

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	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 _____



[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

3/26/02
 Date

wcarr@howardhart.com
 e-mail Address

HOLLAND & HART LLP
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

March 26, 2002

HAND-DELIVERED

Lori Wrotenbery, 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. administrative approval of an unorthodox bottomhole well location for its Oatmeal "8" Federal Com Well No. 1, to be directionally drilled from a surface location 882 feet from the South line and 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line of Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Wrotenbery:

EOG Resources, Inc. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Oatmeal "8" Federal Com Well No. 1 to be directionally drilled from a surface location 882 feet from the South line and 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line of Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed surface location is required by the BLM due to topographic conditions. This well will be drilled to a depth sufficient to test the Morrow and the Mississippian Chester formations, Sand Tank-Morrow Gas Pool. A standard 320-acre spacing and proration unit comprised of the E/2 of Section 8 will be dedicated to the well.

This bottom hole location in the Morrow and Mississippian Chester formations is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the

Administrative application for unorthodox well location
Oatmeal "8" Federal Com Well No. 1
March 26, 2002
Page 2

outer boundary of the 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 507 feet from an outer boundary of a quarter section line.

An unorthodox bottomhole location for this well is required by geologic conditions. EOG's geologic model for this area is that there is greater potential for Morrow sands in thicker intervals rather than thins. Seismic data does not "see" Morrow sands but shows a thickening of the Morrow interval which suggests the potential for Morrow sands at the proposed bottom hole location. Exhibit A is an isochron map between a marker in the Middle Morrow clastics interval and the Lower Morrow. The blue-purple areas are thicks on this map. Our bottom hole location is in the seismic thick. Exhibit B is a north-south seismic line through EOG's proposed bottom hole location. This line shows the relative thickening between the MrrwM Marker and the Mrrw Lower. This exhibit also shows the discrete nature of the thick. Exhibit C is a west-east seismic line through EOG's proposed bottom hole location. This seismic line shows not only the seismic thickening but also a subtle change in the seismic character internal to the thick. The proposed location is in the thicker portion of the interval, as defined by seismic, and is slightly different than that in the west half of the section. Exhibit C crosses Exhibit B at the proposed bottom hole location. Comparing the two seismic lines at the requested bottom hole location, one can see the difference in the seismic character at the intersection verses the west half of Section 8. EOG believes Morrow sands would be associated with this seismic character and therefore are proposing to drill to this bottom hole location. Based on its seismic interpretation, EOG's proposed bottom hole location for the Oatmeal "8" Federal Com Well No. 1 is in a position to maximize EOG's ability to effectively recover the hydrocarbons from this E/2 spacing unit.

Attached hereto as Exhibit D is a plat which shows the subject area, the 320-acre spacing unit comprised of all of the E/2 of Section 22 and the proposed surface and unorthodox bottom hole location. Since this well encroaches on an EOG operated tract to the West, a copy of this application, including a copy of the plat described above has been sent to all working interest owners in this offsetting spacing unit by certified mail-return receipt requested in accordance with Rule 1207 (A)(5). These owners are identified on Exhibit E to this application and have been advised that if they have an objection to this application it must be

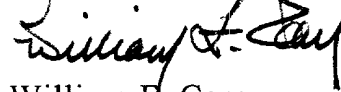
Administrative application for unorthodox well location
Oatmeal "8" Federal Com Well No. 1
March 26, 2002
Page 3

filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

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

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

William F. Carr
Attorney for EOG Resources, Inc.

Enclosures

cc: Patrick J. Tower, Project Landman
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

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

Attention: Patrick J. Tower

Administrative Order NSL-_____

Dear Mr. Tower:

Reference is made to your application dated March 26, 2002 for an unorthodox bottomhole well location for a well to be drilled to the Morrow and Mississippian Chester formations Sand Tank-Morrow Gas Pool, for your proposed Oatmeal "8" Federal Com. Well No. 1. Said well to be drilled at an unorthodox gas well location in the Morrow and Mississippian Chester from a surface location 882 feet from South line and 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line (Unit N) of Section 8, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

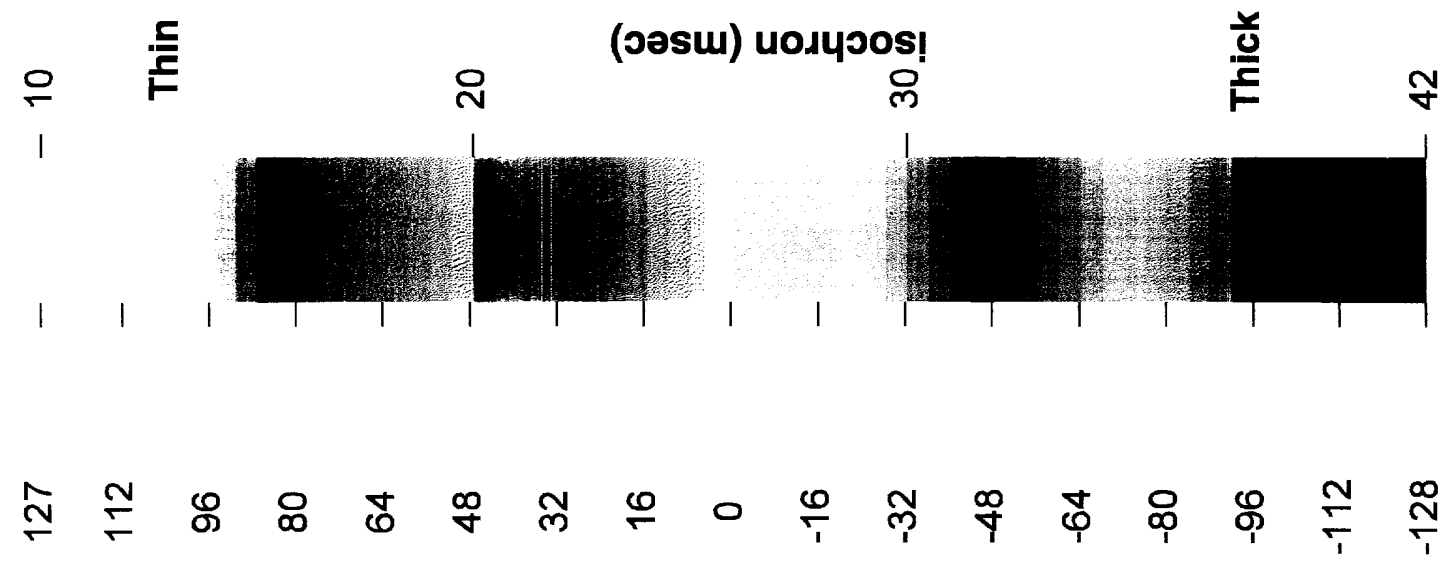
A 320-acre spacing and proration unit in the Morrow and Mississippian Chester formations comprising the E/2 of said Section 8 is to be dedicated to said well.

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,

Lori Wrotenbery
Director

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



**MRRWM Marker to MRRW Lower
Isochron Map**

Oatmeal '8' Fed Com #1
DJS
March 19, 2002

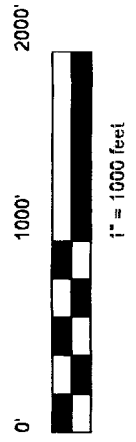


Fig. 1

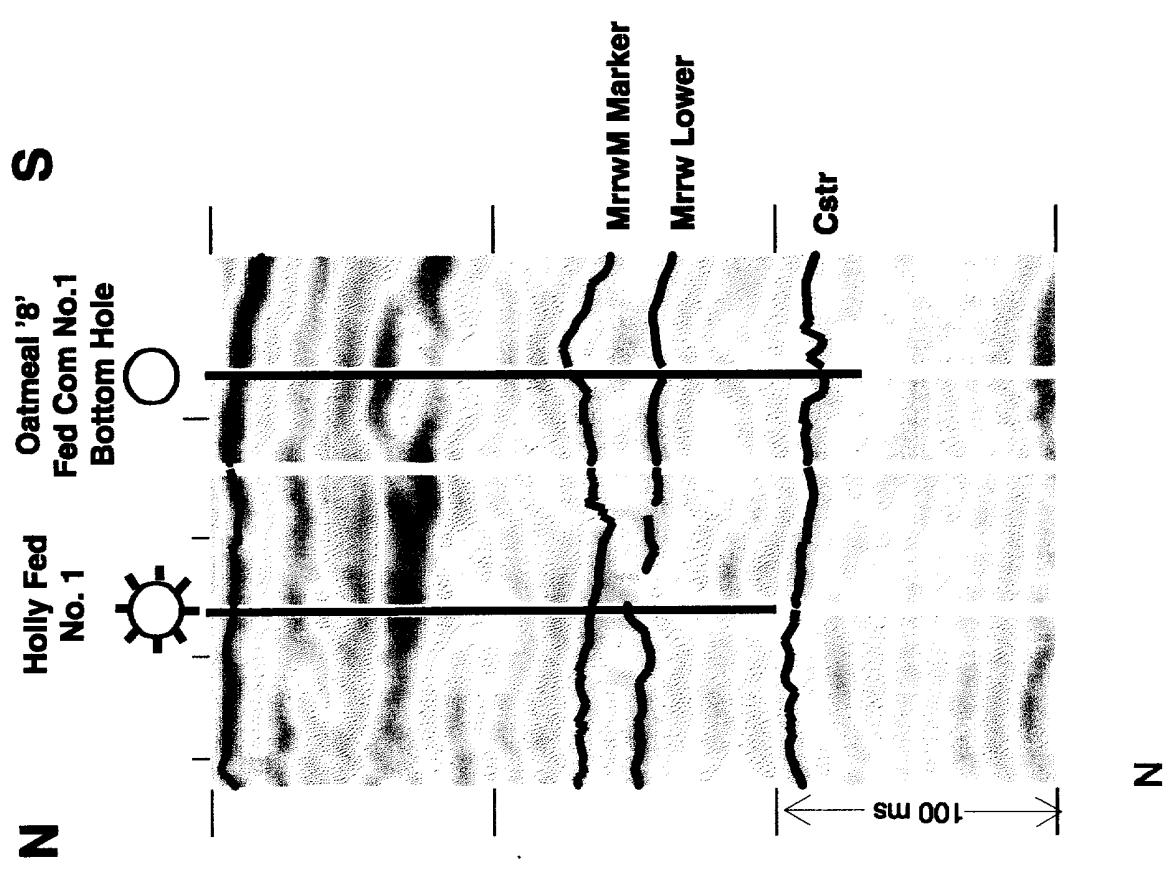
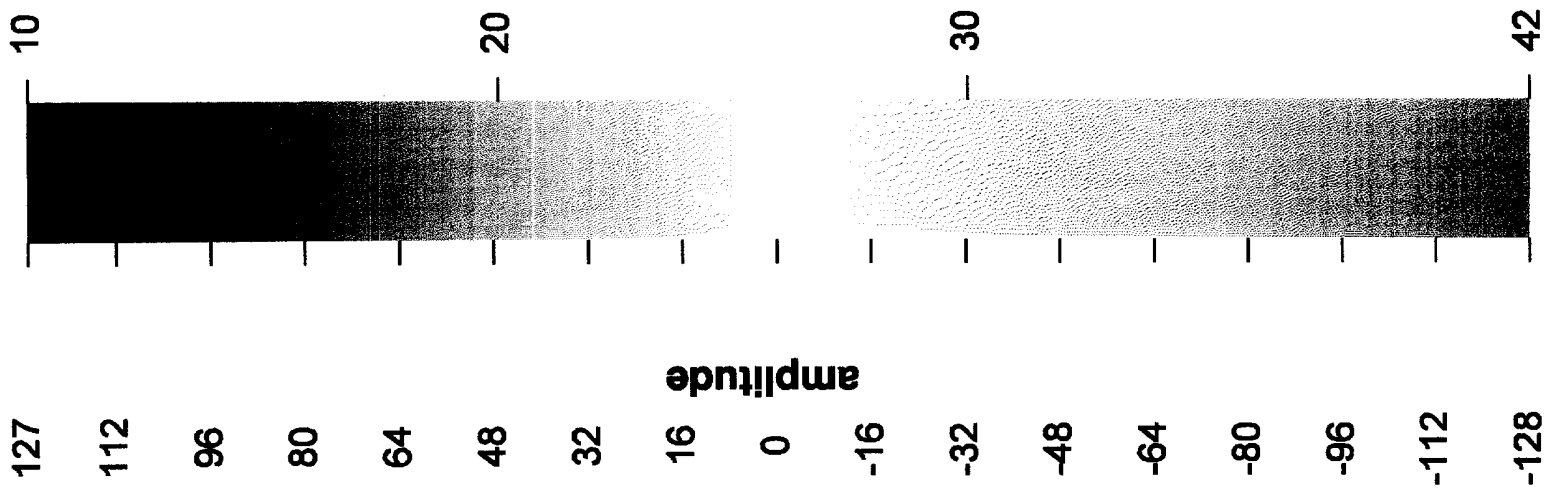


Fig. 2

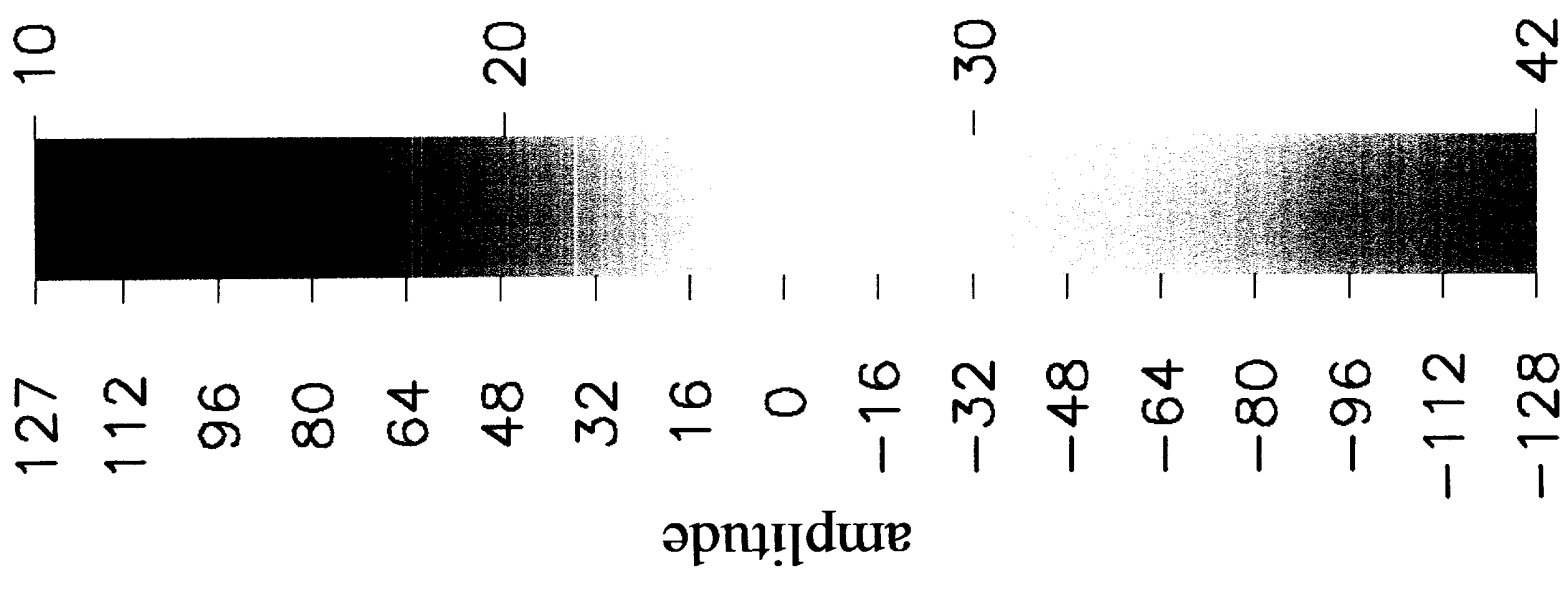
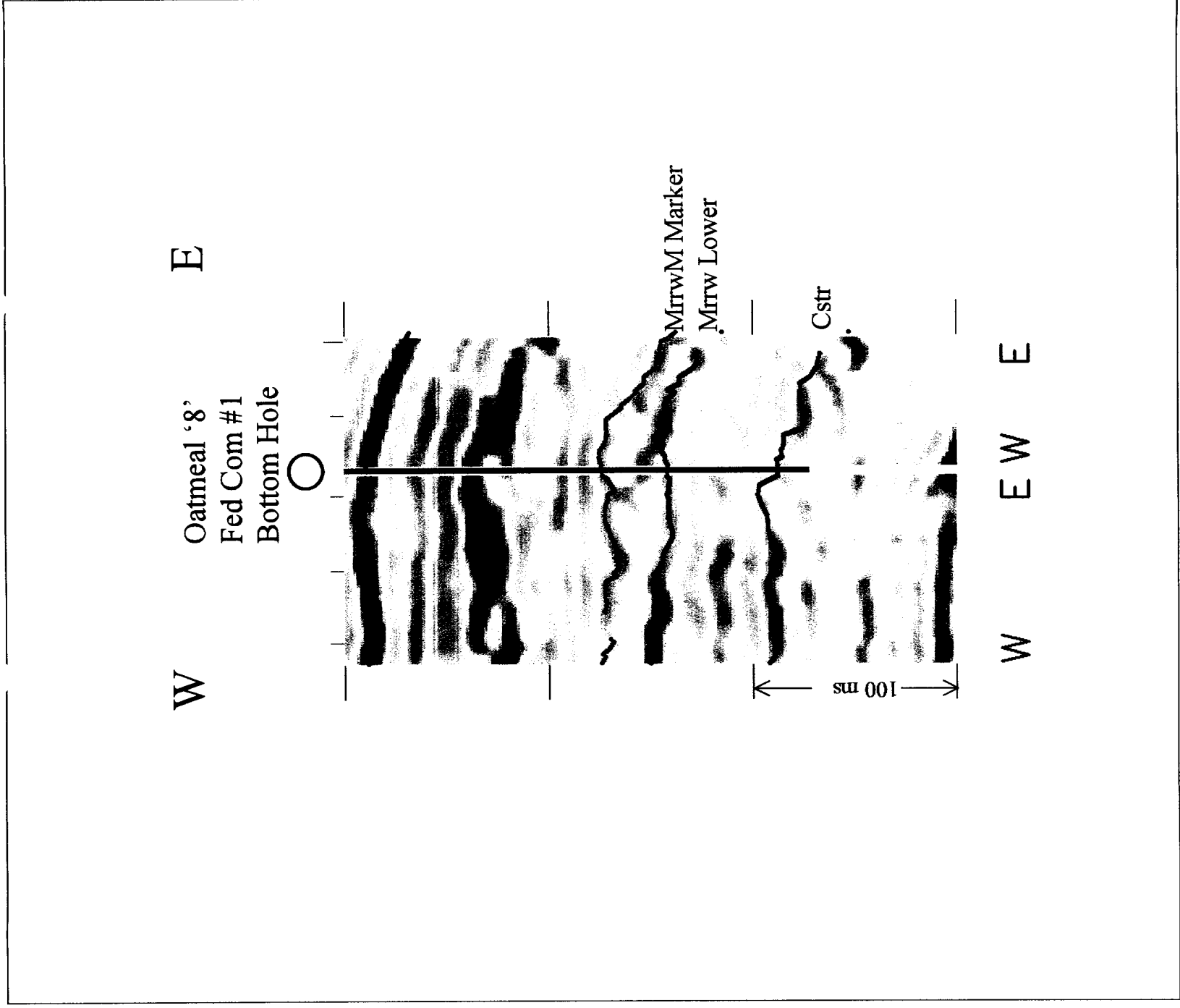


Fig. 3