

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

**APPLICATION OF DJR  
OPERATING, LLC TO AMEND  
ORDER NO. R-828-A  
AFFECTING THE CARSON  
UNIT, SAN JUAN COUNTY,  
NEW MEXICO.**

**CASE NO. 23282**

**APPLICANT'S PREHEARING STATEMENT**

DJR Operating, LLC, ("DJR") (OGRID No. 371838) submits this Prehearing Statement pursuant to the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

DJR Operating, LLC

**ATTORNEY**

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Paula M. Vance  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile

**OTHER PARTIES**

**ATTORNEY**

**APPLICANT'S STATEMENT OF CASE**

DJR Operating, LLC seeks an order to amend Order No. R-828-A to (1) approve the terms of the amendment to the Carson Unit Agreement; (2) expand the geographic area of the Carson Unit; and (3) and modify the Unitized Interval.

On June 22, 1956, the Oil Conservation Commission issued Order No. R-828 in Case No. 1085 approving formation of the Carson Unit comprising 23,045 acres, more or less, within San Juan County, New Mexico. On September 13, 1956, the Commission issued Order No. R-828-A amending the Carson Unit Area down to 15,366 acres, more or less. Effective December 1, 1961, the Carson Unit Area was contracted to approximately 7,084.13 acres, more or less, of Federal and Allotted Indian lands (the "Contracted Carson Unit"). DJR is the successor operator of the Carson Unit under the terms of the Carson Unit Agreement.

On October 26, 2022, DJR received approval from U.S. Bureau of Land Management and the Federal Indian Minerals Office to expand the Contracted Carson Unit, effective July 1, 2022, to include an additional 16,148.84 acres consisting of Federal, Indian Allotted and State Trust lands, more specifically described as follows ("Carson Expansion Lands"):

**TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPPM**

|            |  |
|------------|--|
| Section 5  | W/2                                    |
| Section 6  | All                                    |
| Section 7  | Lots 1, 2, E/2 NW/4, NE/4,<br>N/2 SE/4 |
| Section 8  | All                                    |
| Section 9  | W/2                                    |
| Section 16 | All                                    |
| Section 21 | N/2                                    |

**TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPPM**

|                        |                                   |
|------------------------|-----------------------------------|
| Section 1              | All                               |
| Section 3              | SW/4                              |
| Sections 4 through 9   | All                               |
| Section 10             | NW/4, W/2 SW/4                    |
| Section 11             | NE/4 NW/4, N/2 NE/4, SE/4<br>NE/4 |
| Section 12             | N/2, N/2 SE/4                     |
| Section 15             | W/2 NW/4                          |
| Sections 16 through 18 | All                               |
| Section 19             | N/2                               |
| Sections 20 through 21 | All                               |

|            |                                  |
|------------|----------------------------------|
| Section 22 | W/2, N/2 NE/4, S/2 NE/4,<br>SE/4 |
| Section 23 | SW/4 NW/4, SW/4, SW/4<br>SE/4    |
| Section 25 | S/2 N/2, S/2                     |
| Section 26 | N/2, SE/4                        |
| Section 27 | N/2                              |
| Section 28 | N/2                              |
| Section 29 | N/2                              |
| Section 35 | NE/4, NE/4 SE/4                  |
| Section 36 | All                              |

**TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM**

|            |                            |
|------------|----------------------------|
| Section 31 | Lot 4, SE/4 SW/4, S/2 SE/4 |
| Section 32 | S/2 SW/4                   |

The total acreage within the Carson Unit Area after expansion includes the Contracted Carson Unit lands (7.084.13 acres) and the lands encompassed by the Carson Expansion Lands (16,148.84 acres), and will total 23,232.97 acres, more or less (the “Carson Expanded Unit Area”). DJR seeks to amend Order No. R-828-A to revise the lands covered by said Order to encompass Federal, Indian Allotted, and State Trust lands comprising the Carson Expanded Unit Area 23,232.97 acres, more or less.

In addition, DJR seeks to amend Order No. R-828-A to modify the Unitized Interval within the Carson Expanded Unit Area to interval approved by U.S. Bureau of Land Management and Federal Indian Minerals Office, being the Mancos formation, defined as being that interval located from below the stratigraphic equivalent of the top of the Mancos Shale (base of Mesaverde Group) identified at 3,736 feet measured depth to the stratigraphic equivalent of the base of the Mancos Shale (base of Greenhorn Limestone) identified at 5,526 feet measured depth as shown in the Central Bisti SWD 161 well (API# 30-045-31606) located in Township 25 North, Range 12 West, Section 16, San Juan County, New Mexico.

DJR controls operations over committed tracts covering 92% of the to the Carson Expanded Unit Area, which ensures effective control of unit operations following the expansion.

Approval of this Application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

**APPLICANT’S PROPOSED EVIDENCE**

| <b>WITNESS<br/>Name and Expertise</b> | <b>ESTIMATED TIME</b> | <b>EXHIBITS</b> |
|---------------------------------------|-----------------------|-----------------|
| Mona Binion – Landman                 | Affidavit             | Approx. 6       |
| Jack Rosenthal – Geologist            | Affidavit             | Approx. 5       |

**PROCEDURAL MATTERS**

DJR intends to present this case by affidavit if there is no opposition at the time of hearing.

Respectfully submitted,

**HOLLAND & HART LLP**



By: \_\_\_\_\_

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Paula M. Vance  
Post Office Box 2208  
Santa Fe, NM 87504  
505-998-4421  
Facsimile 505-983-6043  
mfeldewert@hollandhart.com  
agrarkin@hollandhart.com  
jbroggi@hollandhart.com  
pmvance@hollandhart.com

**ATTORNEYS FOR DJR OPERATING, LLC**

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**  
 811 S. First St., Artesia, NM 88210  
 Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

QUESTIONS

Action 171125

**QUESTIONS**

|   |  |
|---|--|
| Operator:<br>DJR OPERATING, LLC<br>1 Road 3263<br>Aztec, NM 87410 | OGRID:<br>371838   |
|   | Action Number:<br>171125                                 |
|   | Action Type:<br>[HEAR] Prehearing Statement (PREHEARING) |

**QUESTIONS**

|  |                      |
|--|----------------------|
| <b>Testimony</b>   |                      |
| <i>Please assist us by provide the following information about your testimony.</i> |                      |
| Number of witnesses  | <i>Not answered.</i> |
| Testimony time (in minutes)  | <i>Not answered.</i> |