



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

May 19, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

EOG Resources, Inc.

c/o Holland & Hart LLP

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

RECEIVED

MAY 26 2006

Attention: Ms. Ocean Munds-Dry

WULF CAMP

RE: Administrative application (Division Administrative Application Reference No. pTDS0-612360241) for EOG Resources, Inc.'s existing Rhine "13" Federal Well No. 1 (API No. 30-015-34184) located at an unorthodox Wolfcamp gas well location 1680 feet from the South line and 150 feet from the East line (Unit I) of Section 13, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, within the S/2 of Section 13, being a standard 320-acre lay-down deep gas spacing unit for the Undesignated Northeast Collins Ranch-Wolfcamp Gas Pool (96623).

Dear Ms. Munds-Dry:

I have reviewed your application and the Division's records, due to the number of questionable variables with the drilling, placement, completion, and timing of this well I will not process this filing administratively. A few of my concerns include:

- (1) the well was drilled 10 months ago, is only 150 feet from the outer boundary of its proposed 320-acre spacing unit, and no attempt was made by EOG to obtain a location exception prior to the drilling of this well;
- (2) you state in your application that the U.S. Bureau of Land Management request EOG move from a "standard location" due to topographic concerns; however, no support data was presented; and
- (3) EOG in re-classifying this well as a "monitor well," subjects it to the Division's Stratigraphic Test-Hole policy, see copy attached.

Your administrative application is hereby **denied** and is being returned to you. Should EOG elect not to abide by the Division's Stratigraphic Test-Hole policy, you may reapply through the Division's hearing procedure.

Thank you.

Sincerely,

Michael E. Stogner
Staff Petroleum Engineer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad

DATE IN 5/3/06	SUSPENSE	ENGINEER MIKE STOGNER	LOGGED IN 5/3/06	TYPE NSL	APP NO. PTDS0612360241
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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

- [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.

Ocean Munds-Dry Ocean Munds-Dry Attorney 5-3-06
 Print or Type Name Signature Title Date
omundsdry@hollardhart.com
 e-mail Address

2006 MAY 3 PM 3 24



May 3, 2006

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 Well Location for its Rhine "13" Federal Well No. 1, from a location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

EOG Resources, Inc. ("EOG") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Rhine 13 Federal Well No. 1 to be re-entered and completed from the Wolfcamp formation at an unorthodox well location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the S/2 of Section 13 will be dedicated to the well.

This location in the Wolfcamp formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located not closer than 660 feet to the outer boundary of the quarter section on which the well is located. The well is 150 feet, or 510 feet too close, to the east line of the dedicated acreage.

This well was originally drilled by EOG as the vertical portion of a proposed horizontal Wolfcamp test. Prior to drilling the horizontal segment, it was utilized as a monitor well to study the frac job on the Yukon 18 Fed Com Well No. 1H immediately east in Section 18. Although EOG sought a standard location for the Rhine 13 Federal Well No. 1, the Bureau of Land Management requested that the location be moved because of topographical concerns. The study of the Yukon well has been completed and EOG has elected not to drill the horizontal segment and now proposes to complete the Rhine 13 Federal Well No. 1 as a vertical well to test the Wolfcamp formation. EOG will not utilize this wellbore to drill an additional horizontal wellbore in this section.

Attached hereto as **Exhibit A** is a plat which shows the subject area, the 320-acre spacing unit

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

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

HOLLAND & HART LLP



comprised of all of the S/2 of Section 13 and the proposed unorthodox location. The well encroaches only on acreage operated by EOG in which the ownership is identical to the ownership under the drill site. Accordingly, there are no affected parties to whom this application needs to be provided.

Exhibit B is Division Form C-102 which shows the surveyed location for this well.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry
Attorney for EOG Resources, Inc.

Enclosures

cc: Rick Lanning
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

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

Attention: Rick Lanning

Administrative Order NSL-_____

Dear Mr. Lanning:

Reference is made to your application dated May 3, 2006 for an unorthodox well location for a well to be re-entered and completed to the Wolfcamp formation for your proposed Rhine 13 Federal Well No. 1. Said well is to be re-entered and at a location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico.

A 320-acre spacing and proration unit in the Wolfcamp formation comprising the S/2 of said Section 13 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
Director

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

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, and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34184		² Pool Code 96623		³ Pool Name UNDES COLLIN RANCH; WOLFCAMP NE	
⁴ Property Code		⁵ Property Name RHINE "13" FED			⁶ Well Number 1
⁷ OGRID No. 7377		⁸ Operator Name EOG RESOURCES, INC.			⁹ Elevation 3666'

¹⁰ Surface Location

UL or lot no. I	Section 13	Township 17 SOUTH	Range 24 EAST, N.M.P.M.	Lot Idn	Feet from the 1680'	North/South line SOUTH	Feet from the 150'	East/West line EAST	County EDDY
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¹¹ 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
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

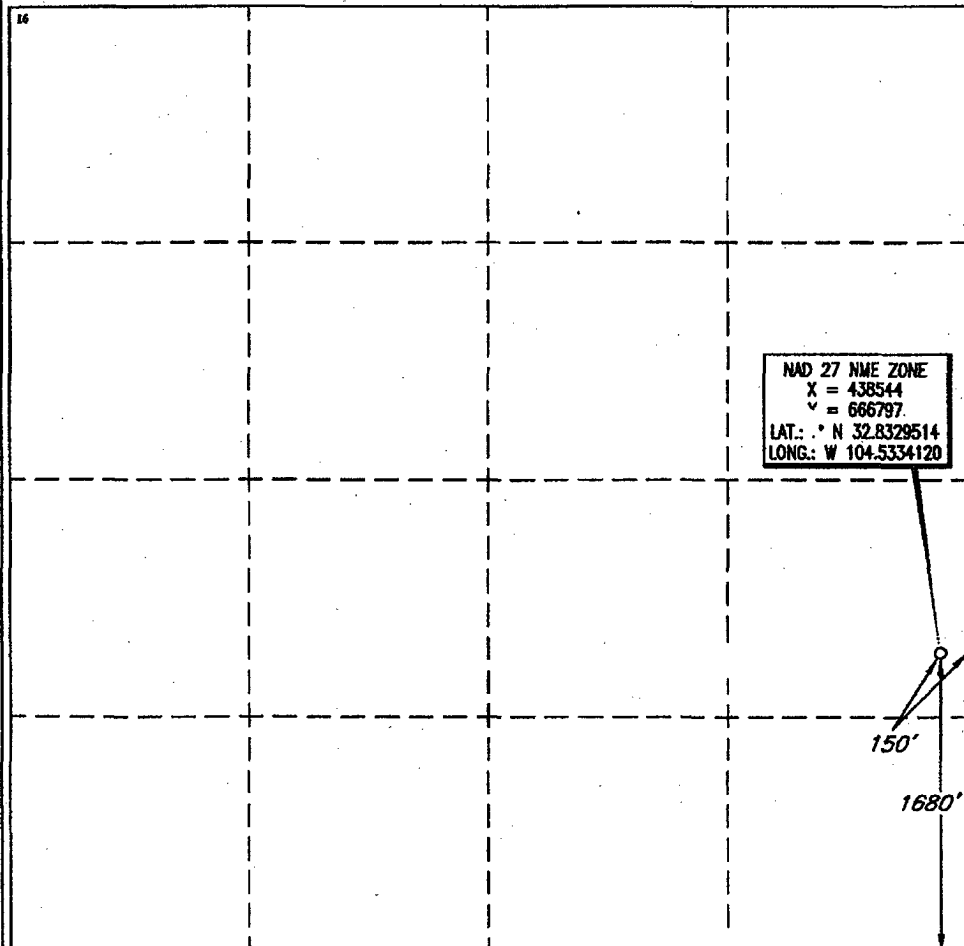
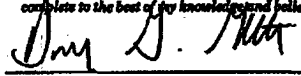
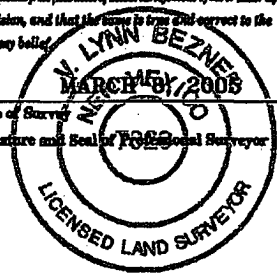

<div>¹⁶</div>	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Donny G Glanton Printed Name Sr. Lease Operations Rep Title 4/25/2006 Date
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location 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.  Date of Survey Signature and Seal of Professional Surveyor
	 Certificate Number V. L. BEZNER R.P.S. #7920 JOB #101799 / 101 SE / E.U.O.

EXHIBIT B