

DATE IN 9.27.10	SUSPENSE	ENGINEER WJ.	LOGGED IN 9.27.10	TYPE DHC	PTG-W	APP NO. 1027049412
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 RECEIVED OCD - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



EOG Resources

2010 SEP 27 11:14

ADMINISTRATIVE APPLICATION CHECKLIST

Querecho Fed #2
 30-025-30485

4324

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.

Stan Wagner		Regulatory Analyst	9/24/10
Print or Type Name	Signature	Title	Date
		stan.wagner@eogresources.com	
		e-mail Address	

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
☒ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ____ No

APPLICATION FOR DOWNHOLE COMMINGLING

EOG Resources, Inc.

P.O. Box 2267 Midland, TX 79702

Operator
Querecho Federal #2

Address
N 28, T18S, R33E

Lea ☒

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 7377 Property Code 25575 API No. 30-025-30485 Lease Type: ☒ Federal ____ State ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Corbin, Bone Spring, South		Corbin, Wolfcamp, South
Pool Code	13160		13320
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8861' - 10159'		11216' - 11330'
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1000 psi		1200 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36.8		39.7
Producing, Shut-In or New Zone	Shut-in		Shut-in
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 10/2008 Rates: 2/5/49 O / G / W	Date: Rates:	Date: 4/2003 Rates: 3/10/2 O / G / W
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 40 % 30 %	Oil Gas % %	Oil Gas 60 % 70 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ____

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ____ No ____

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ____

Will commingling decrease the value of production? Yes ____ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ____

NMOCD Reference Case No. applicable to this well: DHC-4285

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Stan Wagner TITLE Regulatory Analyst DATE _____

TYPE OR PRINT NAME Stan Wagner TELEPHONE NO. (432) 686-3689

E-MAIL ADDRESS _____

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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 July 16, 2010
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30485		² Pool Code 13160		³ Pool Name Corbin, Bone Spring, South	
⁴ Property Code 25575		⁵ Property Name Querecho Federal			⁶ Well Number 2
⁷ OGRID No. 7377		⁸ Operator Name EOG Resources, Inc.			⁹ Elevation 3870' GR

¹⁰ Surface Location

UL or lot no. N	Section 28	Township 18S	Range 33E	Lot Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line West	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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.

<div style="text-align: center;"> <p>1980'</p> <p>660'</p> </div>	<p>¹⁷ OPERATOR 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 unleased 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.</p> <p><i>Stan Wagner</i> 9/24/10 Signature Date</p> <p>Stan Wagner Printed Name</p> <p>E-mail Address</p>			
	<p>¹⁸ SURVEYOR 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 and correct to the best of my belief.</p>			
	<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>			
	<p>Certificate Number</p>			

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OIL CONSERVATION DIVISION
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Form C-102
Revised July 16, 2010
Submit one copy to appropriate
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30485		² Pool Code 13320	³ Pool Name Corbin, Wolfcamp, South
⁴ Property Code 25575	⁵ Property Name Querecho Federal		⁶ Well Number 2
⁷ OGRID No. 7377	⁸ Operator Name EOG Resources, Inc.		⁹ Elevation 3870' GR

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UL or lot no. N	Section 28	Township 18S	Range 33E	Lot Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line West	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 80	¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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.

<div style="text-align: center;"> </div>	<p>¹⁷ OPERATOR 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 unleased 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.</p> <p style="text-align: right;"> Signature Date 9/24/10 </p> <p> Stan Wagner Printed Name </p> <p>E-mail Address</p>		
	<p>¹⁸ SURVEYOR 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 and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>		
	<p>Certificate Number</p>		



Querecho Federal No. 2

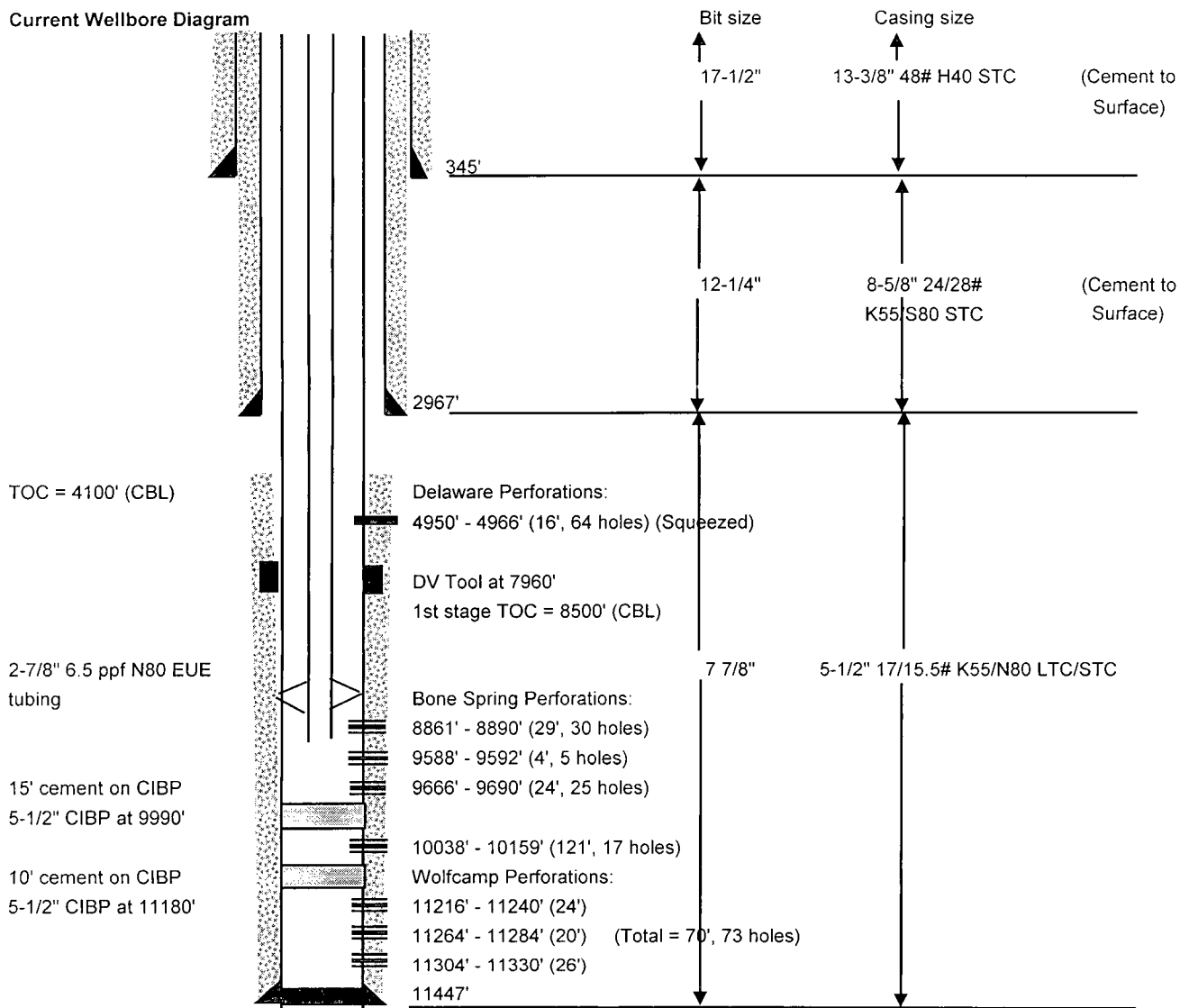
660' FNL & 1980' FWL

Section 28, T18S, R33E

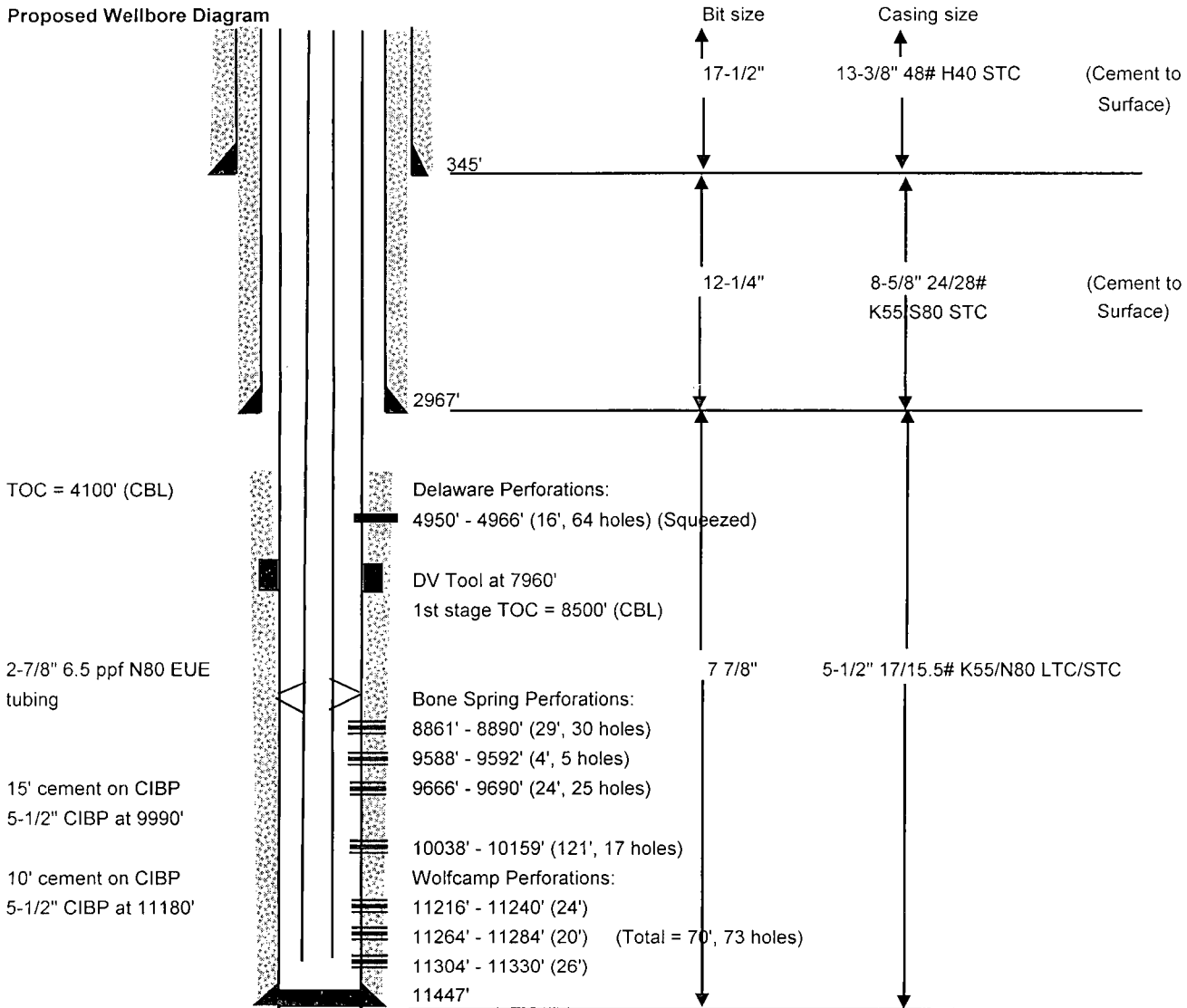
Lea County, New Mexico

API No: 30-025-30485

Current Wellbore Diagram



Proposed Wellbore Diagram



Brooks, David K., EMNRD

From: Stan_Wagner@eogresources.com
Sent: Wednesday, October 06, 2010 2:55 PM
To: Brooks, David K., EMNRD
Subject: Re: Querecho Federal #2 - DHC Application

Mr Brooks,

My understanding was that DHC - 4285 was for Querecho Well No 1. This application is for Querecho Well No. 2. The production percentages are based on production history from this well.

Stan Wagner
EOG Resources

▼ "Brooks, David K., EMNRD" ---10/06/2010 03:48:09 PM---Dear Mr. Wagner

From: "Brooks, David K., EMNRD" <david.brooks@state.nm.us>
To: <stan_wagner@eogresources.com>
Date: 10/06/2010 03:48 PM
Subject: Querecho Federal #2 - DHC Application

Dear Mr. Wagner

I have in hand the referenced application.

Commingling of these zones in this well was approved in the order you reference: DHC-4285. However, the allocation percentages were different.

Is the only purpose of this application to change the allocation percentages? How were the new allocation percentages arrived at?

Sincerely

David K. Brooks
Legal Examiner

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, October 06, 2010 2:48 PM
To: 'stan_wagner@eogresources.com'
Subject: Querecho Federal #2 - DHC Application

Dear Mr. Wagner

I have in hand the referenced application.

Commingling of these zones in this well was approved in the order you reference: DHC-4285. However, the allocation percentages were different.

Is the only purpose of this application to change the allocation percentages? How were the new allocation percentages arrived at?

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, October 06, 2010 2:54 PM
To: 'stan_wagner@eogresources.com'
Subject: Querecho Fed #2 - DHC Application

Dear Mr. Wagner

I realize that DHC-4285 related to a different well – the Querecho Fed. #1; so disregard that part of my previous email.

I still need to know, however, how the allocation formula requested in your present application was derived.

Sincerely

David K. Brooks
Legal Examiner