

DATE IN 12.1.11	SUSPENSE	ENGINEER DKB	LOGGED IN 12.1.11	TYPE NSL	APP NO. 1133550585
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PTC-W

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Three Rivers Op

Eagle 2st. #301
 30-025-40332

ADMINISTRATIVE APPLICATION CHECKLIST

6523

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]

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 2011 NOV 30 P 14:51

- [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 _____
- [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.

ADAM RANKIN		ATTORNEY	11/30/11
Print or Type Name	Signature	Title	Date
		agrankin@holland kerk.com	
		e-mail Address	

November 30, 2011

VIA HAND DELIVERY

Jami Bailey, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2011 NOV 30 P 1:51

Re: Application of Three Rivers Operating Company for administrative approval of an unorthodox well location for its Eagle 2 State No. 301 vertical well in the Lea-Bone Springs Pool Section 2, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

Three Rivers Operating Company ("Three Rivers") (OGRID No. 272295) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for an unorthodox well location for its Eagle 2 State No. 301 well to be located in Section 2, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The proposed well is to be drilled vertically in the Lea-Bone Springs Pool to the Wolfcamp formation at a surface location 2,190 feet from the South line and 1,980 feet from the West line of said Section 2.

Enclosed please find **Exhibit A**, which is a land plat for Section 2 that shows the proposed non-standard location of the Eagle 2 State No. 301 well, and adjoining units and existing wells. The Lea-Bone Springs Pool rules mandate 80-acre spacing and proration units. *See* Order No. R-1827-A. The proposed location in the Lea-Bone Springs Pool is unorthodox because the pool is governed by a special pool rule which provides that the initial well on any 80-acre unit shall be located within 150 feet of the center of any quarter-quarter section on which the well is located. *See id.* The proposed location is unorthodox because it is not located within 150 feet of the center of the quarter-quarter section.

As demonstrated on the enclosed Well Location and Acreage Dedication Plat (C-102), **Exhibit B**, the proposed Eagle 2 State No. 301 well encroaches on the spacing and proration unit to the North. The well is proposed to be placed outside the surface location mandated by the Lea-Bone Springs Pool approximately 210 feet north of the quarter-quarter section center to avoid the offset Delaware formation operator's existing surface pit (Mobil Lea State No. 1, API# 30-025-31696).

Pursuant to 19.15.4.12(A)(2)(c) NMAC, affected parties are those towards whom the non-standard location encroaches. Here, the proposed location encroaches on the 80-acre spacing and proration unit to the North. The operator to the North is Three Rivers; however, because ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then affected persons include working interest owners in that spacing unit. 19.15.4.12(A)(2)(b) NMAC. Therefore, Three Rivers has provided notice to Cimarex Energy Company. Three Rivers also is providing notice to the State Land Office because the Eagle 2 State No. 301 well, under State Lease LG-2750, encroaches upon a different State Lease, LG-2833, to the North. A copy of this application with all attachments was mailed to all notice recipients.

Your attention to this application is appreciated.

Sincerely,



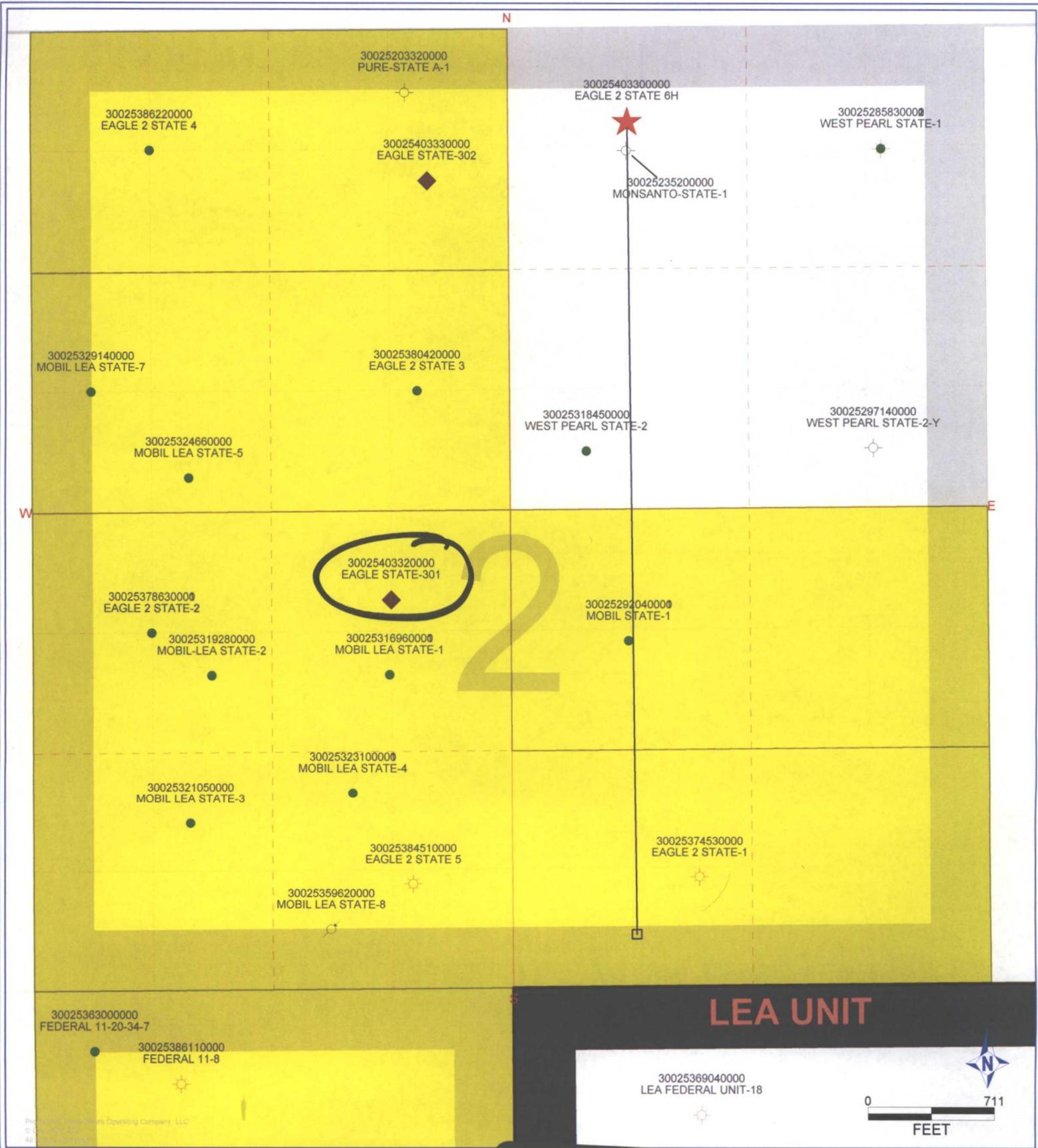
Adam G. Rankin

ATTORNEY FOR THREE RIVERS OPERATING

Enclosures

cc: Tim Kane

Oil Conservation Division
District 1 Office
Hobbs, New Mexico



LEA UNIT



EXHIBIT
A

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

Form C-101
August 1, 2011
Permit 139260

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address THREE RIVERS OPERATING COMPANY LLC 1122 S. Capital of Texas Hwy Austin, TX 78746		2. OGRID Number 272295
		3. API Number 30-025-40332
4. Property Code 309211	5. Property Name EAGLE 2 STATE	6. Well No. 301

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	2	20S	34E	K	2190	S	1980	W	LEA

8. Pool Information

LEA;BONE SPRING	37570
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3671
14. Multiple N	15. Proposed Depth 11200	16. Formation Wolfcamp	17. Contractor	18. Spud Date 5/1/2012
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1751	1510	
Int1	12.25	9.625	40	5500	1775	
Prod	8.75	5.5	17	11200	810	5000

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	Hydriil/Cameron

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/>	OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 11/10/2011 Expiration Date: 11/10/2013
Printed Name: Electronically filed by Jim Keisling	
Title: VP Engineering	
Email Address: jkeisling@3mr.com	



Date: 10/27/2011

Phone: 512-600-3182

Conditions of Approval Attached

Permit Conditions of Approval

Operator: THREE RIVERS OPERATING COMPANY LLC , 272295

Well: EAGLE 2 STATE #301

API: 30-025-40332

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
pkautz	Will require administrative order for non-standard location
pkautz	Can not produce from Bone Spring without obtaining NSL from Santa Fe

Permit Comments

Operator: **THREE RIVERS OPERATING COMPANY LLC , 272295**

Well: **EAGLE 2 STATE #301**

API:

Created By	Comment	Comment Date
pkautz	Land s/S	10/28/2011
pkautz	NSL required more than 150' from ceter of Q/Q section	10/28/2011



Adam G. Rankin
Phone 505-988-4421
Fax 505-983-6043
agrarkin@hollandhart.com

November 30, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Commissioner of Public Lands
New Mexico State Land Office
Attn: Scott Dawson
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Application of Three Rivers Operating Company for administrative approval of an unorthodox well location for its Eagle 2 State No. 301 vertical well in the Lea-Bone Springs Pool Section 2, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Mr. Dawson:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Three Rivers Operating Company ("Three Rivers") for administrative approval of an unorthodox well location for its Eagle 2 State No. 301 well. This well is located in Section 2, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and is to be drilled vertically in the Lea-Bone Springs Pool to the Wolfcamp formation at a surface location 2,190 feet from the South line and 1,980 feet from the West line of said Section 2.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Sincerely,

Adam G. Rankin
ATTORNEY FOR THREE RIVERS OPERATING

Enclosures

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C.

HOLLAND & HART



Adam G. Rankin
Phone 505-988-4421
Fax 505-983-6043
agrarkin@hollandhart.com

November 30, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Cimarex Energy Company
Attn: Jeff Gotcher
600 N. Marienfeld, Suite 600
Midland, TX 79707

Re: Application of Three Rivers Operating Company for administrative approval of an unorthodox well location for its Eagle 2 State No. 301 vertical well in the Lea-Bone Springs Pool Section 2, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Mr. Gotcher:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Three Rivers Operating Company ("Three Rivers") for administrative approval of an unorthodox well location for its Eagle 2 State No. 301 well. This well is located in Section 2, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and is to be drilled vertically in the Lea-Bone Springs Pool to the Wolfcamp formation at a surface location 2,190 feet from the South line and 1,980 feet from the West line of said Section 2.

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Sincerely,

Adam G. Rankin
ATTORNEY FOR THREE RIVERS OPERATING

Enclosures

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