

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David Catanach, Division Director
Oil Conservation Division



January 13, 2015

EOG Resources Inc.
Attn: Mr. Michael Feldewert

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7222
Administrative Application Reference No. pMAM1436339398

EOG Resources Inc.
OGRID 7377
Dragon 36 State Well No. 702 H
API No. 30-025-42317

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|--------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 578 FNL & 2068 FEL | B | 36 | 24S | 33E | Lea |
| Penetration Point | 330 FNL & 2495 FEL | B | 36 | 24S | 33E | Lea |
| Terminus | 230 FSL & 2495 FEL | O | 36 | 24S | 33E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|----------------------|--------------|--------------------------------------|------------------|
| W2 E/2 of Section 36 | 160 | WC-025 G-09 S243336I; Upper Wolfcamp | 98092 |

Reference is made to your application received on December 23, 2014.

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 statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 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 closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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

January 13, 2015

Page 2

It is our understanding that you are seeking this location because it will allow for efficient well spacing and prevent the potential waste of a productive portion of the reservoir.

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 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on January 13, 2015



DAVID CATANACH

Director

DC/mam

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals