

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr, Hobbs, NM 88240
District II
1301 W Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Rd, Aztec, NM 87410
District IV
1220 S St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

| | |
|-----------------------------------------------------------------------------------------------------|--------------|
| WELL API NO. | 30-015-35114 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> | |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name Hayhurst 16 State | |
| 8. Well Number | 1 |
| 9. OGRID Number | 147179 |
| 10. Pool name or Wildcat Wildcat; Bone Spring | |

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Chesapeake Operating Inc.

3. Address of Operator
2010 Rankin Hwy
Midland, TX 79701

4. Well Location
Unit Letter P : 660 feet from the SOUTH line and 660 feet from the EAST line
Section 16 Township 25S Range 27E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3134 GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

9/13/07. RIH, CIBP set @ 10150 w/35' cmt on plug. RIH, perforate Wolfcamp Shale 9506-9767 @ 6 spf, 48 holes.
9/18/07. Frac Wolfcamp Shale w/5000 gals 15% Ne-Fe acid, flush w/143 bbls 30# linear gel.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Shay Stricklin TITLE Regulatory Tech. DATE 11/15/2007

Type or print name Shay Stricklin

E-mail address: sstricklin@chkenenergy.com Telephone No. (432)687-2992

For State Use Only

FOR RECORDS ONLY

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____



November 28, 2007

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
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 the Simultaneous Dedication of the S/2 of Section 32, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico to its proposed Salmon B 32 State Well No. 2H and the existing Salmon B 32 State Well No. 1H.

Dear Mr. Fesmire:

EOG Resources, Inc. is the operator of a standard 320-acre spacing unit in the Four Mile Draw Wolfcamp Gas Pool (**Pool Code 97415**) comprised of the S/2 of Section 32, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. This spacing unit is dedicated to EOG's Salmon B 32 State Well No. 1H which has been horizontally drilled and produces from the Wolfcamp formation.

EOG seeks administrative approval of the simultaneous dedication of this standard 320-acre gas spacing unit to the following two horizontal gas wells:

- A. the existing **SALMON B 32 STATE Well No. 1H (API No. 30-015-35862)** horizontally drilled from a surface location 1880 feet from the South line and 660 feet from the West line to a proposed end point or bottomhole location 1880 feet from the South line and 660 feet from the East line of said Section 32; and
- B. the proposed **SALMON B 32 STATE Well No. 2H (API No. 30-015-35912)** to be horizontally drilled from a surface location 760 feet from the South line and 660 feet from the West line to a proposed end point or bottomhole location 760 feet from the South line and 660 feet from the East line of said Section 32.



Both the penetration point and the bottomhole location for the Salmon B 32 State Well No. 1H are at a standard location in the Wolfcamp formation pursuant to Division Rules 104.C (2) (a) and 111.A (7). EOG now intends to horizontally drill and complete its proposed Salmon B 32 State Well No. 2H to be drilled to the targeted subsurface end-point or bottomhole location 760 feet from the South line and 660 feet from the East line (Unit P) of Section 32. EOG proposes to drill this well in compliance with the set-back requirements of Division Rules 104.C(2)(b) and 111.A(7) for deep gas wells in southeast New Mexico.


Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

Exhibit B is a map of offset operators around the spacing unit in Section 32. **Exhibit C** is a list of affected parties as defined by Division Rules. As required by Rule 1210, a copy of this application (with attachments) has been sent to those affected parties in accordance with Rule 1207(A)(5) and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

The simultaneous dedication of the S/2 of said Section 32 to the Salmon B 32 Well Nos. 1H and 2H will afford EOG the opportunity to efficiently produce the Wolfcamp formation under this spacing unit. EOG's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,


Ocean Munds-Dry
Attorney for EOG Resources, Inc.

Enclosures

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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 October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|------------------------------------|---------------------------------------------|--------------------------------------------------|
| API Number 30-015- 35912 | Pool Code 97415 | Pool Name FOUR MILE DRAW; WOLFCAMP (G) |
| Property Code 36784 | Property Name SALMON "B" 32 STATE | Well Number 2H |
| OCRID No. 7377 | Operator Name EOG RESOURCES, INC. | Elevation 4011' |

Surface Location

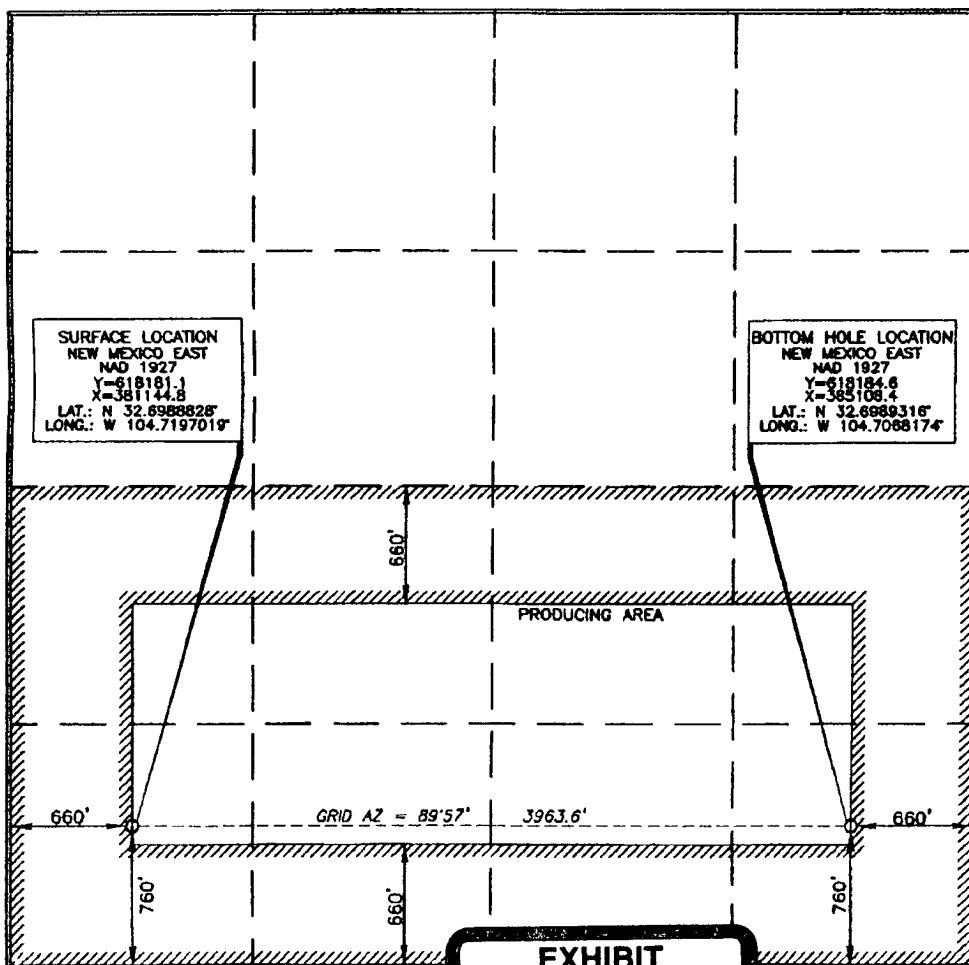
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| M | 32 | 18 SOUTH | 23 EAST, N.M.P.M. | | 760' | SOUTH | 660' | WEST | EDDY |

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 |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| P | 32 | 18 SOUTH | 23 EAST, N.M.P.M. | | 760' | SOUTH | 660' | EAST | EDDY |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320 | | | |

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.



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.

Donny G. Glanton 11/2/2007
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

Jerry D. [Signature] 10-22-2007
Date of Survey

Signature and Seal of Professional Surveyor

Jerry D. [Signature] 10-22-2007
Certificate Number 15079

WOF 071017ML-d (KA)

EXHIBIT

A

District I
1625 N. French Dr., Hobbs, NM 88240
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1301 W. Grand Avenue, Artesia, NM 88210
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1000 Rio Brazos Rd., Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505

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 October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---------------------------------------------|--------------------------------------------------|
| API Number 30-015-35862 | Pool Code 97415 | Pool Name Four Mile Draw; Wolfcamp (G) |
| Property Code 36784 | Property Name SALMON "B" 32 STATE | Well Number 1H |
| OGRID No. 7377 | Operator Name EOG RESOURCES, INC. | Elevation 4018' |

Surface Location

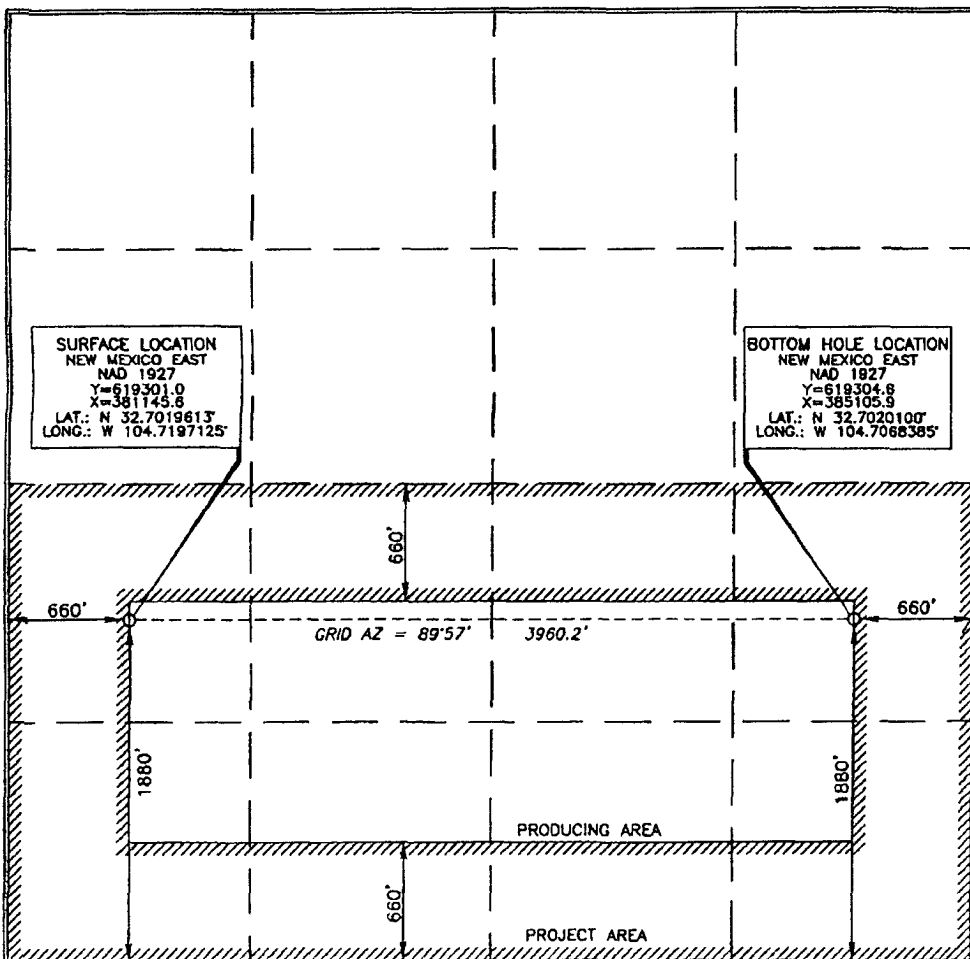
| | | | | | | | | | |
|---------------------------|----------------------|-----------------------------|-----------------------------------|---------|-------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|
| UL or lot no. L | Section 32 | Township 18 SOUTH | Range 23 EAST, N.M.P.M. | Lot Idn | Feet from the 1880' | North/South line SOUTH | Feet from the 660' | East/West line WEST | County EDDY |
|---------------------------|----------------------|-----------------------------|-----------------------------------|---------|-------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|

Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------------------|----------------------|-----------------------------|-----------------------------------|---------|-------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|
| UL or lot no. I | Section 32 | Township 18 SOUTH | Range 23 EAST, N.M.P.M. | Lot Idn | Feet from the 1880' | North/South line SOUTH | Feet from the 660' | East/West line EAST | County EDDY |
|---------------------------|----------------------|-----------------------------|-----------------------------------|---------|-------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|

| | | | |
|-------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 320 | Joint or Infill | Consolidation Code | 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.



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.

Donny G. Glanton 11/12/2007
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of a duly surveyed and approved by me or under my supervision, and that the same is true and correct to the best of my belief.

Terry J. Gault 10-19-2007
Date of Survey
Certificate Number 15079

Terry J. Gault
Signature and Seal of Professional Surveyor

Terry J. Gault 10-19-2007
Certificate Number 15079

WO# 071017WL-c (XA)

OFFSETS IN SECTION 32

| | | | | | |
|-----------------------|---|-------------------|---|---|-------------------|
| | | | | | |
| | D | C | B | A | |
| | | EOG | | | |
| Mack (31) | E | F | G | H | EOG (33) |
| Energy | L | K (22) | J | I | |
| | | salmon B 32 State | | | |
| | M | N | O | P | ED RAY |
| Bold (4) Energy | | Parallel (5) | | | GATES (4) |



Exhibit C

**Application of EOG Resources, Inc.
Simultaneous Dedication of
S/2 of Section 32, Township 18 South, Range 23 East, NMPM
Eddy County, New Mexico**

LCX Energy, LLC
101 N. Marenfeld Suite 200
Midland, Texas 79701

Mack Energy Corporation
Post Office Box 960
Artesia, New Mexico 88211-0960

Bold Energy
415 W. Wall Suite 500
Midland, TX 79701

Parallel Petroleum Corporation
Post Office Box 10587
Midland, TX 79702

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

C.D. Ray
303 Veterans Airpark Lane
Midland, TX 79705

HOLLAND & HART^{LLP}



**Ocean Munds-Dry
Associate**

omundsdry@hollandhart.com

November 28, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of EOG Resources, Inc., for simultaneous dedication,
Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the simultaneous dedication of the proposed Salmon B 32 State Well No. 2H and the existing Salmon B 32 State Well No. 1H to the S/2 of Section 32, Township 18 South, Range 23 East, NMPM, Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

ATTORNEY FOR EOG RESOURCES, INC.

Enclosures

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. ♻

| | | | | | |
|---------|----------|----------|-----------|------|--------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | 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



NOV 30 2007
 OCD-ARTESIA

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.

Ocean Munds Dry
 Print or Type Name

Ocean Munds Dry
 Signature

Attorney
 Title

11-28-07
 Date

omundsdry@hoilandhart.com
 e-mail Address

RECEIVED
 2007 NOV 28 AM 10 12