

DATE IN <u>5/27/15</u>	SUSPENSE	ENGINEER <u>MAM</u>	LOGGED IN <u>6/1/15</u>	TYPE <u>PC</u>	APP NO <u>JA61515232106</u>
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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.

Stan Wagner

Print or Type Name

Signature

Regulatory Analyst

Title

05/27/2015

Date

Stan Wagner@eogresources.com  
 e-mail Address

## APPLICATION FOR SURFACE POOL COMMINGLING

EOG Resources, Inc. respectfully requests administrative approval to surface pool commingle oil & gas from the following 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 S2433361; UPPER WOLFCAMP	PRODUCING
2	30-025-42317	DRAGON 36 STATE	#702H	B-36-24S-33E	[98092] WC-025 G-09 S2433361; UPPER WOLFCAMP	PRODUCING
3	30-025-42500	DRAGON 36 STATE	#501H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	DRILLING
4	30-025-42501	DRAGON 36 STATE	#502H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	DRILLING

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). The Dragon 36 State #501H spud on 4/27/2015 and the Dragon 36 State #502H spud on 5/11/2015.

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 #701H 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 #702H 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 #501H 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 #502H 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.



**LABORATORY**  
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

For: EOG Resources Inc.  
Attention: Tyler Cox  
5626 Tatum Hwy  
Lovington, New Mexico 88260

Sample: Sta. # 60389006 (NM)  
Identification: Brown Bear 36 502&703 FC  
Company: EOG Resources  
Lease:  
Plant:

Sample Data: Date Sampled 4/7/2015 10:00 AM  
Analysis Date 4/9/2015  
Pressure-PSIA 106  
Sample Temp F 95  
Atmos Temp F

Sampled by: Casey Ragsdale  
Analysis by: Vicki McDaniel

H2S = 0

Press. Base: 14.73

#### Component Analysis

		Mol Percent	GPM
Hydrogen Sulfide	H2S	0.000	
Nitrogen	N2	1.328	
Carbon Dioxide	CO2	1.333	
Methane	C1	72.019	
Ethane	C2	13.866	3.699
Propane	C3	7.297	2.005
I-Butane	IC4	0.824	0.269
N-Butane	NC4	1.959	0.616
I-Pentane	IC5	0.392	0.143
N-Pentane	NC5	0.422	0.153
Hexanes Plus	C6+	<u>0.560</u>	<u>0.242</u>
		100.000	7.127

#### REAL BTU/CU.FT.

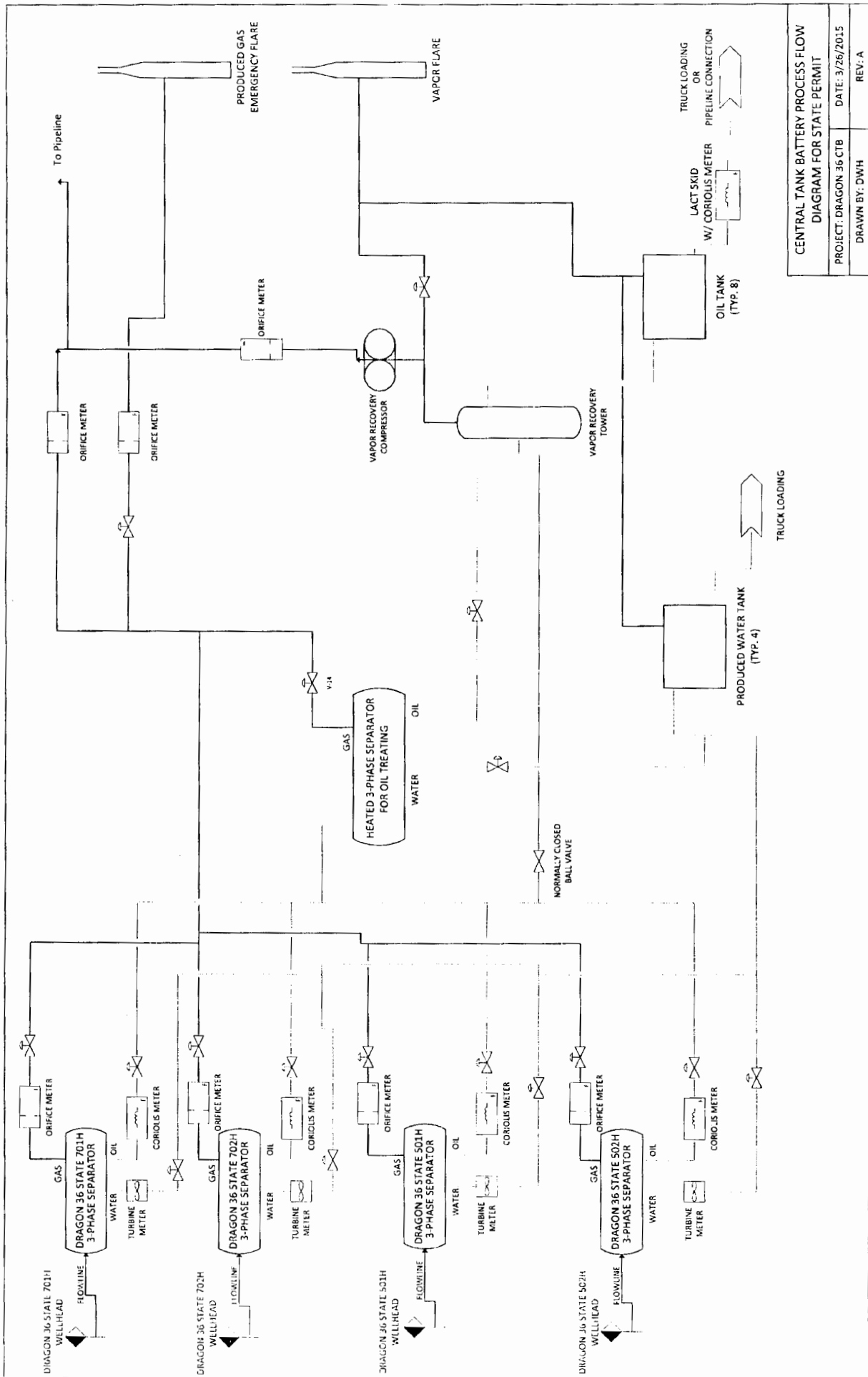
At 14.65 DRY 1309.8  
At 14.65 WET 1286.9  
At 14.696 DRY 1313.8  
At 14.696 WET 1291.5  
At 14.73 DRY 1316.8  
At 14.73 Wet 1294.1

#### Specific Gravity

Calculated 0.7812

Molecular Weight 22.6260

✓ New "89" GQ  
enter in all related notes 4/16



CENTRAL TANK BATTERY PROCESS FLOW  
DIAGRAM FOR STATE PERMIT

PROJECT: DRAGON 36 CTB DATE: 3/26/2015  
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) 748-1281 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

HOBBS OGD

DEC 09 2014

RECEIVED

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 30-025-42316	<sup>2</sup> Pool Code 98092	<sup>3</sup> Pool Name Wildcat Wolfcamp Oil
<sup>4</sup> Property Code 39643	<sup>5</sup> Property Name DRAGON 36 STATE	<sup>6</sup> Well Number #701H
<sup>7</sup> OCRID No. 7377	<sup>8</sup> Operator Name EOG RESOURCES, INC.	<sup>9</sup> Elevation 3507'

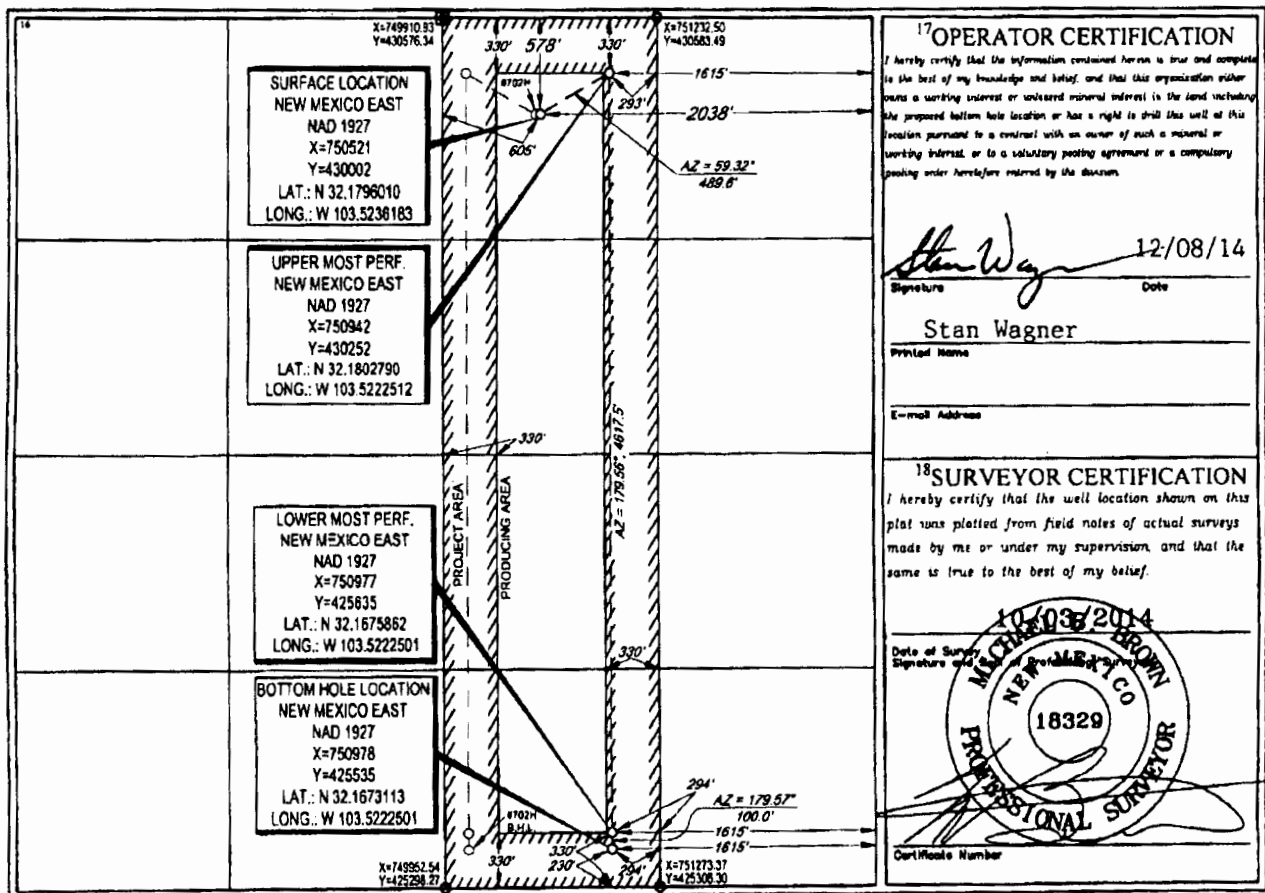
<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	36	24-S	33-E	-	578'	NORTH	2038'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	24-S	33-E	-	230'	SOUTH	1615'	EAST	LEA

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

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.



S:\SURVEY\EOG\_LINLAND\DRAGON\_36\_STATE\FINAL\_PRODUCTS\BLO\_DRAGON36STATE\_701H\_REV2.DWG 11/13/2014 3:44:13 PM cccan

DEC 11 2014

DEC 11 2014

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 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 **HOBBS OCD**  
Energy, Minerals & Natural Resources  
Department **MAR 31 2015**  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Sante Fe, NM 87505 **RECEIVED**

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- <b>42500</b>	Pool Code <b>51020</b>	Pool Name <b>RED HILLS, LOWER AS</b>
Property Code 39643	Property Name <b>DRAGON 36 STATE</b>	Well Number <b>#501H</b>
GRID No. 7377	Operator Name <b>EOG RESOURCES, INC.</b>	Elevation <b>3499'</b>

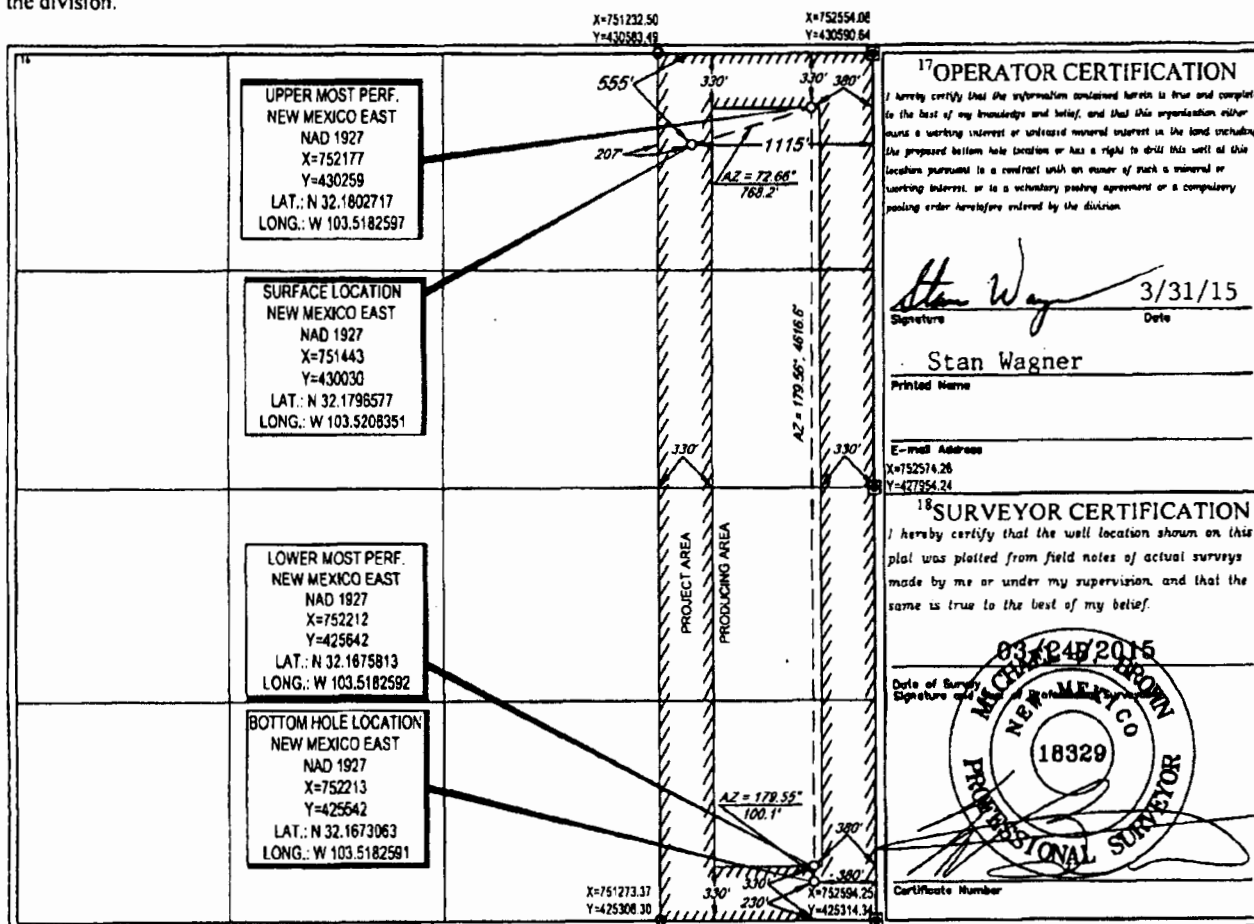
**10 Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>36</b>	<b>24-S</b>	<b>33-E</b>	<b>-</b>	<b>555'</b>	<b>NORTH</b>	<b>1115'</b>	<b>EAST</b>	<b>LEA</b>

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>36</b>	<b>24-S</b>	<b>33-E</b>	<b>-</b>	<b>230'</b>	<b>SOUTH</b>	<b>380'</b>	<b>EAST</b>	<b>LEA</b>

Dedicated Acres	Joint or Baff	Consolidation Code	Order No.
<b>160.00</b>			

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.



S:\SURVEY\EOG\_MIDLAND\DRAGON\_36\_STATE\FINAL\_PRODUCING\DRAGON36STATE\_501H\_REV1.DWG 3/27/2015 11:30:11 AM cshon

APR 08 2015



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

FORM C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
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☐ AMENDED REPORT

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WELL LOCATION AND ACREAGE DEDICATION PLAT

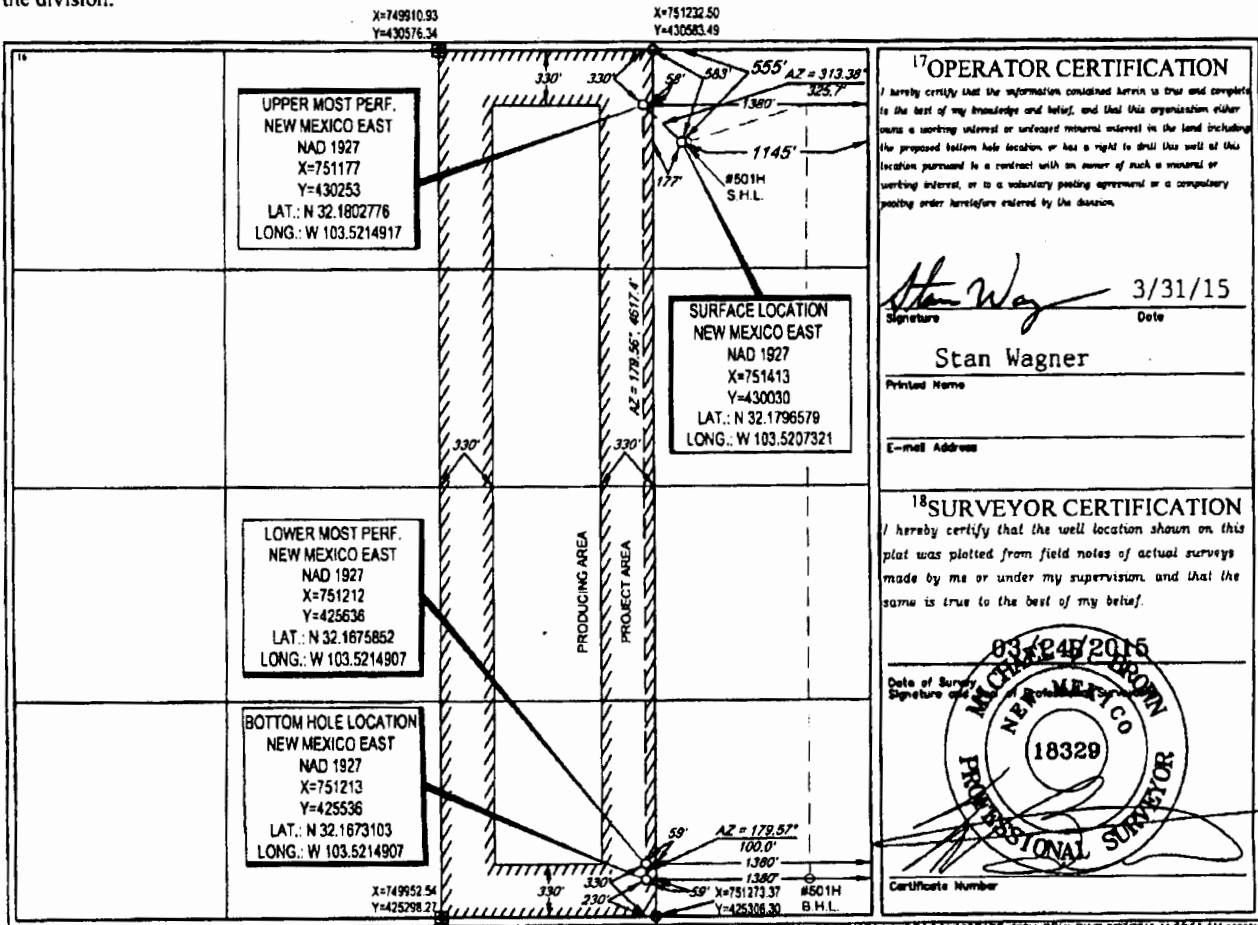
API Number 30-025-42901	Pool Code 51020	Pool Name RED HILLS; LOWER AS
Property Code 39643	Property Name DRAGON 36 STATE	Well Number #502H
GRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3500'

Surface Location									
UI, or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	36	24-S	33-E	-	555'	NORTH	1145'	EAST	LEA

UI, or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	24-S	33-E	-	230'	SOUTH	1380'	EAST	LEA

Dedicated Acres 160.00	Joint 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.



APR 08 2015



**EOG Resources, Inc.**  
5509 Champions Drive  
Midland, Texas 79706  
(432) 686-3600

Date: May 21, 2015  
To: State of New Mexico Oil Conservation Division  
Re: Surface Pool Commingling Application; Dragon 36 State #501H, 502H, 701H, 702H

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 S2433361; UPPER WOLFCAMP	PRODUCING
2	30-025-42317	DRAGON 36 STATE	#702H	B-36-24S-33E	[98092] WC-025 G-09 S2433361; UPPER WOLFCAMP	PRODUCING
3	30-025-42500	DRAGON 36 STATE	#501H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	DRILLING
4	30-025-42501	DRAGON 36 STATE	#502H	A-36-24S-33E	[51020] RED HILLS; LOWER BONE SPRING	DRILLING

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

EOG Resources, Inc.

By: Matthew C. Phillips  
Matthew C. Phillips  
Landman II

**Garcia, John A, EMNRD**

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**From:** Stan Wagner <Stan\_Wagner@eogresources.com>  
**Sent:** Monday, June 01, 2015 12:53 PM  
**To:** Garcia, John A, EMNRD  
**Subject:** RE: Dragon 36 State Surface commingling Application  
**Attachments:** Dragon 36 State Surface Commingling revised.pdf

Good afternoon John,

Attached is the revised C-103. As far as production, these are all new wells. We are trying to get the commingling approval in place before the battery is ready.

The 701H and 702H just started flowing back after frac and the 501H and 502H are waiting to be completed, so no production history.

Thanks,

Stan Wagner  
EOG Resources – Midland Regulatory  
432-686-3689

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**From:** Garcia, John A, EMNRD [<mailto:JohnA.Garcia2@state.nm.us>]  
**Sent:** Monday, June 01, 2015 10:29 AM  
**To:** Stan Wagner  
**Subject:** Dragon 36 State Surface commingling Application

Stan,

We received your application on 5/27/2015. You need to re-do form C-103 to show all of the wells. Your application list three wells, but you have four C-102 listed. I want the six months of production plus cum production.

Thank you,

John Garcia