

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
amendment
 Check One Only for [B] or [C] *NSL-6835*
 [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 _____

RECEIVED 09/19/13
 2:08 SEP 10 P. M. 19

*EOG Resources
 Diamond 5 Fed Com #8H
 API-pending*

- [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.

Manuel Feldewert *[Signature]* _____ Title *Attorney* Date *9/10/13*
 Print or Type Name Signature e-mail Address *mfeldewert@hollandhart.com*



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources - oil
and gas law - New Mexico
Board of Legal Specialization
mfeldewert@hollandhart.com

September 10, 2013

VIA HAND DELIVERY

Jami Bailey
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
SEP 10 2013
10:19 AM

Re: Application of EOG Resources, Inc. for Amendment of Administrative Order NSL-6835 approving an unorthodox well location for its Diamond 5 Fed Com 8H Well in Sections 5 and 8, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

Administrative Order NSL-6835 approved an unorthodox well location for EOG Resources', Inc. (OGRID No. 7377) **Diamond 5 Federal Com 8H Well** in the W/2 E/2 of Section 8, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico. For engineering and geologic reasons, EOG Resources, Inc. now seeks to amend NSL-6835 to authorize an unorthodox location for this well in the E/2 E/2 of Section 8. Rather than drill the well in the W/2 E/2 of Section 8, EOG now intends to drill the well horizontally such that the first perforation will be within Unit A of Section 8 at a location 330 feet from the north line and 1254 feet from the east line. The terminus will be within Unit P of Section 8 at a location 230 feet from the south line and 1293 feet from the east line. A 160-acre project area comprised of the E/2 E/2 of Section 8 will be dedicated to this horizontal well.

Exhibit A is a revised land plat for Section 8 and surrounding sections showing the proposed non-standard location of the **Diamond 5 Fed Com 8H Well** in relation to adjoining units and existing wells. This location is unorthodox because the formation under this acreage is governed by the Division's statewide rules which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

Exhibit B is a revised Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed **Diamond 5 Fed Com 8H Well** encroaches on the spacing and proration units to the West, Northwest, South and Southwest.



The entire E/2 of Section 8 is covered by two federal leases (NMNM-19625 and NMNM 14497) that are subject to a communitization agreement with the BLM. The operator of these combined federal leases is EOG. Since the affected ownership in the W/2 E/2 of Section 8 is common with the E/2 E/2 of Section 8, there are not affected parties in this acreage. However, as reflected on **Exhibit C**, notice has been provided to the affected parties in the encroached-upon spacing and proration units to the Northwest, South and Southwest. Each of these affected parties have been provided notice of this application by certified mail and informed that if they have an objection to this application, it must be filed with the Division within twenty days of the date of this application.

Attached as **Exhibit D** is a copy of Administrative Order NSL-6835, with the handwritten changes requested by this application.

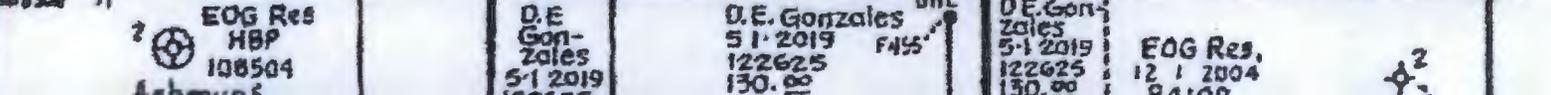
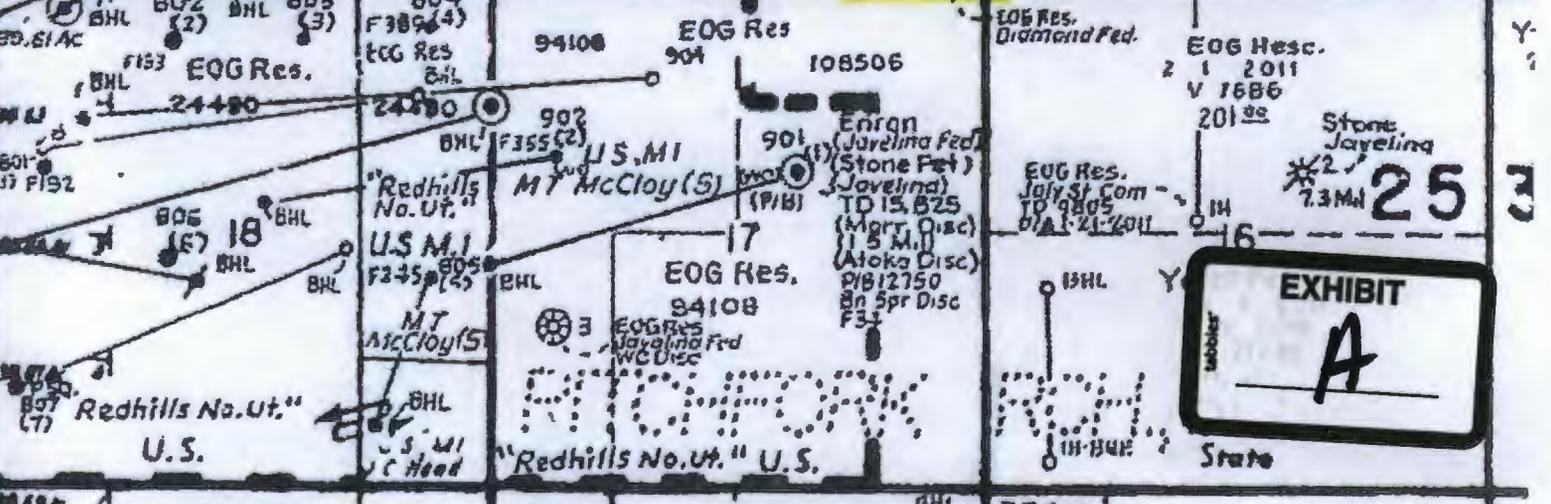
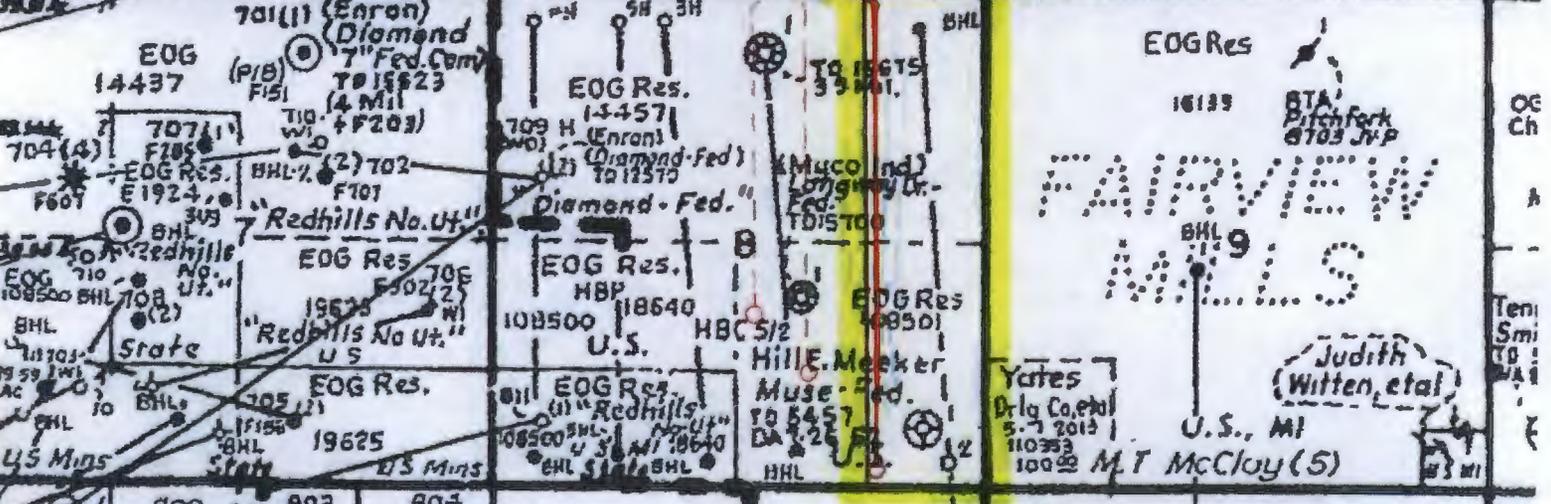
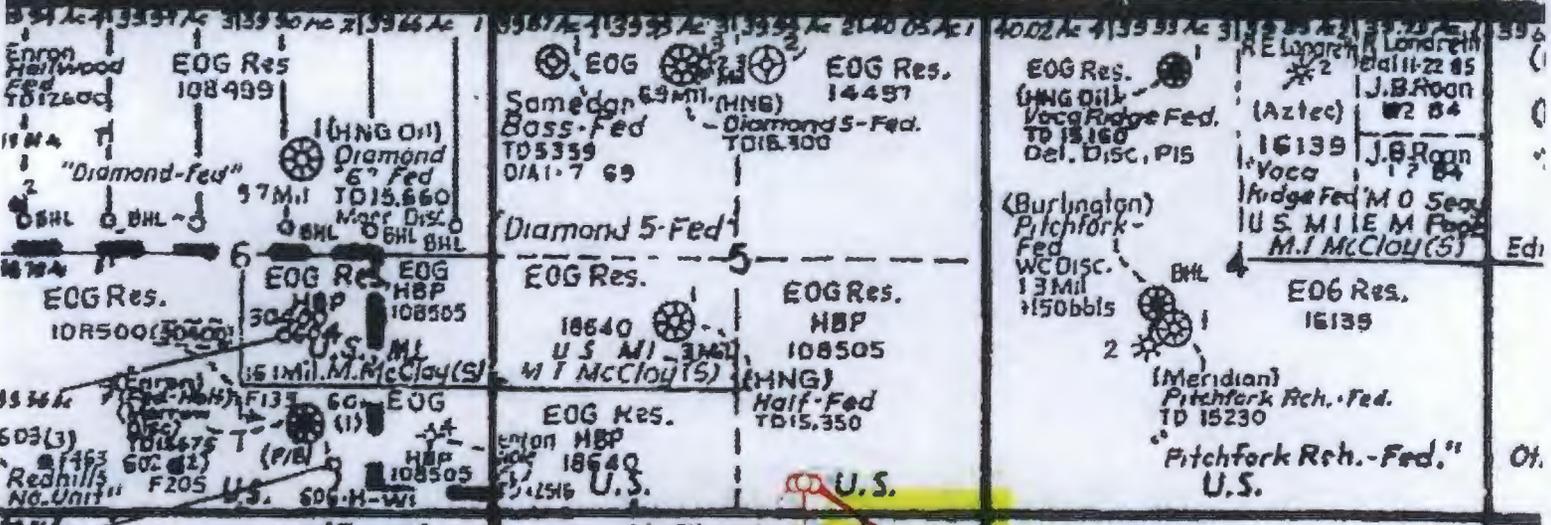
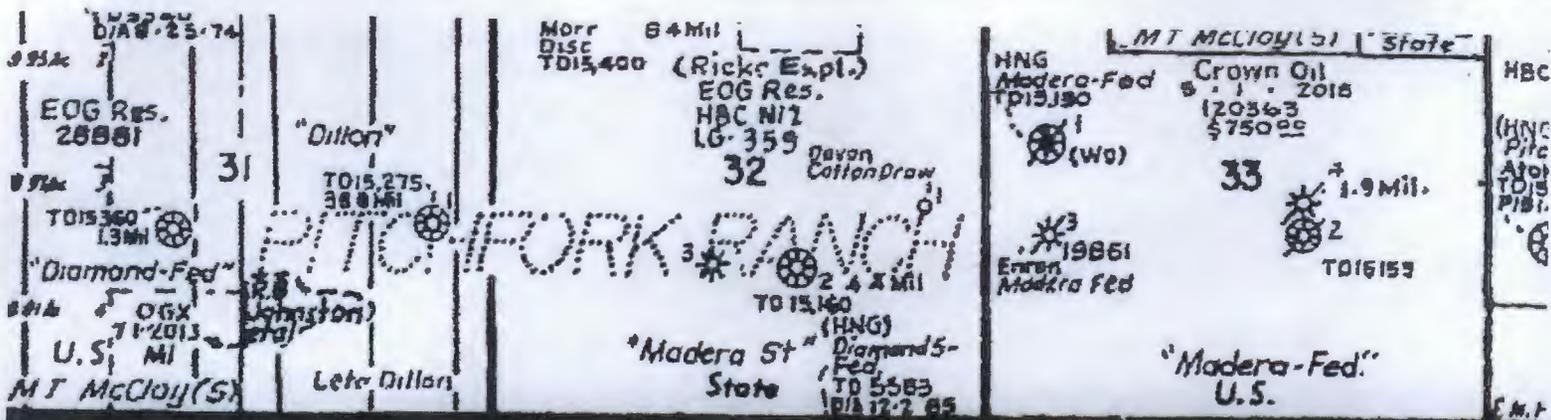
Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

 Michael H. Feldewert
ATTORNEY FOR EOG RESOURCES, INC.

Enclosures



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
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

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DIAMOND 5 FED COM			⁶ Well Number #8H
⁷ OGRID No.		⁸ Operator Name EOG RESOURCES, INC.			⁹ Elevation 3376'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	5	25-S	34-E	-	110'	SOUTH	1790'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	25-S	34-E	-	230'	SOUTH	1293'	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

EXHIBIT B

SURFACE LOCATION
NEW MEXICO EAST
NAD 1927
X=761581
Y=420210
LAT. N 32.1504567
LONG. W 103.4887672

UPPER MOST PERF.
NEW MEXICO EAST
NAD 1927
X=761920
Y=419773
LAT. N 32.1512421
LONG. W 103.4870370

LOWER MOST PERF.
NEW MEXICO EAST
NAD 1927
X=761920
Y=415158
LAT. N 32.1385562
LONG. W 103.4871541

BOTTOM HOLE LOCATION
NEW MEXICO EAST
NAD 1927
X=761920
Y=415058
LAT. N 32.1382813
LONG. W 103.4871567

¹⁷OPERATOR 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 _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸SURVEYOR 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 _____
Signature of _____

Certificate Number _____

EXHIBIT C

EOG RESOURCES, INC. – NSL Application
Diamond 5 Fed Com 8H Well

Roden Associates, Ltd.
2603 Augusta Drive, Suite 740
Houston, Texas 77057

Roden Participants, Ltd.
2603 Augusta Drive, Suite 740
Houston, Texas 77057

Bureau of Land Management
620 East Greene Street
Carlsbad, NM 88220

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 18, 2013

EOG Resources, Inc.
Attn: Mr. Adam Rankin, Holland & Hart

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6835
Administrative Application Reference No. pAXK1317933242

EOG Resources, Inc.
OGRID 7377
Diamond 5 Federal Com Well No. 8H
API No. 30-025-Pending

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	170 FSL & 1790 FEL	O	5	25S	34E	Lea
Penetration Point	330 FNL & 1369 FEL	8A	8	25S	34E	Lea
Terminus	230 FSL & 1340 FEL	8P	8	25S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W2 E2 of Section 8 E2E/2	160	Red Hills; Lower Bone Spring	51020

Reference is made to your application received on June 25, 2013.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by Order R-10109, as amended, which provides for 80-acre units, with wells located no nearer than 330 feet to any governmental quarter-quarter section or lot, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet from an outer boundary of the project area



July 18, 2013

Page 2

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Director

JB/prg

cc: New Mexico Oil Conservation Division – Hobbs
United States Bureau of Land Management - Carlsbad



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources - oil
and gas law - New Mexico
Board of Legal Specialization
mfeldewert@hollandhart.com

September 10, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

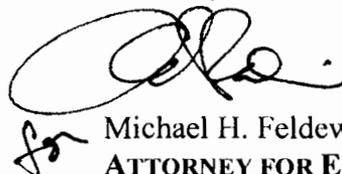
Re: Application of EOG RESOURCES, INC. for administrative approval of unorthodox well locations for its Diamond 5 Fed Com 8H Well in Sections 5 and 8, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following D.H. McCright, EOG Resources, Inc., (432) 686-3741, dan_mccright@eogresources.com.

Sincerely,



Michael H. Feldewert
ATTORNEY FOR EOG RESOURCES, INC.