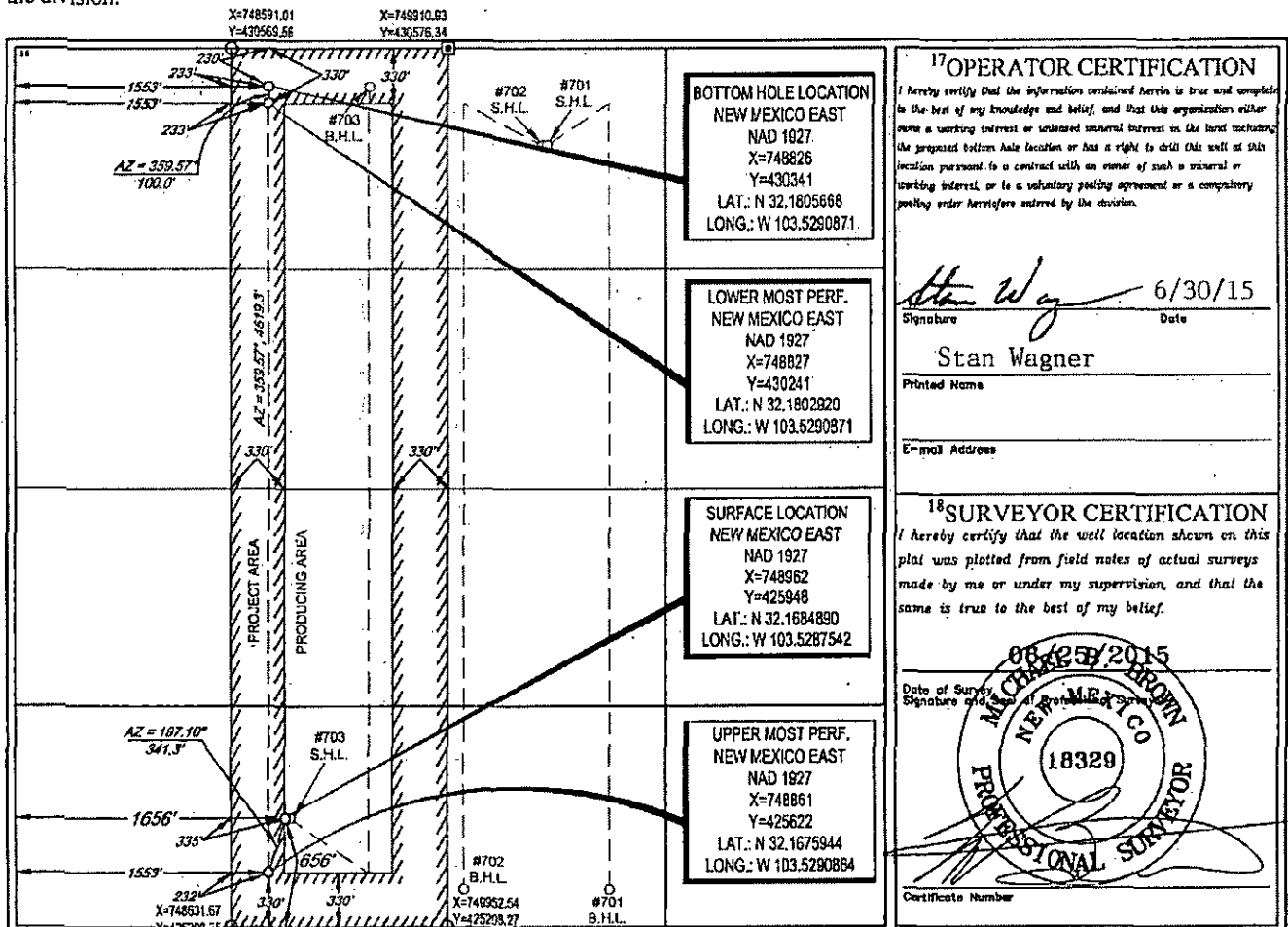
API Number 30-025-42657		Pool Code 98092		Pool Name WC-025 G-09 S243336I; Upper Wolfcamp	
Property Code 39643		Property Name DRAGON 36 STATE			Well Number #704H
GRID No. 7377		Operator Name EOG RESOURCES, INC.			Elevation 3483'

10 Surface Location									
UL or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South line	Feet from the	East/West line	County
N	36	24-S	33-E	-	656'	SOUTH	1656'	WEST	LEA

UL or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South line	Feet from the	East/West line	County
C	36	24-S	33-E	-	230'	NORTH	1553'	WEST	LEA

Dedicated Acres 160.00	Joins or Infill	Consolidation Code	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.



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
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Phone: (575) 748-1283 Fax: (575) 748-9720  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

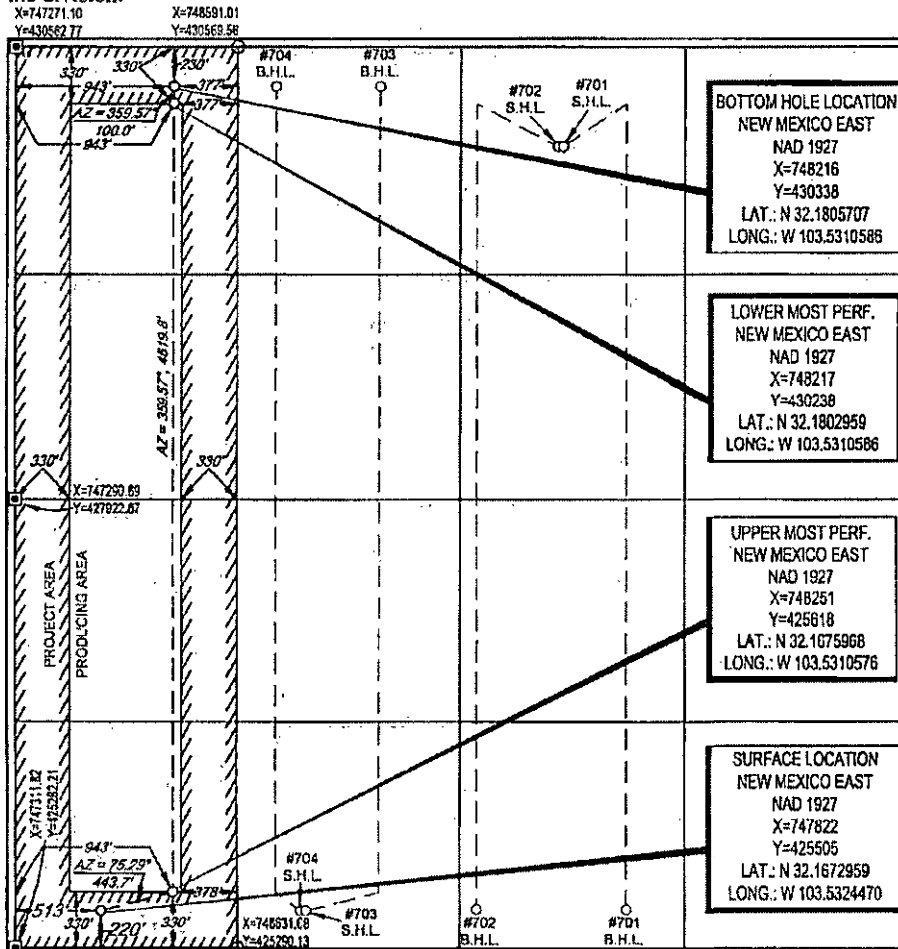
<sup>1</sup> API Number 30-025-42658		<sup>2</sup> Pool Code 98092		<sup>3</sup> Pool Name Wc-025 G-09 S243336I; Upper Wolfcamp	
<sup>4</sup> Property Code 39643		<sup>5</sup> Property Name DRAGON 36 STATE			<sup>6</sup> Well Number #705H
<sup>7</sup> GRID No. 7377		<sup>8</sup> Operator Name EOG RESOURCES, INC.			<sup>9</sup> Elevation 3492'

<sup>10</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	36	24-S	33-E	-	220'	SOUTH	513'	WEST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	36	24-S	33-E	-	230'	NORTH	943'	WEST	LEA

<sup>11</sup> Dedicated Acres 160.00	<sup>12</sup> Joint or Infill	<sup>13</sup> Consolidation Code	<sup>14</sup> 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.



<sup>17</sup> OPERATOR 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 <i>Stan Wagner</i>	Date 6/30/15
Printed Name Stan Wagner	
E-mail Address	
<sup>18</sup> SURVEYOR 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 06/25/2015	Signature <i>Michael Brown</i>
Professional Surveyor 18329	
Certificate Number	



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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

<sup>1</sup> API Number 30-025- 42655		<sup>3</sup> Pool Code 98092		<sup>5</sup> Pool Name WC-025 G-09 S243336I; Upper Wolfcamp	
<sup>2</sup> Property Code 39643		<sup>4</sup> Property Name DRAGON 36 STATE			<sup>6</sup> Well Number #706H
<sup>7</sup> OGRID No. 7377		<sup>8</sup> Operator Name EOG RESOURCES, INC.			<sup>9</sup> Elevation 3492'

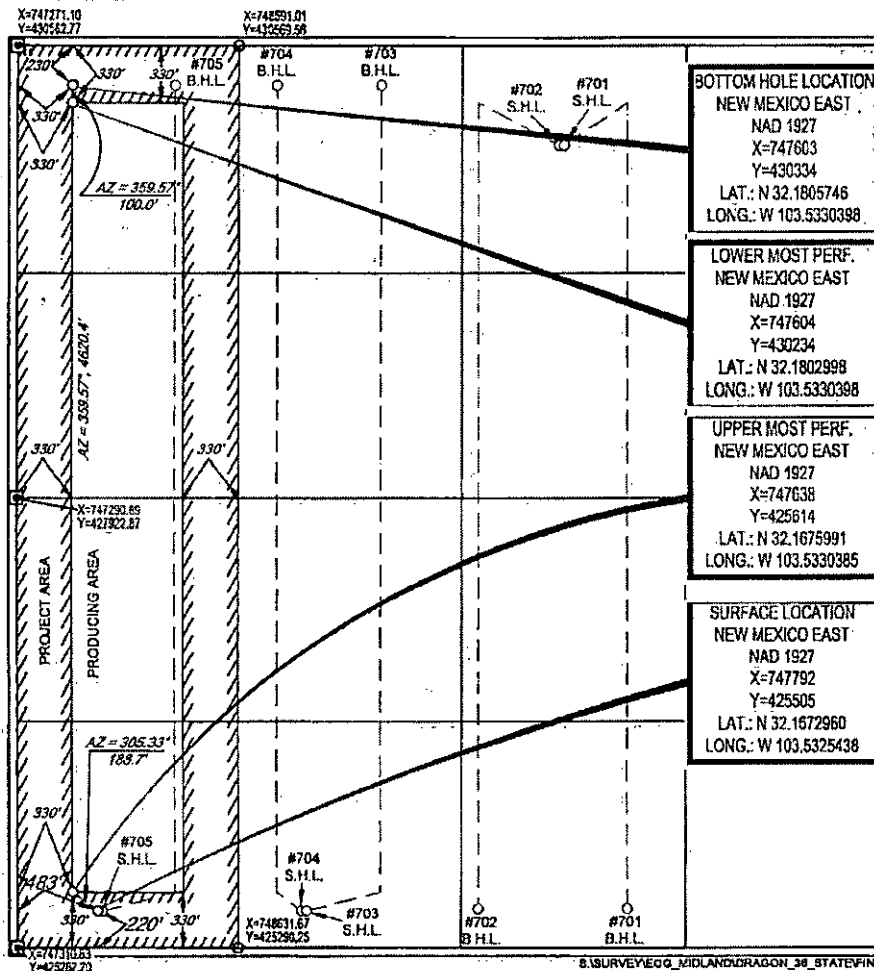
<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	36	24-S	33-E	-	220'	SOUTH	483'	WEST	LEA

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	36	24-S	33-E	-	230'	NORTH	330'	WEST	LEA

<sup>11</sup> Dedicated Acres 160.00	<sup>12</sup> Joint or Infill	<sup>13</sup> Consolidation Code	<sup>14</sup> Order No.
---	-------------------------------	----------------------------------	-------------------------

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.



<b>17 OPERATOR CERTIFICATION</b> 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 subsidiary pooling agreement or a compulsory pooling order heretofore entered by the division.	
Signature <i>Stan Wagner</i>	Date 6/30/15
Printed Name Stan Wagner	
E-mail Address	
<b>18 SURVEYOR CERTIFICATION</b> 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 06/23/2015	
Signature <i>[Signature]</i>	
Certificate Number 18329	



P.O.Box 2267, Midland, Texas 79702  
Phone: (432) 686-3600 Fax: (432) 686-3773

Date: December 7, 2015

To: State of New Mexico Oil Conservation Division

Re: Surface Pool Commingling Application; Dragon 36 State #501H, 502H, 701H, 702H, 703H, 704H, 705H, 706H

To whom it may concern:

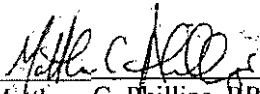
This letter serves to notice you that the ownership of the following wells is identical in working, royalty, and overriding royalty interest and percentages:

	API	WELL NAME	NUMBER	LOCATION	POOL CODE/NAME	STATUS
1	30-025-42316	DRAGON 36 STATE	#701H	B-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	PRODUCING
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3	30-025-42500	DRAGON 36 STATE	#501H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	PRODUCING
4	30-025-42501	DRAGON 36 STATE	#502H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	PRODUCING
5	30-025-42656	DRAGON 36 STATE	#703H	N-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
6	30-025-42657	DRAGON 36 STATE	#704H	N-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
7	30-025-42658	DRAGON 36 STATE	#705H	M-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED
8	30-025-42655	DRAGON 36 STATE	#706H	M-36-24S-33E	[98092] WC-025 G-09 S243336I; UPPER WOLFCAMP	DRILLED

I certify that this information is true and correct to the best of my knowledge.

EOG Resources, Inc.

By:

  
Matthew C. Phillips, RPL  
Landman II

Submit 1 Copy To Appropriate District Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
Revised July 18, 2013

WELL API NO. 30-025-42316	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name Dragon 36 State	
8. Well Number 701H	
9. OGRID Number 7377	
10. Pool name or Wildcat WC-025 G-09 S2433361; Upper WC	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3507' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Surface Commingling <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion. *Reviewed by MAM 6/10/2015*  
*Recommend Approval*

EOG Resources proposes to surface commingle, pools from the same lease as follows:  
Dragon 36 State #701H 30-025-42316 (98092) Wildcat; Upper Wolfcamp  
Dragon 36 State #702H 30-025-42317 (98092) Wildcat; Upper Wolfcamp  
Dragon 36 State #501H 30-025-42500 (51020) Red Hills; Lower Bone Spring  
Dragon 36 State #502H 30-025-42501 (51020) Red Hills; Lower Bone Spring

Surface commingling details attached.  
Representative oil gravity is 46.0 for the Bone Spring and 47.0 for the Wolfcamp.  
Representative BTU content attached.

NMSLO is being notified concurrently with the filing of this application.

Spud Date:

Rig Release Date:

Subject to Like Approval from State Land Office (NMSLO)  
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Stan Wagner TITLE Regulatory Analyst DATE 05/27/2015  
Type or print name Stan Wagner E-mail address: \_\_\_\_\_ PHONE: 432-686-3689  
**For State Use Only**  
APPROVED BY: David L. Calane TITLE Division Director DATE 6/3/15  
Conditions of Approval (if any): \_\_\_\_\_