

NSL- 7810

Revised March 23, 2017

RECEIVED: 01/09/19	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL 1901156428
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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



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

Applicant: DJR Operating, LLC	OGRID Number: 371838
Well Name: Candado #2	API: 30-039-06552
Pool: Blanco P.C. South Prorated	Pool Code: 72439

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

- A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application
 Content
 Complete

- 3) 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.

Paul Lehrman

Print or Type Name

Signature

1-7-2019

Date

505-632-3476

Phone Number

plehrman@djrlc.com

e-mail Address

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, N.M. 87505

As-Drilled

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-06552	² Pool Code	³ Pool Name Blanco Pictured Cliffs South
⁴ Property Code	⁵ Property Name Candado	⁶ Well Number 2
⁷ GRID No.	⁸ Operator Name DJR Operating, LLC	⁹ Elevation 6118

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
P	9	26 N	7 W		583	South	1262	East	Rio Arriba

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	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

Calculated Section
Corner Position

Section 9

Surface Location
Lat = 36.4951745° N
Long = 107.5758667° W
NAD 83

583'

1262'

S 89°40'51" W - 2626.11'


Fd. Bc.
B.L.M.
1955

Fd. Bc.
B.L.M.
1954

N 00°23'34" E - 5179.66'

17 OPERATOR CERTIFICATION

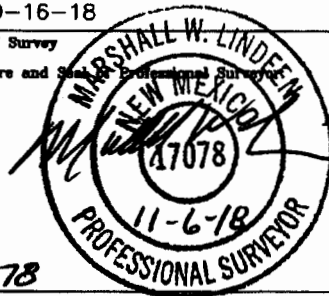
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this 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.

 11-13-18
Signature Date
Printed Name **Paul Lehman**
E-mail Address **plehman@djrlc.com**

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.

10-16-18
Date of Survey
Signature and Seal of Professional Surveyor



17078
Certificate Number



January 7, 2019

Certified Mail
Return Receipt Requested
Article No. 7016 2710 0000 2691 5610

Hilcorp Energy Company
Attn: Land Dept.
1111 Travis Street
Houston, Texas 77002

Re: Request for Administrative Non-Standard Location **(Existing)**
DJR Operating, LLC
Candado #2 (API 30-039-06552)
Township 26 North, Range 7 West, NMPM
Section 9: SE/4
(P)-583' FSL/1262' FEL
Rio Arriba Co., NM
Blanco PC South Prorated Pool (72439)

Gentlemen:

As required by New Mexico Oil Conservation Division (NMOCD) Rules (19.15.15.13 NMAC), this letter will serve to notify you of the following non-standard location administrative application for the subject well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within twenty (20) days of receipt of the application by the NMOCD.

DJR is applying to the NMOCD for a non-standard location for its existing Candado #2 well in the Blanco PC South Prorated Pool. The minimum distance from section lines for this pool is 660'. *Due to a re-survey as requested by the NMOCD the Candado #2 was found to be 583' feet from the south line of Sec. 9-26-7. This puts the Candado #2, 77' non-standard for the Blanco PC South Prorated Pool.*

Well Name:	Candado #2 (API 30-039-06552)
Producing Zone:	Pictured Cliffs
Acreage Dedication:	SE/4-Section 9, Township 26 North, Range 7 West, NMPM, Rio Arriba Co., NM
Location:	583' FSL/1262' FEL (P), Sec. 9-T26N, R7W, Rio Arriba Co., NM
Applicant's Name:	DJR Operating, LLC
Applicant's Address:	1 Road 3263, Aztec, NM 87410
Applicant's Phone:	505-632-3476

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hilcorp Energy Co.
a.k.a. Land
1111 Travis St.
Houston, TX 77002



9590 9402 2392 6249 5892 83

2. Article Number (Transfer from service label)

2016 2710 0000 2691 5610

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
- ☐ Adult Signature
 - ☐ Adult Signature
 - ☐ Certified Mail
 - ☐ Certified Mail
 - ☐ Collect on Delivery
 - ☐ Collect on Delivery
 - ☐ Insured Mail
 - ☐ Insured Mail (over \$500)

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only**

For delivery information, visit our website at www.usps.com™.

Certified Mail Fee

\$3.45

Extra Services & Fees (check box, add fee as appropriate)

- ☒ Return Receipt (hardcopy) \$2.75
- ☐ Return Receipt (electronic) \$
- ☐ Certified Mail Restricted Delivery \$
- ☐ Adult Signature Required \$
- ☐ Adult Signature Restricted Delivery \$

Postage

1.42

Total Postage and Fees

\$7.62

Sent To

Hilcorp Energy Co. a.k.a. Land
Street and Apt. No., or PO Box No.
1111 Travis St.
City, State, ZIP+4®
Houston, TX 77002

PS Form 3800, April 2015 PSN 7530-02-000-9047

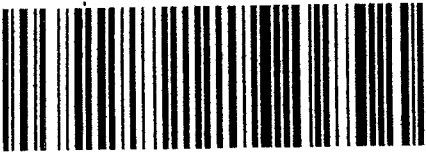
See Reverse for Instructions



QUALITY PARK
Item# 38090

0792 1692 0000 2691 5610

CERTIFIED MAIL



7016 2710 0000 2691 5610

Hilcorp Energy Company
1111 Travis St.
Houston, TX 77002

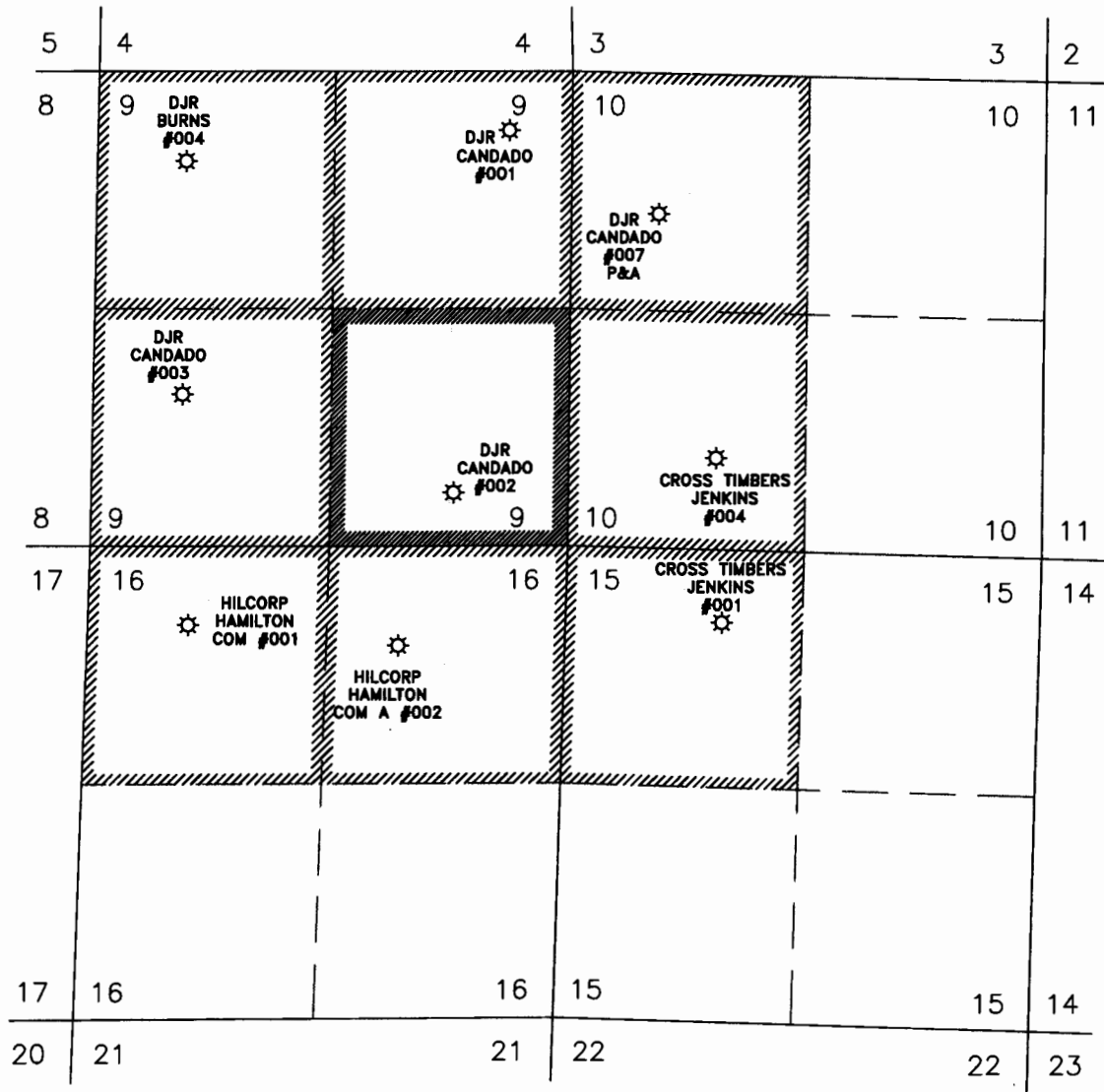
**REQUEST FOR ADMINISTRATIVE APPROVAL FOR
NON-STANDARD LOCATION (EXISTING)
FOR
DJR OPERATING, LLC
CANDADO #2 (API 30-039-06552)
BLANCO P.C. SOUTH PRORATED POOL (72439)
583' FSL, 1262' FEL,
SECTION 9 (P), TOWNSHIP 26 NORTH, RANGE 7 WEST, N.M.P.M.
LAT = 36.4951745 NORTH
LONG = 107.5758667 WEST
NAD 83
RIO ARRIBA COUNTY, NEW MEXICO**

- 1) The referenced well is located on Federal Surface, Federal Minerals (Lease No. SF-079161). The existing location has been determined to be non-standard (unorthodox location) because of a recent re-survey as requested by the Aztec NMOCD (New Mexico Oil Conservation Division).
- 2) On a recent inspection of the Candado #2 well location by Mr. Jonathan Kelly of the Aztec office of the New Mexico Oil Conservation Division, it was discovered that the Candado #2 coordinates were off by 495 feet. Mr. Kelly requested a new survey and revised C-102. The new and revised C-102 shows the accurate location for the Candado #2 as 583' FSL/1262' FEL-(P)- Section 9-T26N, R7W, Rio Arriba County, New Mexico as attached.
- 3) A map showing the wells and adjoining spacing units in the Blanco P.C. South Prorated Pool is attached. The spacing requirements for the Blanco P.C. South Prorated are setbacks of 660' per 19.15.15.10(C) NMAC.
- 4) Certified letters have been mailed to the encroaching spacing unit operator (Hilcorp Energy Company) for the following spacing unit/well:

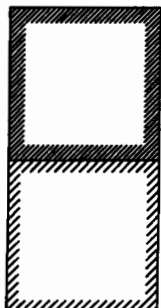
Hamilton Com A #002
API # 30-039-06515
Blanco PC South Prorated
Hilcorp Energy Company/Operator
Unit B-Sec. 16-T26N, R7W, Rio Arriba Co., NM

- 5) The DJR Operating, LLC Candado #2 well was drilled in 1953.
- 6) The Hilcorp Energy Company Hamilton Com A #2 well was also drilled in 1953.
- 7) Existing land use concerns are not an issue with this request, i.e., Archaeology, Topography, etc.
- 8) A non-standard location (unorthodox location) exception is requested because the original wellbore was not surveyed correctly and has been updated per the new C-102. The Candado #2 well bore has been in continuous production since 1953 and cannot be moved.

DJR Operating, LLC
Existing Candado #002 Well Location
and
Adjacent Well Spacing Unit Exhibit
Blanco P.C. South Prorated Pool (72439)
Sections 9, 10, 15 & 16, T26N R7W NMPM
Rio Arriba County, NM



Legend:




DJR Candado #002
Blanco P.C. South
Prorated 160 Acre
Spacing Dedication

Adjoining
Blanco P.C. South
Prorated 160 Acre
Spacing Dedication



0 1000 2000
Scale: 1"=2000'

			P.O. Box 3651 Farmington, NM 87499 Office: (505) 334-0408	
			Surveyed: 10/16/18	Rev. date:
Drawn by: C.B.		Date drawn: 1/04/19		App. by: M.W.L.
		File name: 11284-M01		

DJR Operating, LLC Candado #2

P-Sec. 9, T26 North, Range 7 West, NMPM, Rio Arriba Co., NM.

Legend



Largo Canyon Road

DJR Candado #2
583 FSL1262 FEL, P-9-26-7
Blanco PC South

Hicorp Energy Company
Hamilton, Com A #2
B-Sec. 16, T26N R7W, Rio Arriba Co., NM
1097 ENC1000 FEL
Blanco PC South

Survey
Google Earth

400 ft

Paul Lehrman

From: Pickford, Katherine, EMNRD <Katherine.Pickford@state.nm.us>
Sent: Thursday, December 20, 2018 8:13 AM
To: Paul Lehrman
Subject: Candado #2 30-039-06552

Good morning Paul,

The Aztec Oil Conservation Division is confirming surface hole locations (SHL) as part of its regular inspection program. If the inspector finds a significant discrepancy from the reported SHL versus the actual location, the OCD is requiring the operators to conduct a well file review and research. If they confirm the discrepancy, then they need to conduct a new survey and submit a sundry and new C-102 to update that information in our records.

The OCD received DJR Operating, LLC's (DJR) sundry correcting the SHL for the Candado #2, API#30-039-06552. The SHL for this well was originally reported at 990' FSL 990' FEL. According to the sundry, the survey shows the actual SHL at 583' FSL 1262' FEL. The well is completed in the South Blanco Pictured Cliffs gas pool, which requires setbacks of 660, per 19.15.15.10(C) NMAC.

According to Rule **19.15.15.13 (C)**; The operator shall submit applications for administrative approval pursuant to Subsection B of 19.15.15.13 NMAC to the division's Santa Fe office accompanied by a plat showing the spacing unit, the proposed unorthodox well location and the adjoining spacing units and wells; a list of affected persons entitled to notice pursuant to Paragraph (2) of Subsection A of 19.15.4.12 NMAC; and information evidencing the need for the exception. The division shall give notice as required in 19.15.4.9 NMAC and the operator shall give notice as required by Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Therefore, DJR will need to acquire approval for a non-standard location (NSL) for this well.

DJR has 30 days to file the appropriate administrative request to Santa Fe and notice the Aztec office that the request has been filed.

If you have any questions, please contact me.

Thanks,

Kate Pickford
Geoscientist
OCD District III
1000 Rio Brazos Rd
Aztec, NM 87410
505-334-6178 Ext 114
505-334-6170 (fax)

From: Kelly, Jonathan, EMNRD <Jonathan.Kelly@state.nm.us>
Sent: Wednesday, October 3, 2018 2:30 PM
To: Amy Archuleta <aarchuleta@djrlc.com>
Cc: Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>; Vermersch, Amy H, EMNRD <AmyH.Vermersch@state.nm.us>
Subject: Footages on Candado #2 (30-039-06552)

Good afternoon,

While inspecting recently I found that the coordinates we have listed for the Candado #2 that are based off of the footages are about 495 ft off. The current footages and coordinates places the well on the same location as the Candado #23A, but the well is located across the main road to the SW of the #23A. I performed a well file review and found no documentation that matches what was found during the inspection.

Please perform a well file review and resurvey the #2's location and submit on the appropriate Sundry and C-103. Please make sure to make appropriate changes to the well's signage.

If you have any questions regarding the above, please do not hesitate to contact me.

Thank you,

Jonathan D. Kelly
Compliance Officer
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 122

Lowe, Leonard, EMNRD

From: Paul Lehrman <plehrman@djrlc.com>
Sent: Friday, January 11, 2019 4:18 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] RE: NSL application: Candado Well No. 2

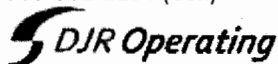
Mr. Lowe-the spacing unit for the Candado #2 is the SE/4 of Sec. 9. It should be noted on the plat included with the package, showing this spacing unit and the offsetting spacing units.

The encroaching party is Hilcorp, they operate the well in the NE/4 of Sec. 16 to the south. Our Candado well encroaches on this spacing unit.

That is also shown on the plat, along with the narrative I included. They were sent a certified complete copy of the application. That is also included.

Please let me know if you have any more questions.

Paul Lehrman
DJR Contract Land
plehrman@djrlc.com
505-801-2164 (Cell)



From: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Sent: Friday, January 11, 2019 3:57 PM
To: Paul Lehrman <plehrman@djrlc.com>
Subject: NSL application: Candado Well No. 2
Importance: High

Mr. Lehrman,

OCD Santa Fe office has received your NSL Application request.

What is the Spacing unit you are adhering to for this well?

Are there affected parties? If so, who are they? Where are they located?

llowe

Leonard Lowe
Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Friday, February 1, 2019 10:20 AM
To: 'plehrman@djrlc.com'
Cc: Powell, Brandon, EMNRD (Brandon.Powell@state.nm.us); Vermersch, Amy H, EMNRD; 'lisa@rwbyram.com'; Jones, William V, EMNRD; Dawson, Scott, EMNRD; Murphy, Kathleen A, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; 'jglover@blm.gov'
Subject: NSL-7810_DJR Operating, LLC_Candado Well No. 002_SEC 09 26N 07W
Importance: High

Mr. Bradley Pearson,

The following administrative order has been issued and will soon be available on the Division's web site:
<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

NSL-7810
DJR Operating, LLC
API #: 30-039-06552
WELL: Candado Well No. 002

Leonard Lowe
Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004
Office: 505-476-3492
Cell: 505-930-6717
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>