

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

APPLICATION OF ENDURING RESOURCES, LLC FOR (1) THE CREATION OF THE GREATER LYBROOK UNIT, EFFECTIVE OCTOBER 1, 2021; (2) TO AMEND ORDER NO. R-14051 TO FREEZE THE EXISTING WEST LYBROOK UNIT, EFFECTIVE OCTOBER 1, 2021; (3) TO AMEND ORDER NO. R-14084 TO FREEZE THE EXISTING KIMBETO WASH UNIT, EFFECTIVE OCTOBER 1, 2021; (4) TO EXPAND THE WEST LYBROOK; MANCOS POOL TO INCLUDE THE PROPOSED GREATER LYBROOK UNIT AND KIMBETO WASH UNIT AREAS; AND (5) TO CONTRACT THE BASIN MANCOS GAS POOL OUTSIDE THE PROPOSED GREATER LYBROOK UNIT AND KIMBETO WASH UNIT AREAS, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

Enduring Resources, LLC, (“Enduring”) (OGRID No. 372286) through its undersigned attorneys, files this application with the Oil Conservation Division for an order (1) seeking the creation of the proposed Greater Lybrook Unit, effective October 1, 2021; (2) amending Order No. R-14051 to freeze the existing West Lybrook Unit to existing wells and production, effective October 1, 2021; (3) amending Order No. R-14084 to freeze the existing Kimbeto Wash Unit to existing wells and production, effective October 1, 2021; (4) expanding the West Lybrook; Mancos Pool to include the proposed Greater Lybrook Unit area and the existing Kimbeto Wash Unit area; and (5) contracting the Basin Mancos Gas Pool outside the boundaries of the proposed Greater Lybrook Unit area and the existing Kimbeto Wash Unit area. In support of its application, Enduring states:

1. On September 8, 2015, the Division issued Order No. R-14051 in Case No. 15356 approving formation of the West Lybrook Unit consisting of 12,807.24 acres, more or less, of Federal and Allotted Indian lands in San Juan County, New Mexico. As approved, the West Lybrook Unit comprises the following-described acreage in San Juan County:

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM

Section 6:	S/2 S/2
Sections 7 and 8:	All
Sections 17 through 19:	All

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 11:	SW/4 and E/2
Sections 12 through 15:	All
Section 21:	E/2
Sections 22 through 27:	All
Section 28:	E/2
Sections 33 through 35:	All

2. Enduring is the successor-in-interest to WPX Energy Production, LLC and successor operator of the West Lybrook Unit under the terms of the West Lybrook Unit Agreement.

3. The West Lybrook Unit's Unitized Interval is currently defined as the top of the Mancos formation at a measured depth of 3,820 feet down to the stratigraphic equivalent at a depth of 5,071 feet as encountered in the log run on the Federal Davis Oil Company Chaco Well No. 6 (API No. 30-045-05082) located in Section 12, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico. *See* Order No. R-14051, at Ordering ¶ 4.

4. Order No. R-14051 also created a new pool for horizontal wells drilled within the West Lybrook Unit's Unitized Interval known as the West Lybrook Unit Mancos Pool. *See* Order No. R-14051, at Ordering ¶ 7. The vertical limits of the West Lybrook Unit Mancos Pool comprise the entire Mancos formation as defined at a depth of 3,820 feet down to the base of the Greenhorn Limestone formation at a measured depth of 5,593 feet as encountered in the log run on the Federal Davis Oil Company Chaco Well No. 6. *See* Order No. R-14051, at Ordering ¶ 8. The horizontal

boundaries of the West Lybrook Unit Mancos Pool coincide with the boundaries of the West Lybrook Unit, as described in Paragraph 1, above. See Order No. R-14051, at Ordering ¶ 9.

5. Order No. R-14051 expressly provides that “The Division may expand or contract the horizontal boundaries of the West Lybrook Unit Mancos Pool if the boundaries of the Unit are altered.” See Order No. R-14501, Ordering ¶ 10.

6. Separately, on November 30, 2015, the Division issued Order No. R-14084 in Case No. 15375 approving formation of the Kimbeto Wash Unit, consisting of 5,279.20 acres, more or less, of Federal and Indian Allotted lands in San Juan County, New Mexico. As approved, the Kimbeto Wash Unit comprises the following-described acreage in San Juan County:

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Sections 17 through 20:	All
Section 21:	W/2
Section 28:	W/2
Sections 29 and 30:	All
Section 31	NE/4
Section 32:	All

7. The Kimbeto Wash Unit is contiguous with the western boundary of the West Lybrook Unit.

8. The Unitized Interval of the Kimbeto Wash Unit includes all oil and gas from the top of the Mancos formation at a measured depth of 2,873 feet down to the stratigraphic equivalent at a depth of 4,680 feet as encountered in the BCO, Inc. Federal E Well No. 1 (API 30-045w20949) located in Section 17, Township 22 North, Range 9 West, NMPM, San Juan County, New Mexico. See Order No. R-14084, Ordering ¶ 3.

9. Horizontal wells drilled within the Kimbeto Wash Unit are to be dedicated to the Basin Mancos Gas Pool. See Order No. R-14084, Ordering ¶ 4. However, Order No. R-14084 expressly provides that “if a new pool for Mancos development is formed that encompasses the

Kimбето Wash Unit, the Basin Mancos Gas Pool will be contracted, and the wells in the Kimбето Wash Unit shall be incorporated into the new Mancos pool.” *See id.*

10. To most efficiently and effectively develop and operate the acreage encompassing both units, Enduring proposes to freeze the existing West Lybrook Unit and Kimбето Wash Unit to existing wells and production and to create a new unit, the Greater Lybrook Unit, the exterior boundaries of which will overlap the acreage currently comprising the existing West Lybrook Unit and Kimбето Wash Unit. All existing and producing wells committed to the existing West Lybrook Unit and Kimбето Wash Unit will remain committed to their respective units; however, horizontal and multi-lateral wells drilled within the Unit Area after the effective date of October 1, 2021, will be committed to the Greater Lybrook Unit. To the extent that Order Nos. R-14501 and R-14084 require amendment to accomplish this purpose, Enduring requests that each order be so amended.

11. A copy of the proposed Greater Lybrook Unit Agreement is attached hereto as **Exhibit 1**.

12. The proposed Greater Lybrook Unit will consist of approximately 18,086.44 acres, more or less, as follows:

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM

Section 6:	S/2 S/2
Sections 7 and 8:	All
Sections 17 through 19:	All

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 11:	SW/4 and E/2
Sections 12 through 15:	All
Sections 17 through 30:	All
Section 31	NE/4
Sections 32 through 35:	All

13. To effectuate its request, Enduring seeks an order creating its proposed Greater Lybrook Unit, and expanding the West Lybrook Unit Mancos Pool, as contemplated by Order No.

R-14051, to coincide with the proposed Greater Lybrook Unit area and the existing Kimbeto Wash Unit area.

14. Under the proposed Greater Lybrook Unit Agreement, the Unitized Interval will be defined as all oil and gas in the interval from the stratigraphic equivalent of the top of the Mancos Shale found at a measured depth of 3,933 feet beneath the surface down to the stratigraphic equivalent of a depth of 5,226 feet as encountered in the WPX Energy Nageezi Federal #1 well in Section 19, Township 23 North, Range 8 West, N.M.P.M. (API #30-045-26303). See Exhibit C Type Log, attached to Exhibit 1. The proposed Greater Lybrook Unit Agreement will apply only to horizontal and multi-lateral wells drilled after the effective date of October 1, 2021, and all existing vertical wells and horizontal wells drilled prior to October 1, 2021, within the Unit Area are excluded, and are listed on Exhibit D to the Unit Agreement.

15. Concurrently, Enduring seeks an order approving contraction of the Basin Mancos Gas Pool outside the exterior boundaries of the proposed Greater Lybrook Unit area and the existing Kimbeto Wash Unit area, as contemplated by the Division in Order No. R-14084.

16. Enduring owns approximately 96.6110% of the working interest in the proposed Unit Area and anticipates obtaining the voluntary agreement of the remaining working interest owners in the Unit Area. Enduring anticipates that the remaining working interest owners in each unit will ratify amendments to freeze the West Lybrook Unit and Kimbeto Wash Unit agreements to apply only to existing wells and production, effective as of October 1, 2021.

17. Enduring expects to receive preliminary approval of the Greater Lybrook Unit from the Bureau of Land Management and the Federal Indian Minerals Office.

18. Approval of the proposed Greater Lybrook Unit, contraction of the Basin Mancos Gas Pool, expansion of the West Lybrook Unit Mancos Pool, and freezing the West Lybrook Unit

and Kimbeto Wash Unit to existing wells and production, effective October 1, 2021, are in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

19. Notice of this Application will be provided to the Bureau of Land Management, the Federal Indian Minerals Office, and Indian Allottees.

20. Enduring will also cause notice of this application to be published in a local newspaper of general circulation in San Juan County, New Mexico.

WHEREFORE, Enduring Resources, LLC requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 3, 2022, and that after notice and hearing as required by law, the Division enter its order granting this Application, and such additional relief as the Division deems justified.

Respectfully submitted,

HOLLAND & HART LLP

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