

| | | | | | |
|----------------------|----------|-----------------|------------------------|-------------|---------------------------|
| 5/14/2014 DATE IN | SUSPENSE | MAM ENGINEER | 5/14/2014 LOGGED IN | NSL TYPE | PMAM 1413539822 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.

MICHAEL H. FELDEWERT

Print or Type Name

Signature

ATTORNEY

Title

06/14/14

Date

mfeldewert@hollandhart.com

e-mail Address

-NSL 7093
-EOG resources
7377
-Endurance
36 state.com
2 H
30-025-40258
Pool
-Bradley;
Bonespring
7280



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

May 14, 2014

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

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox well location for its Endurance 36 State Com 2H Well to be located in Sections 36 and 25, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

EOG Resources, Inc. (OGRID No. 7377) seeks administrative approval of an unorthodox well location for its **Endurance 36 State Com 2H Well** to be completed within the Bradley; Bone Spring Pool (Pool Code 7280) underlying Sections 36 and 25, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. This well will be drilled from a surface location 330 feet from the South line and 1760 feet from the West line of Section 36, Township 26 South, Range 33 East (Unit F). The upper most perforation will be 330 feet from the South line and 1101 feet from the West line of Section 36 (Unit E) and the lower most perforation will be 330 feet from the North line and 1101 feet from the West line of Section 25 (Unit D). Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox. Approval of the unorthodox completed interval will allow for more efficient well spacing in these sections, thereby preventing waste and improving drainage of the underlying reserves.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Endurance 36 State Com 2H Well** encroaches on the spacing and proration units to the East and Northeast, and that the well encroaches towards the State of Texas to the Southeast.

Exhibit B is a land plat for Sections 36 and 25 and the surrounding sections that shows the proposed **Endurance 36 State Com 2H Well** in relation to adjoining units and existing wells in New Mexico.

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



EOG is the sole operator and mineral lessee of the affected leases in Sections 36, 25 and 24. Therefore, there are no affected parties in New Mexico. Nonetheless, a courtesy copy of this application has been provided to the Bureau of Land Management and the New Mexico State Land Office.

EOG has also identified the mineral owners in the adjacent acreage to the Southeast in the State of Texas. Attached as **Exhibit C** is a plat showing the "A-State" surveyed acreage in Texas along the New Mexico/Texas border to the south of New Mexico Section 36. Attached as **Exhibit D** are what EOG understands to be the mineral owners in this A-State acreage. A copy of this application has been provided to these owners.

Your attention to this matter is appreciated.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR EOG RESOURCES, INC.

cc: Bureau of Land Management
620 E. Green Street
Carlsbad, NM 88220

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 394-1104 Fax: (505) 334-0770
District II
811 N. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9770
District III
1099 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6138 Fax: (505) 334-6139
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87502
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 ENDURANCE 36 STATE COM | | ⁶ Well Number #2H |
| ⁷ OCRID No. | ⁸ Operator Name EOG RESOURCES, INC. | | ⁹ Elevation 3334' |

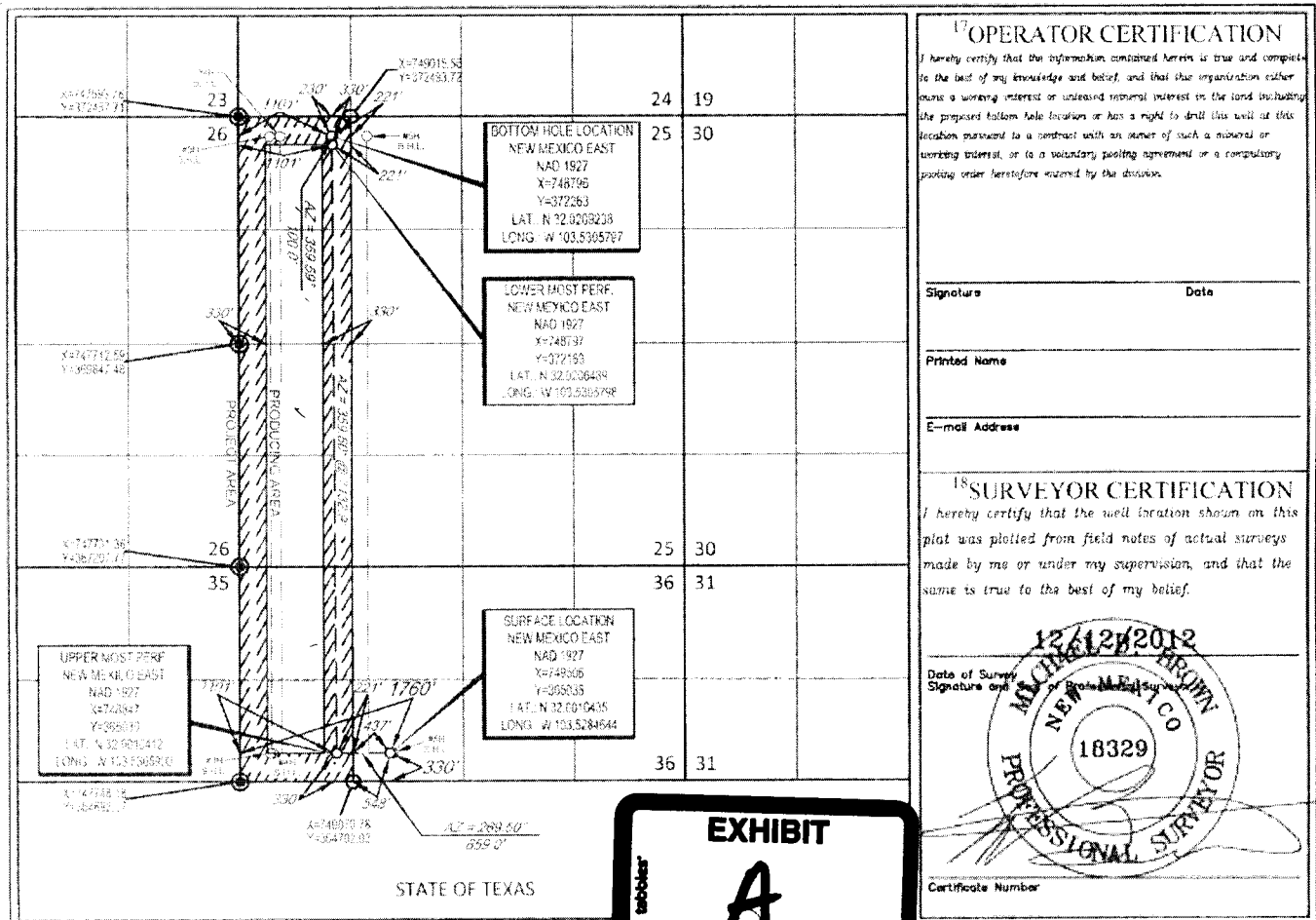
¹⁰Surface Location

| TL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-------------|-------------|----------|---------------|------------------|---------------|----------------|------------|
| F | 36 | 26-S | 33-E | 3 | 330' | SOUTH | 1760' | WEST | LEA |

| TL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-------------|-------------|----------|---------------|------------------|---------------|----------------|------------|
| D | 25 | 26-S | 33-E | - | 230' | NORTH | 1101' | WEST | LEA |

| | | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹¹ Dedicated Acres | ¹² Joint or Infill | ¹³ Consolidation Code | ¹⁴ Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|

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.



B



9,023.1 0 4,511.54 9,023.1 Feet

1: 54,139

Projection WGS_1984_Web_Mercator_Auxiliary_Sphere

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

THIS MAP IS NOT TO BE USED FOR NAVIGATION

Date 5/13/2014

Legend

- Title Opinions
- Unit & Pooling Agreement
- EOG Leases
- Land Calendar Legend
- EXPIRATION
- OBLIGATION
- PAYMENT
- EOG_Google_Terrain

eogresources

MIDLAND DIVISION

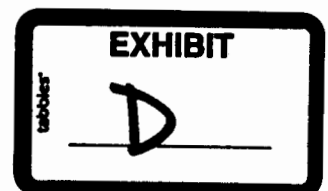
EXHIBIT

Author:

Mineral Takeoff
SF 13984
Loving County, Texas
January 28, 2014

As to all of the Scrap File save & except 69 acres lying directly north of Section 5, Block 76 (385.6 acres):

| <u>MINERAL OWNER</u> | <u>MI</u> | <u>STATUS</u> |
|--|-----------|---------------|
| Exxon Mobil Corporation P. O. Box 4697 Houston, TX 77210-4697 | 0.50000 | OPEN |
| Bennett Thurmond Easterling/sp 6269 FM 2931 Aubrey, Texas 76227 | 0.1875 | OPEN |
| Ross Easterling, Jr./sp P. O. Box 3721 Eagle, CO 81631 | 0.06250 | OPEN |
| Elizabeth Rectenwald/sp 5320 Sandywood Court Carmichael, CA 95608 | 0.06250 | OPEN |
| Dorchester Minerals Operating LP 3738 Oak Lawn Ave. Suite 300 Dallas, TX 75219-4379 | 0.05625 | OPEN |
| Susan Easterling Swaim P.O. Box 1014 Truth or Consequences, NM 87901 | 0.03125 | OPEN |
| Lance S. Easterling 522 Harbert Street Columbus, Texas 78934 | 0.03125 | OPEN |
| Nail Bay Royalties, LLC, as agent for Trunk Bay Royalty Partners, LTD 3811 Turtle Creek Blvd. Suite 1640, LB 16 Dallas, TX 75219 | 0.006875 | OPEN |



| <u>MINERAL OWNER</u> | <u>MI</u> | <u>STATUS</u> |
|--|-----------|---------------|
| Nail Bay Royalties, LLC, as agent for below captioned parties PO Box 671099 Dallas, TX 75367-1099 Parties: Aledo Royalty Company (0.085737576) Kimbell Art Foundation (0.140870909) The Burnett Foundation (0.238580605) J.C. Pace, LTD (0.070435758) Lowe Royalty Partners (0.070435758) Goldking Energy Partners I, LP (0.045454545) John Huff (0.015151515) White Oak Energy Royalty Partners, LP (0.037878788) Rave Energy, INC. (0.007575758) Energy Royalties, LLC (0.015151515) William M. Hitchcock (0.015151515) Oil Nut Bay Royalties, LP (0.212121212) Chilton Minerals, LTD (0.045454546) | 0.061875 | OPEN |
| | 1 | |

COMMENTS:

Nail Bay Royalties, LLC was appointed as agent for the above-mentioned parties (investors) per Loving County OPR Book 85 Page 478.

Please also note that Nail Bay Royalties executed a lease in favor of Peregrine Production in 2010 that has already expired under the provisions of its 3-year term. It should be verified that this lease has not been extended due to continuous development. OGI 92/214.

It should also be noted that in 1981 part of this scrap file being 69 acres was allocated to a Unit involving Section 5 Block 76. The state purports that the well in this unit is operated by Chevron.

McMillan, Michael, EMNRD

From: Michael Feldewert <MFeldewert@hollandhart.com>
Sent: Friday, May 16, 2014 12:00 PM
To: McMillan, Michael, EMNRD
Cc: Goetze, Phillip, EMNRD; Ezeanyim, Richard, EMNRD
Subject: EOG Endurance 36 State com 2H and Endurance 36 State 5H Lea Co

Michael: EOG informs me that (a) the dedicated acreage for the Endurance 36 State Com 2H well is the W2W2 of Sec. 25 (160.0 ac.) and NWNW & L-4 of Sec. 36 (76.12 ac) for a total of 236.12 acres, and (b) the dedicated acreage for the Endurance 36 State Com 5H is the E2W2 of Sec. 25 (160.0 ac.) and NENW & L-3 of Sec. 36 (75.96 ac.) for a total of 235.96 acres.

Let me know if you need any further information, and have a relaxing weekend.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Thursday, May 15, 2014 10:41 AM
To: Michael Feldewert
Cc: Goetze, Phillip, EMNRD; Ezeanyim, Richard, EMNRD
Subject: EOG Endurance 36 State com 2H and Endurance 36 State 5H Lea Co

Michael:

I received your application for the EOG Endurance 36 State com 2H and Endurance 36 State 5H Lea Co.

I need the following information:

I need the dedicated acreage-since it borders Texas, The S/2 of Section 36 is irregular –smaller than a standard unit(Lots). Make sure that the lots do not change the application into an NSP also.

Also, You notified Texas owners? If so, can you explain your reasoning-The OCD does not feel this is required, since OCD is only concerned with correlative rights in New Mexico.

Finally, will EOG develop the W/2 E/2 of 36? To ensure correlative rights.

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462

McMillan, Michael, EMNRD

From: Kautz, Paul, EMNRD
Sent: Thursday, May 15, 2014 11:11 AM
To: McMillan, Michael, EMNRD
Subject: RE: EOG Resources Endurance 36 State 2H and 5H API 30-025-41085 and 30-25-40258

Michael

Well Completions

[7280] BRADLEY;BONE SPRING

Status: New, Not Drilled

Paul

From: McMillan, Michael, EMNRD
Sent: Thursday, May 15, 2014 11:02 AM
To: Kautz, Paul, EMNRD
Subject: EOG Resources Endurance 36 State 2H and 5H API 30-025-41085 and 30-25-40258

Paul

Can you tell me which pool the EOG Resources Endurance 36 State 2H and 5H API 30-025-41085 and 30-25-40258 will be in ? Surface for both wells Sec. 36 26S33E. BHL: 25 26S33E.

Thank You

Michael A. McMillan

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