

Approved

NSL

Order

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne E. Sandoval, Director
Oil Conservation Division



April 12, 2021

Ms. Kaitlyn A. Luck
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NON-STANDARD LOCATION

Administrative Order NSL-8159

**DJR Operating, LLC [OGRID 371838]
Venado Canyon Unit Well No. 302H
API No. 30-043-PENDING**

Proposed Location

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2209 FNL & 745 FEL	H	14	22N	06W	Sandoval
First Take Point	2105 FNL & 406 FEL	H	14	22N	06W	Sandoval
Last Take Point	1941 FNL & 406 FEL	H	24	21S	06W	Sandoval
Terminus	1941 FNL & 365 FEL	H	24	21S	06W	Sandoval

Proposed Horizontal Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SE/4 NE/4 & NE/4 SE/4 of Section 14	480	Lybrook Gallup	42289
SW/4 NW/4 & SW/4 & SW/4 SE/4 of Section 13			
NE/4 of Section 24			

Reference is made to your application received on March 16, 2021.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal well's completed interval penetrates, each of which consists of a governmental quarter - quarter section or equivalent.

This well's completed interval is as close as 213 feet to the southwestern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 24, encroachment to the NE/4 NW/4

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

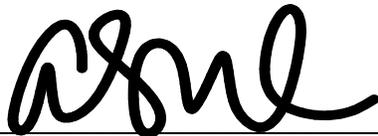
Division understands you are seeking this unorthodox location as an abundance of caution due to an OCD referenced, "partially committed tract" of the area of encroachment. Therefore, preventing waste within the Gallup formation underlying SE/4 NE/4 & NE/4 SE/4 of Section 14, SW/4 NW/4 & SW/4 & SW/4 SE/4 of Section 13 and NE/4 Section 24.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



ADRIENNE E. SANDOVAL
Division Director

AES/lrl

cc: Oil Conservation Division – Aztec District Office
Bureau of Land Management – Farmington Field Office