

DATE IN 10/31/13	SUSPENSE	ENGINEER DB	LOGGED IN 11/01/13	TYPE NSL	PPR# 1330534545
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



NSL-6976

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]

HPOC, Inc.

- [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 _____

Ojo Encino 21 Fed DWS #2
 30-031-21111

10/31/13 10:53 AM
 10/31/13 10:53 AM

- [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.

Arthur W. Butler III Print or Type Name	 Signature	Manager, HPOC, LLC Title	10/30/2013 Date
		bbutler@highplainsop.com e-mail Address	

Wednesday, October 30, 2013

David Brooks
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505



**Re: Ojo Encino Entrada Pool—Application for Administrative Approval for
“Unorthodox Location” for the Ojo Encino 21 Federal DWS 2 wellbore**

Dear David:

HPOC, LLC does hereby apply for administrative approval pursuant to subsection B (3) of NMAC 19.15.3.111 and subsection F of NMAC 19.15.3.104 to produce an “Unorthodox Location” in its Ojo Encino 21 Federal DWS 2 (“Downhole Water Sink”) drilled well in the Ojo Encino Entrada pool. The surface and bottom-hole location is 2,621’ FSL & 2,360’ FWL (Unit K) of section 21-T20N-R5W, McKinley County, New Mexico. No notification for this unorthodox location is required as HPOC and its working interest group own 100% of the leasehold in section 21 except in the east half of the east half of this section. See the accompanying C-102, with lease ownership shown in yellow. The section 21 leasehold is a portion of Federal lease NM|NM-113426.

An unorthodox location is required as the well location is closer than the minimum setback requirements (330’) to the outer boundaries of the 40-acre spacing unit. Our well encroaches on Unit F (SE/NW) to the north and Units G (SW/NE) and J (NW/SE) to the east, all in section 21. The map on the next page shows the HPOC wells drilled in section 21—the Ojo Encino 21 Federal 1H horizontal well and the new Ojo Encino 21 Federal DWS 2 well along with all wells in the area. As mentioned above, HPOC’s working interest group is the 100% owner of the interest in section 21 of Federal lease NM|NM 113426, which is shown in yellow on the map on the following page. Ownership is the same for this entire lease, which covers the west half and west half of the east half of this section—a total of 480 acres.

HPOC carefully studied the 3D seismic available over the project area and has interpreted the producing Entrada dune reservoir to lie in a north-northwest to south-southeast direction. The crest of this dune was targeted in the Ojo Encino 21 Federal DWS 2 well. When drilled, the DWS 2 well encountered the reservoir dune 4’ high to the 1970’s vintage wells drilled by Filon—the Federal 21 #1 and Federal 21 #2 locations. By drilling in the optimum location and employing the dual completion water sink technology, HPOC believes:

1. Water coning will be significantly reduced. Oil as a percentage of total fluid produced should be higher.
2. Additional reserves will be recovered.

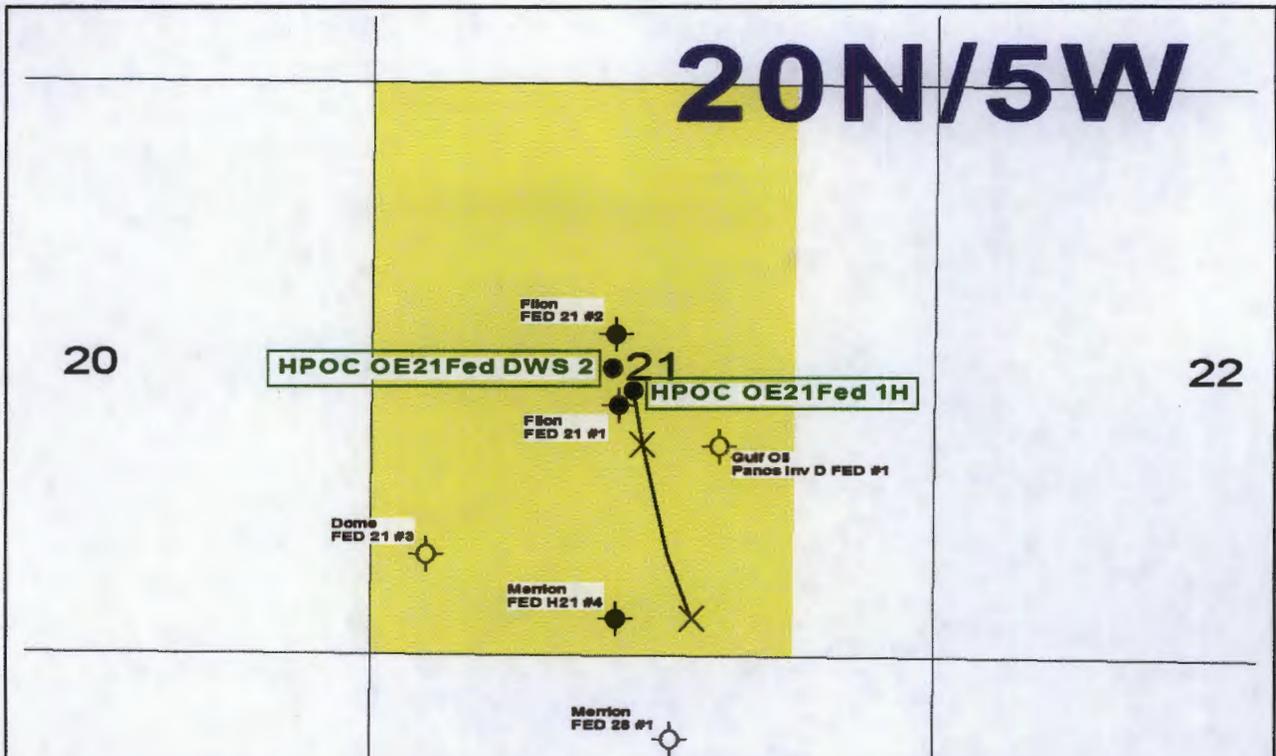
So, to conserve waste and maximize recovery from the Ojo Encino Entrada pool, HPOC respectfully request that administrative approval be granted for an “Unorthodox Location” for its Ojo Encino 21 Federal DWS 2 well.

Please direct any questions to me at the contact points below.

Yours truly,

A handwritten signature in cursive script that reads "Butch Butler".

Arthur W. (Butch) Butler III
Manager—HPOC, LLC



HPOC's project base map—Ojo Encino Entrada Pool

The previously drilled OE 21 Fed 1H horizontal lateral is shown with the well name label next to the surface location. The first X along the wellbore path is the point of penetration in the Entrada formation and the next X is the end point (or toe) of the lateral.

The newly drilled and completed OE 21 Fed DWS 2 vertical well is shown, located between the original two wells drilled in the field, the Filon Fed 21 #1 and 21 #2. The reservoir penetration in this well is approximately 750' from the Entrada point of penetration in the horizontal lateral.

HPOC's acreage is shown in yellow—a portion of Federal Lease NM\NM 113426.

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

RECEIVED

Form C-102
Revised July 10, 2010

JUN 29 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Farmington Field Office
Santa Fe, NM 87505 Bureau of Land Management

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-031-2111		² Pool Code 48030		³ Pool Name OJO ENCINO ENTRADA	
⁴ Property Code 37743 388608		⁵ Property Name OJO ENCINO 21 FEDERAL DWS			⁶ Well Number 2 DWS
⁷ OGRID No. 246238		⁸ Operator Name HPOC, LLC			⁹ Elevation 6790'

¹⁰ Surface Location

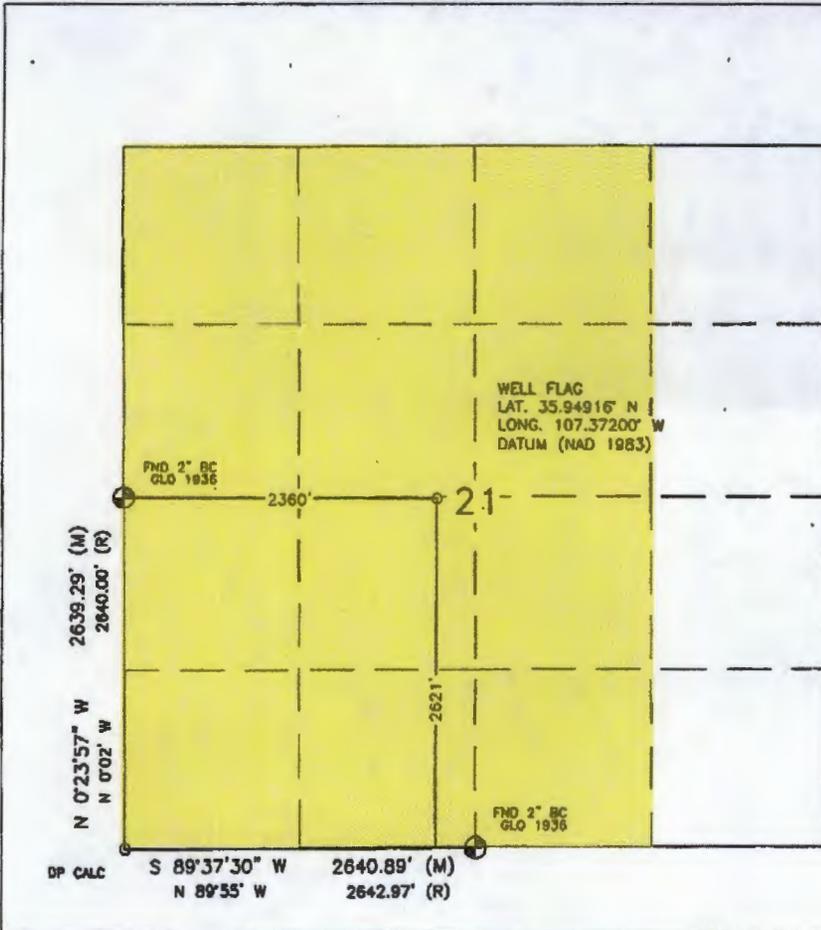
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	21	20N	5W		2621'	SOUTH	2360'	WEST	McKINLEY

¹¹ 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
¹² Dedicated Acres 40.00 ACRES		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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

16



17 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.

Arthur W. Butler 6/17/11
Signature Date

ARTHUR W. BUTLER III
Printed Name

bbutler@highplainsop.com
E-mail Address

18 SURVEYOR CERTIFICATION

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

JUNE 14, 2011
Date of Survey

Signature and Seal of Professional Surveyor:

David S. Russell
DAVID S. RUSSELL
REGISTERED PROFESSIONAL LAND SURVEYOR
NEW MEXICO

DAVID-RUSSELL
Certificate Number 10201

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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RJBT
attachment

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Arthur W. Butler III _____ Manager, HPOC, LLC _____ 10/30/2013 _____
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 bbutler@highplainsop.com _____
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Wednesday, October 30, 2013



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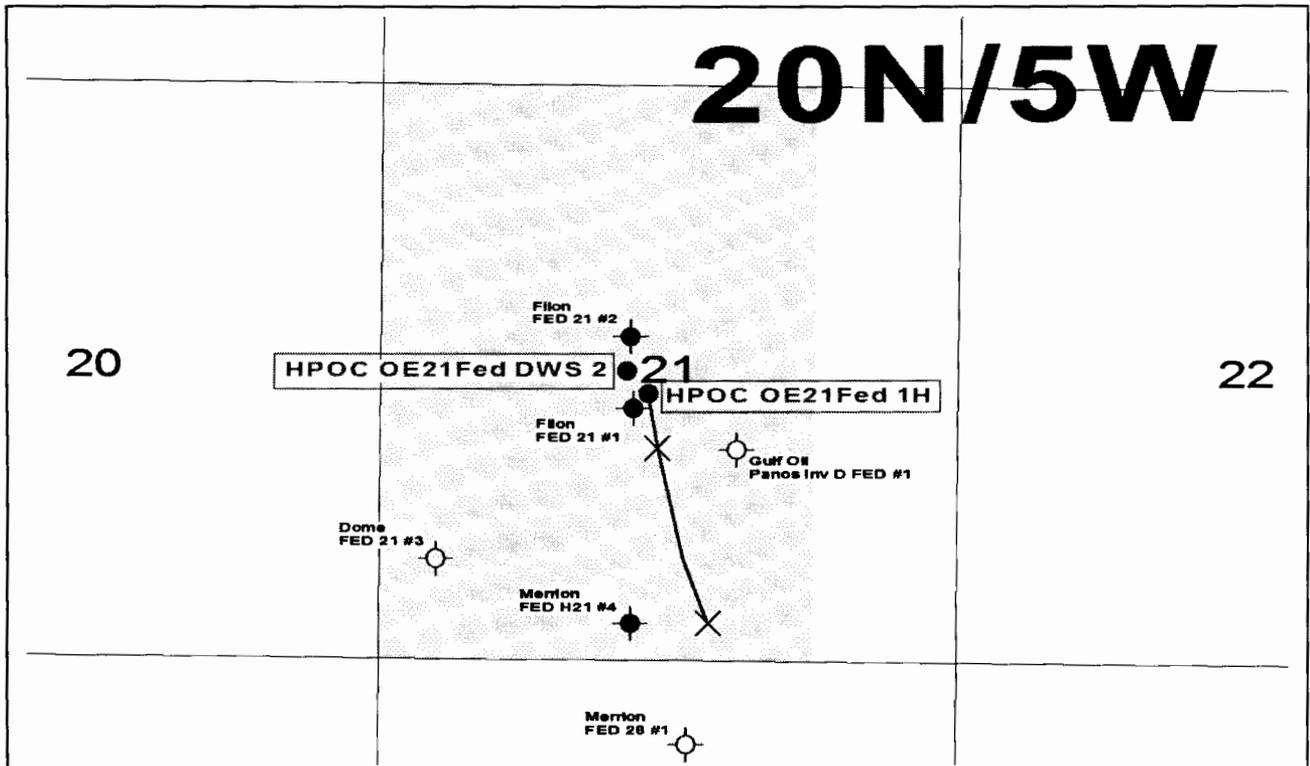
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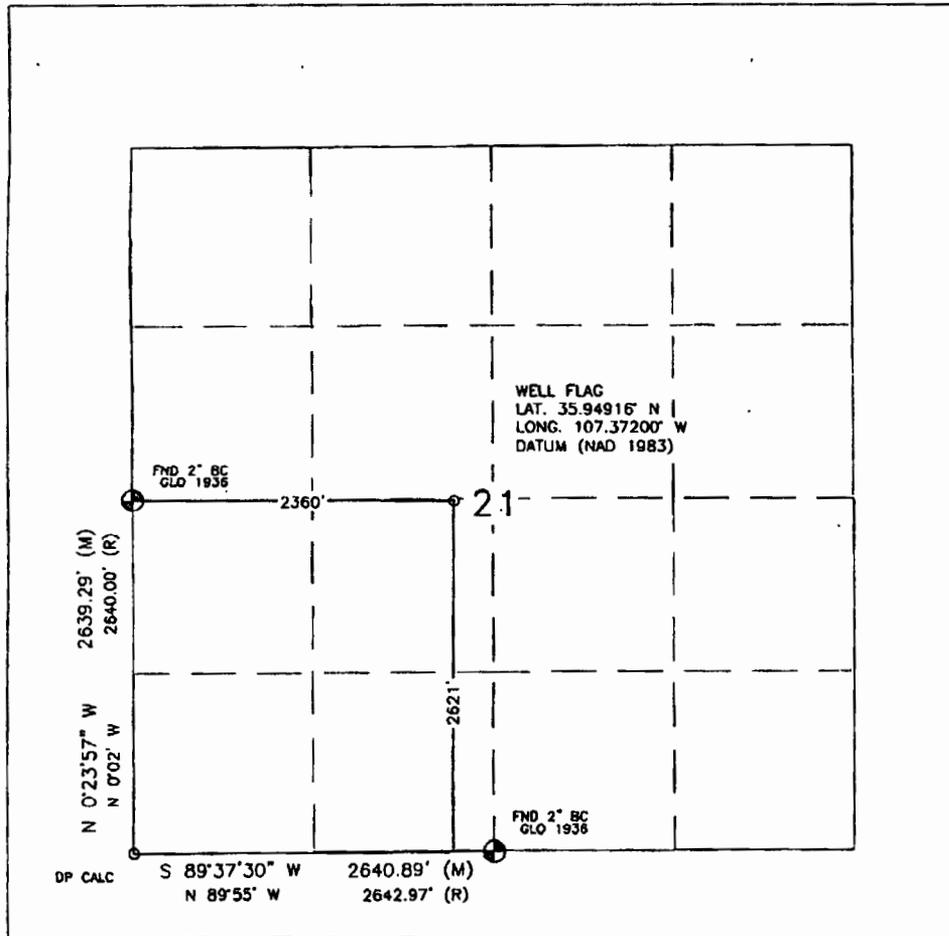
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Arthur W. Butler III 6/17/11
Signature Date

ARTHUR W. BUTLER III
Printed Name

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