

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



August 22, 2017

EOG Resources, Inc.
Attn: Ms. Jordan L. Kessler

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7574

EOG Resources, Inc.
OGRID 7377
Dragon 36 State Well No. 707H
API No. 30-025-43715

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	235' FSL & 1380' FEL	O	36	24S	33E	Lea
Penetration Point	330' FSL & 1210' FEL	P	36	24S	33E	Lea
Final perforation	330' FNL & 1210' FEL	A	36	24S	33E	Lea
Terminus	230' FNL & 1210' FEL	A	36	24S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 of Section 10	160	WC-025 G-09 S243336I; Upper Wolfcamp	98092

Reference is made to your application received on August 1, 2017.

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 provide for 40-acre units with wells to be located at least 330 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This 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. 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.

It is our understanding that the Applicant is seeking this location as a preferred well spacing plan for horizontal wells and thereby preventing waste.

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

The above approvals are subject to your being in compliance with all other applicable Division rules.

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
State Land Office – Oil, Gas, and Minerals Division