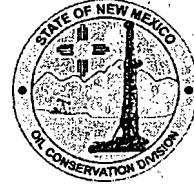


State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



September 12, 2016

EOG Resources, Inc.
Attn: Ms. Jordan Kessler, Esq.
Holland & Hart, LLP

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7420-A
Administrative Order NSP-2050

EOG Resources, Inc.
OGRID 7377
Hawk 26 Federal Well No. 709H
API No. 30-025-42402

Non-Standard Location

Proposed Location:

| | Footages | Unit | Sec. | Twsp | Range | County |
|-------------------|----------------------|------|------|------|-------|--------|
| Surface | 500' FSL & 715' FEL | P | 26 | 24S | 33E | Lea |
| Penetration Point | 10' FNL & 892' FEL | A | 35 | 24S | 33E | Lea |
| Final perforation | 1595' FSL & 892' FEL | I | 35 | 24S | 33E | Lea |
| Terminus | 1595' FSL & 892' FEL | I | 35 | 24S | 33E | Lea |

Proposed Project Area:

| Description | Acres | Pool | Pool Code |
|------------------------|-------|-----------------------------|-----------|
| E/2 NE/4 of Section 35 | 80 | Wildcat; Upper Wolfcamp Oil | 98092 |
| NE/4 SE/4 | 40 | | |

Reference is made to your application received on August 15, 2016.

Division administrative Order NSL-7420 issued on May 25, 2016, approved the unorthodox footage location of the penetration point for this well. It is our understanding that the well could not be drilled to the intended total depth and therefore applicant is seeking permission under this application for the unorthodox "as drilled" bottom hole location (terminus) and final perforation. Administrative Order NSL-7420 is superseded by this order only as far as the unorthodox locations of the bottom hole and final perforation.

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 also by Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. The proposed surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. The producing interval of this well is unorthodox because portions of the completed interval will be closer than is allowed to outside boundaries of the proposed project area.

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.

Pursuant to the authority conferred by Division Rule 19.15.15.13(B) NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Project Area

You have also requested approval of a 120-acre non-standard project area described above.


This project area is non-standard per Division Rule 19.15.16.7.M(4) NMAC; it includes three, standard spacing units within one section, but excludes the fourth spacing unit. It is our understanding that this was not intentional and notice has been provided to affected parties in the excluded spacing unit as required in 19.15.4.12.A.2(a) and in 19.15.16.15.E(3) NMAC and protests have not been received within the prescribed time period.

Your application has been duly filed under the provisions of Division Rule 19.15.16.15.E NMAC, and the above described non-standard project area is approved.

General Provisions

The above approvals are 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.


DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office