

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

APPLICATION OF DJR OPERATING, LLC FOR (1) THE CREATION OF THE WHITE CROW UNIT, EFFECTIVE MAY 1, 2026; (2) TO AMEND ORDER NO. R-13931, AS AMENDED, TO FREEZE THE EXISTING BLANCO WASH UNIT, EFFECTIVE MAY 1, 2026; (3) TO AMEND ORDER NO. R-14090, AS AMENDED, TO FREEZE THE EXISTING CROW CANYON UNIT, EFFECTIVE MAY 1, 2026; (4) TO EXPAND THE BLANCO WASH MANCOS (OIL) POOL TO INCLUDE THE PROPOSED WHITE CROW UNIT AND CROW CANYON UNIT AREAS; AND (5) TO CONTRACT THE CROW CANYON UNIT; MANCOS POOL OUTSIDE THE PROPOSED WHITE CROW UNIT AND CROW CANYON UNIT AREAS, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 26185

DJR’S PREHEARING STATEMENT

DJR Operating, LLC, (“DJR” or “Applicant”) submits this Prehearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

DJR Operating, LLC
 (“DJR”)

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OTHER PARTIES

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APPLICANT’S STATEMENT OF CASE

In **Case No. 26185**, DJR seeks an order (1) creating the proposed White Crow Unit, effective May 1, 2026; (2) amending Order No. R-13931, as amended, to freeze the existing Blanco Wash Unit to existing wells and production, effective May 1, 2026; (3) amending Order No. R-14090, as amended, to freeze the existing Crow Canyon Unit to existing wells and production, effective May 1, 2026; (4) expanding the Blanco Wash Mancos (Oil) Pool to include the proposed White Crow Unit area and the existing Canyon Crow Unit area; and (5) contracting the Crow Canyon Unit; Mancos Pool outside the boundaries of the proposed White Crow Unit area.

Order No. R-13931 in Case No. 15212 approved formation of the Blanco Wash Unit, and Order No. R-13931-A in Case No. 15335 expanded the Unit to its current formation. The unit area is currently comprised of 13,128.47-acres, more or less, of Federal, Indian Allotted, State, and fee lands in San Juan County, New Mexico. As approved, the Blanco Wash Unit comprises the following-described acreage in San Juan County:

Township 24 North, Range 8 West

- Section 6: Lots 1-7, S/2 NE/4, SE/4 NW/4, E/2 SW/4, SE/4 (All)
- Section 7: Lots 1-4, E/2 W/2, E/2 (All)
- Section 18: Lots 1-4, E/2 W/2, E/2 (All)
- Section 19: Lots 1-4, E/2 W/2, E/2 (All)

Township 24 North, Range 9 West

- Section 1: Lots 1-4, S/2 N/2, S/2 (All)
- Section 2: Lots 1-2, S/2 NE/4, SE/4 (E/2)
- Section 4: Lots 3-4, S/2 NW/4, SW/4 (W/2)
- Section 5: Lots 1-4, S/2 N/2, S/2 (All)
- Sections 8-17: All
- Section 20: All
- Section 21: N/2
- Section 22: N/2
- Section 23: N/2
- Section 24: All

DJR is the successor-in-interest to Encana Oil and Gas (USA) Inc. and successor operator of the Blanco Wash Unit under the terms of the Blanco Wash Unit Agreement.

Order No. R-13931 also created a new pool for horizontal wells “of at least 1,000 feet lateral length drilled and completed in the Mancos formation within the Unit Area after the effective date” known as the Blanco Wash Mancos (Oil) Pool (Pool Code 98173). *See* Order No. R-13931, at Ordering ¶ 4, and Order No. R-13931-A, at Ordering ¶ 10. The vertical limits of the Blanco Wash Manco (Oil) Pool extend from the base of the Mesaverde Group to the base of the Greenhorn formation or top of the Graneros formation. *See* Order No. R-13931-A, at Ordering ¶ 10. The horizontal boundaries of the Blanco Wash Manco (Oil) Pool coincide with the boundaries of the Blanco Wash Unit. *See* Order No. R-13931-A, at Ordering ¶ 1. Order No. R-13931-A expressly provides that “[T]he Division may expand or contract the Pool without notice or hearing if the boundaries of the Unit are altered.” *See* Order No. R-13931-A, at Ordering ¶ 10.

Separately, Order No. R-14090 in Case No. 15369 approved formation of the Crow Canyon Unit Division, and Order No. R-14090-A in Case No. 15369¹ expanded the Unit to its current formation. The unit area is currently comprised of 13,604.06-acres, more or less, of Federal, Indian Allotted, and State lands in San Juan County, New Mexico. As approved, the Crow Canyon Unit comprises the following-described acreage in San Juan County:

Township 24 North, Range 8 West

Section 3:	Lots 1-4, S/2 N/2, S/2 (All)
Section 4:	Lots 5-12, S/2 (All)
Section 5:	Lots 1-4, S/2 N/2, S/2 (All)
Section 8:	All
Section 9:	All
Section 10:	All
Section 15:	N/2
Section 16:	All
Section 17:	All
Section 20:	All

¹ The Division case files reflects the same case number for both the original case and amendment case.

Section 21: All
 Section 27: S/2
 Section 28: All
 Section 29: All
 Section 30: Lots 1-4, W/2, E/2, E/2 (All)
 Section 34: NE/4

Township 25 North, Range 8 West

Section 25: Lots 1-8, S/2 (All)
 Section 26: All
 Section 32: All
 Section 33: All
 Section 34: All
 Section 35: All
 Section 36: All

The Crow Canyon Unit is contiguous with the eastern boundary of the Blanco Wash Unit. DJR is the successor-in-interest to Encana Oil and Gas (USA) Inc. and successor operator of the Crow Canyon Unit under the terms of the Crow Canyon Unit Agreement.

Order No. R-14090 also created a new pool for horizontal wells “of at least 1,000 feet lateral length drilled and completed in the Mancos formation within the Unit Area after the effective date” known as the Crow Canyon Unit; Mancos Pool (Pool Code 98194). *See* Order No. R-14090, at Ordering ¶ 9, and Order No. R-14090-A, at Ordering ¶ 10. The vertical limits of the Crow Canyon Unit; Mancos Pool extend from the base of the Mesaverde Group to the base of the Greenhorn formation or top of the Graneros formation. *See* Order No. R-14090-A, at Ordering ¶ 10. The horizontal boundaries of the Crow Canyon Unit; Mancos Pool coincide with the boundaries of the Crow Canyon Unit. *See* Order No. R-14090-A, at Ordering ¶ 1. Order No. R-14090-A expressly provides that “[T]he Division may expand or contract the Pool without notice or hearing if the boundaries of the Unit are altered.” *See* Order No. R-14090, at Ordering ¶ 9, and Order No. R-14090-A, at Ordering ¶ 10.

To most efficiently and effectively develop and operate the acreage encompassing both units, DJR proposes to freeze the existing Blanco Wash Unit and Crow Canyon Unit to existing wells and production and to create a new unit, the White Crow Unit, the exterior boundaries of which will overlap the acreage currently comprising the existing Blanco Wash Unit and Crow Canyon Unit. All existing and producing wells committed to the existing Blanco Wash Unit and Crow Canyon Unit will remain committed to their respective units; however, horizontal and multi-lateral wells drilled within the Unit Area after the effective date of May 1, 2026, will be committed to the White Crow Unit. To the extent that Order Nos. R-13931, as amended, and R-14090, as amended, require amendment to accomplish this purpose, DJR requests that each order be so amended.

The proposed White Crow Unit will consist of approximately 27,612.53-acres, more or less, as follows:

Township 25 North, Range 8 West

Section 25:	Lots 1-8, S/2 (All)
Section 26:	All
Section 27:	All
Section 28:	All
Section 32:	NW/4, S/2 NE/4, N/2 S/2, S/2 SE/4
Section 33:	All
Section 34:	All
Section 35:	All
Section 36:	N/2, SE/4, SE/4 SW/4

Township 24 North, Range 8 West

Section 3:	Lots 1-4, S/2 N/2, S/2 (All)
Section 4:	Lots 5-12, S/2 (All)
Section 5:	Lots 1-4, S/2 N/2, S/2 (All)
Section 6:	Lots 1-7, S/2 NE/4, SE/4 NW/4, E/2 SW/4, SE/4 (All)
Section 7:	Lots 1-4, E/2 W/2, E/2 (All)
Section 8:	All
Section 9:	All
Section 10:	All
Section 15:	N/2
Section 16:	All

Section 17: All
 Section 18: Lots 1-4, E/2 W/2, E/2 (All)
 Section 19: Lots 1-4, E/2 W/2, E/2 (All)
 Section 20: All
 Section 21: All
 Section 27: S/2
 Section 28: All
 Section 29: All
 Section 30: Lots 1-4, E/2 W/2, E/2 (All)
 Section 34: NE/4

Township 24 North, Range 9 West

Section 1: Lots 1-4, S/2 N/2, S/2 (All)
 Section 2: Lots 1-2, S/2 NE/4, SE/4 (E/2)
 Section 4: Lots 3-4, S/2 NW/4, SW/4 (W/2)
 Section 5: Lots 1-4, S/2 N/2, S/2 (All)
 Sections 8-17: All
 Section 20: All
 Section 21: N/2
 Section 22: N/2
 Section 23: N/2
 Section 24: All

To effectuate its request, DJR seeks an order creating its proposed White Crow Unit and expanding the Blanco Wash Mancos (Oil) Pool, as contemplated by Order No. R-13931-A, to coincide with the proposed White Crow Unit area and the existing Crow Canyon Unit area. Concurrently, DJR seeks an order approving contraction of the Crow Canyon Unit; Mancos Pool outside the exterior boundaries of the proposed White Crow Unit area and the existing Canyon Crow Unit area, as contemplated by the Division in Order Nos. R-14084 and R-14084-A.

Under the proposed White Crow Unit Agreement, the Unitized Interval will be the same as the original unitized interval for both the Blanco Wash Unit and Crow Canyon Unit, which is defined as all oil and gas in the interval from 100 feet below the stratigraphic equivalent of the top of the Mancos Shale (base of the Mesa Verde Group) at a true vertical depth of approximately 4,440 feet, down to the stratigraphic equivalent of the base of the Greenhorn Limestone, as defined at a true vertical depth of approximately 6,152 feet, as shown on the log run on March 22, 2012,

on the Escrito P16 2409 Well No. 1H (API No. 30-045-35313) located in Section 16, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico. See Exhibit C Type Log, attached to **Exhibit 1 of the Filed Application**. The proposed White Crow Unit Agreement will apply only to horizontal and multi-lateral wells drilled after the effective date of May 1, 2026, and all existing vertical wells and horizontal wells drilled prior to May 1, 2026, within the Unit Area are excluded.

DJR owns approximately 60.73% 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. DJR anticipates that the remaining working interest owners in each unit will ratify amendments to freeze the Blanco Wash Unit and Canyon Crow Unit agreements to apply only to existing wells and production, effective as of May 1, 2026.

DJR expects to receive preliminary approval of the White Crow Unit from the Bureau of Land Management and the Federal Indian Minerals Office.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Travis Whitham – Landman	Self-Affirmed Statement	Approx. 4
Matt Slowinski – Geologist	Self-Affirmed Statement	Approx. 3

PROCEDURAL MATTERS

DJR intends to present this case by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

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CERTIFICATE OF SERVICE

I hereby certify that on May 28, 2026, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 589509

QUESTIONS

Operator: DJR OPERATING, LLC 200 Energy Court Farmington, NM 87401	OGRID: 371838
	Action Number: 589509
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<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>