

30. March. 07 DATE IN	SUSPENSE	W. Jones ENGINEER	02. April. 07 LOGGED IN	NSL TYPE	PCLP0709229651 APP NO.
--------------------------	----------	----------------------	----------------------------	-------------	---------------------------

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

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

2007 MAR 30 PM 12 54

[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.

WILLIAM F. CARR
Print or Type Name

William F. Carr
Signature

ATTORNEY
Title

3/30/07
Date

wcarr@hollandhart.com
e-mail Address



March 30, 2007

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
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 bottomhole well location for its Ochoa Federal Well No. 1 which has been re-entered and recompleted as a horizontal wellbore in the ~~Red Hills~~ Bone Spring Pool in Section 15, Township 25 South, Range 33 East, N.M.P.M. from a surface location 1979 feet from the North and East lines to a bottomhole location 1444 feet from the South line and 858 feet from the West line of said Section 15, Lea County, New Mexico.

Handwritten notes:
CERD 7377
DRAPER MILL
(96392)

Dear Mr. Fesmire:

EOG Resources, Inc. ("EOG") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox bottomhole well location for its Ochoa Federal Well No. 1 that has been re-entered and drilled from a surface location 1979 feet from the North and East lines of Section 15, Township 25 South, Range 33 East, N.M.P.M., Lea County, New Mexico. The well was drilled in 1985 to test the Morrow formation at a standard gas well location. By approved Form C-102, dated December 5, 2006, EOG was authorized to plug back this well and drill a southwest trending lateral in the Third Bone Spring Sand. The approved Project Area for this horizontal well was comprised of the SW/4 NE/4, SE/4 NW/4, N/2 SW/4 and the SW/4 SW/4 of Section 15. The proposed lateral was to be drilled to a standard bottomhole location 990 feet from the South line and 330 feet from the West line of Section 15.

This well did not reach its projected bottomhole location due to wellbore conditions and the mechanical risks involved in continuing to drill to the original approved location. The terminus of the lateral wellbore is at a point 1444 feet from the South line and 858 feet from the West line of the section. Since the producing interval in the well does not develop or traverse the SW/4 SW/4 of Section 15, it does not qualify for inclusion in the Project Area for the well under Division Rule 111 and will have to be contracted to exclude the SW/4 SW/4 of the section. When the Project Area is amended, the bottomhole location for the well will be too close to and encroaches on the outer boundary of the Project Area.

HOLLAND & HART^{LLP}



This location in the Bone Spring formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to

the outer boundary of the quarter-quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The proposed unorthodox well location is only 124 feet from an southern boundary of the dedicated horizontal well Project Area and therefore 206 feet too close to the South line of the dedicated Project Area.

Exhibit A is a copy of the original approved Form C-102 for the well.

Exhibit B is an amended C-102 for the well showing the revised Project Area for the well and the location of the wellbore. This form will be filed after the location for the well is approved.

Exhibit C is a plat which shows the subject area and the 160-acre spacing unit/project area comprised of the SW/4 NE/4, SE/4 NW/4, and the N/2 SW/4 of Section 15. The project area includes two federal leases. ExxonMobil Exploration Company owns an overriding royalty interest in the W/2 of the Section and therefore its ownership percentage is slightly larger in the SW/4 SW/4 than in the total Project Area for this well. No other interest owners other than ExxonMobil and EOG is affected by this override. Since the new bottomhole location encroaches on offsetting acreage to the southwest, a copy of this application, including a copy of the plat described above has been sent to ExxonMobile, the only affected interest owner in this offsetting spacing unit by certified mail-return receipt requested in accordance with Rule 1207 (A)(5). ExxonMobile has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent. There are no other affected parties to whom notice of this application must be provided.

Enclosed in hard copy and disc is a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr
Attorney for EOG Resources, Inc.

Enclosures

cc: Doug Hurlbut, Landman
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-402
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-27623	Pool Code 51020 96392	Pool Name Draper Red Hills; Bone Springs
Property Code 4080	Property Name OCHOA FEDERAL	Well Number 1
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3368'

Surface Location

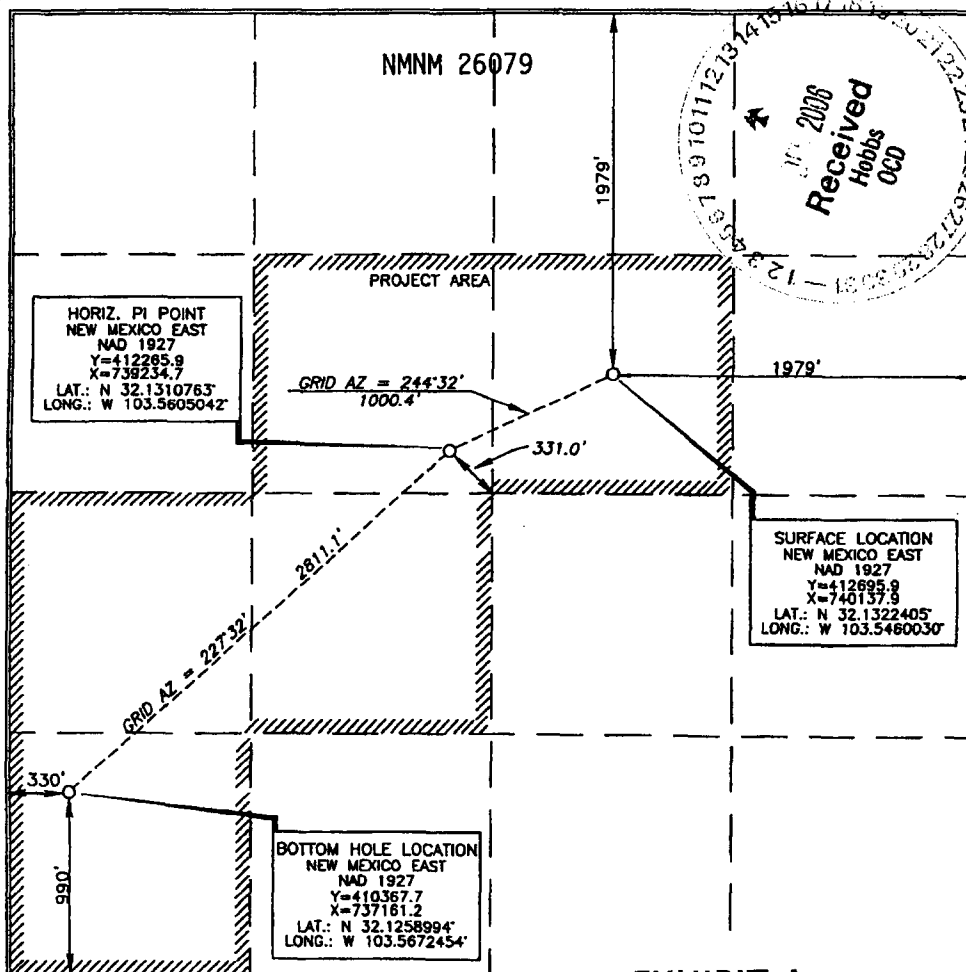
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	15	25 SOUTH	33 EAST, N.M.P.M.		1979'	NORTH	1979'	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	15	25 SOUTH	33 EAST, N.M.P.M.		990'	SOUTH	330'	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
200			

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.



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 unleased 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.

Donny G. Glanton 12/5/06
Signature Date

Donny G. Glanton
Printed Name

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 and correct to the best of my belief.

TERRY J. ASE
Date of Survey **NOVEMBER 27, 2006**
Signature and Seal of Professional Surveyor
Certificate Number **15079**

EXHIBIT A

WO# 061127WL (JL)

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-27623	Pool Code 51020	Pool Name DRAPER MILL Red Hills Bone Springs
Property Code	Property Name OCHOA FEDERAL	Well Number 1
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3368'

Surface Location

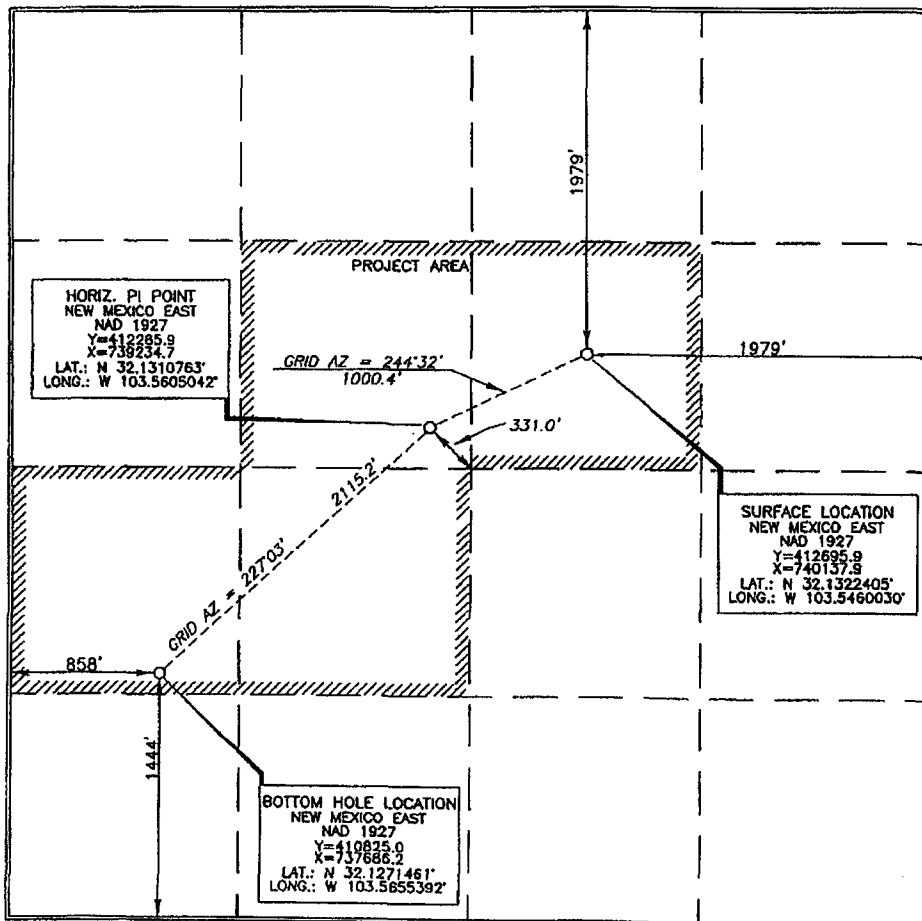
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	15	25 SOUTH	33 EAST, N.M.P.M.		1979'	NORTH	1979'	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	15	25 SOUTH	33 EAST, N.M.P.M.		1444'	SOUTH	858'	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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.



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 unleased 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.

Douglas W. Hurlbut 3-6-07
Signature Date

Douglas W. Hurlbut
Printed Name

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 and correct to the best of my belief.

NOVEMBER 27, 2006
Date of Survey

Signature and Seal of Professional Surveyor

Terry J. Paul 3/5/2007
Certificate Number 15079

WO# 061127WL (JL)

EXHIBIT B

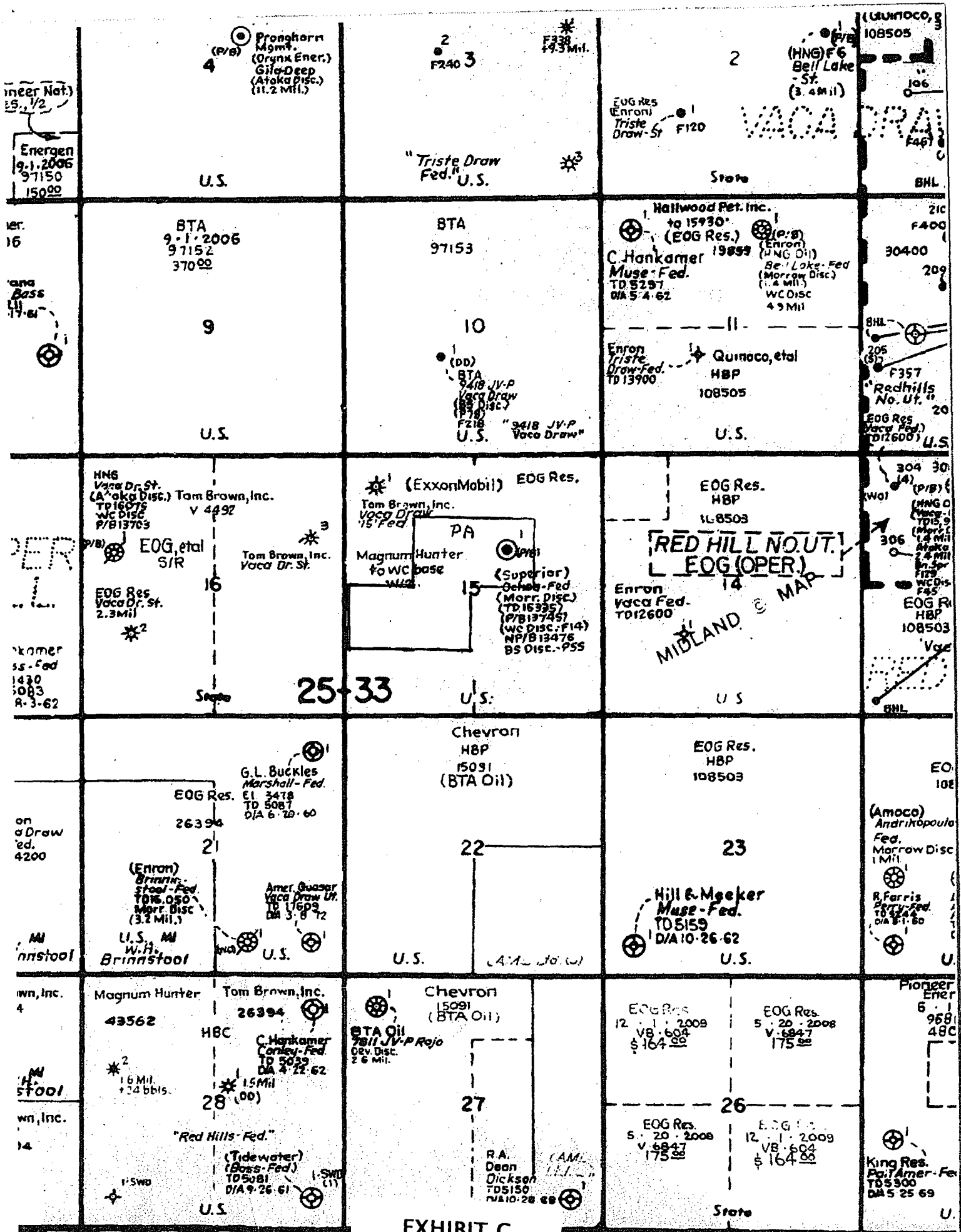


EXHIBIT C

EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79705

Attention: Doug Hurlbut

Administrative Order NSL-_____

Dear Mr. Hurlbut:

Reference is made to your application dated March 5, 2007 for an unorthodox bottomhole well location for a well to be re-entered and drilled to the Third Bone Springs Sand formation, Red Hills-Bone Spring Pool, for your Ochoa Federal Well No. 1 which has been re-entered and recompleted as a horizontal wellbore in the Red Hills-Bone Spring Pool in Section 15, Township 25 South, Range 33 East, N.M.P.M. from a surface location 1979 feet from the North and East lines to a bottomhole location 1444 feet from the South line and 858 feet from the West line of the section, Lea County, New Mexico.

A 160-acre horizontal well Project Area in the Bone Spring formation comprised of the SW/4 NE/4, SE/4 NW/4, and the N/2 SW/4 of Section 15 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

cc: Oil Conservation Division - Hobbs/Artesia
U. S. Bureau of Land Management - Carlsbad