

State of New Mexico  
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham  
Governor

Erin Taylor  
Acting Cabinet Secretary

Ben Shelton  
Deputy Secretary

Albert C.S. Chang  
Division Director  
Oil Conservation Division



Paula M. Vance  
[pmvance@hollandhart.com](mailto:pmvance@hollandhart.com)

Administrative Order NSP – 2393

**ADMINISTRATIVE NON-STANDARD HORIZONTAL SPACING UNIT**

**DJR Operating, LLC [OGRID 371838]**

Ponderosa F31 2409 Federal Com Well No. 130H (30-045-38373)  
HSU: SE/4 SEC 31 & SW/4 SW/4 SEC 32 (T24N, R09W) & Lot 1 SEC 06, & Lot 4, Lot 3, S/2  
NW/4 SEC 05 (T23N R09W), San Juan County

Reference is made to your application received on April 9<sup>th</sup>, 2026.

You have requested approval of a non-standard horizontal spacing unit to be included in your proposed horizontal spacing unit, as follows:

**Proposed Increased Horizontal Spacing Unit:**

<b>Description</b>	<b>Acres</b>	<b>Pool</b>	<b>Pool Code</b>
SE/4 SEC 31 & SW/4 SW/4 SEC 32 (T24N, R09W) & Lot 1 (NE/4 NE/4) SEC 06 Lot 4, Lot 3, S/2 NW/4 SEC 05 (T23N R09W)	402.24	Bisti Lower-Gallup	5890

You have requested an exception pursuant to Rule 19.15.16.15(A)(3) NMAC, to approve a non-standard horizontal spacing unit consisting of the entire area described above as the horizontal spacing unit. The proposed horizontal spacing unit does not consist of a quarter - quarter section or equivalent in both sections, as required by Rule 19.15.16.15(B)(1) NMAC.

NSP - 2393  
DJR Operating, LLC  
Page 2 of 2

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We understand that you are seeking this exception for an allowance to create a non-standard horizontal spacing unit, comprised of the Proposed Horizontal Spacing Unit referenced above within San Juan County, New Mexico.

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units which are to be being included.

You have requested this non-standard horizontal spacing unit to avoid waste by incorporating stranded acreage within the spacing unit all while protect the correlative rights within Bisti Lower-Gallup pool/formation underlying the SE/4 SEC 31 & SW/4 SW/4 SEC 32 (T24N, R09W) & Lot 1 SEC 06, & Lot 4, Lot 3, S/2 NW/4 SEC 05 (T23N R09W) within the referenced Horizontal Spacing Unit.

Pursuant to the authority conferred by Division Rule 19.15.16.15(B)(5) NMAC, the above-described **non-standard horizontal spacing unit is hereby approved**. Further, the Applicant may add additional wells to the non-standard spacing unit, the well(s) must be in the same horizontal spacing unit and pool/formation. The new well's APD shall reference this NSP order number on Form C-102 with an adjacent letter stating this request.

**General Provisions**

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

  
\_\_\_\_\_  
**Albert C.S. Chang**  
Division Director  
AC/lrl

Date: 06/05/2026

Revised March 23, 2017

ID NO. 573717

NSP - 2393

RECEIVED: <b>04/09/26</b>	REVIEWER:	TYPE:	APP NO:
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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:** Pondrosa F31 2409 Federal Com 130H **API:** 30-045-39373  
**Pool:** Bisti Lower-Gallup (O) **Pool Code:** 5890

**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

<b>FOR OCD ONLY</b>
<input type="checkbox"/> Notice Complete
<input type="checkbox"/> 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.**

Paula M. Vance

Print or Type Name

Signature

April 9, 2026  
Date

505-988-4421  
Phone Number

pmvance@hollandhart.com  
e-mail Address



Paula M. Vance  
Associate  
Phone (505) 954-7286  
PMVance@hollandhart.com

April 09, 2026

**VIA ONLINE FILING**

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

**Re: Application of DJR Operating, LLC for administrative approval of a 402.24-acre non-standard horizontal spacing unit comprised of SE/4 of irregular Section 31 and SW/4 SW/4 of Section 32, Township 24 North, Range 9 West, and Lot 1 of irregular Section 6, and Lots 3-4 and S/2 NW/4 of irregular Section 5, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico (the “Lands”)**

Dear Mr. Chang:

DJR Operating, LLC (OGRID No. 371838) (“DJR”), pursuant to Division Rules 19.15.16.15(B)(5) and 19.15.15.11.B NMAC and applicable rules governing acreage and well spacing requirements for the Bisti Lower-Gallup (O) [5890], seeks administrative approval of a non-standard 402.24-acre non-standard horizontal spacing unit comprised of SE/4 of irregular Section 31 and SW/4 SW/4 of Section 32, Township 24 North, Range 9 West, and Lot 1 of irregular Section 6, and Lots 3-4 and S/2 NW/4 of irregular Section 5, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico. The non-standard spacing unit will be dedicated to the following well:

- **Ponderosa F31 2409 Federal Com 130H (API No. 30-045-38373)**

DJR seeks administrative approval of a non-standard spacing unit to match its approved federal communitization agreement that avoids waste by incorporating otherwise stranded acreage into the spacing unit.

**Exhibit A** is a map showing the proposed non-standard spacing unit, the subject leases, and the proposed well, along with a list of affected parties and offsetting affected tracts.

**Exhibit B** is a Form C-102 for the well within the proposed non-standard spacing unit.

T 505.988.4421 F 505.983.6043  
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

**Exhibit C** is a spreadsheet listing all “affected persons”<sup>1</sup> in the affected offset acreage to be noticed. Exhibit C also includes tracking information demonstrating that each of the affected persons was sent a copy of this application with all attachments by certified mail advising that any objections must be filed in writing with the Division within 20 days from the date the Division receives the application. A copy of this application has been provided to Bureau of Land Management (“BLM”) and the Federal Indian Minerals Office (“FIMO”) since federal and allottee lands are involved, as well as the New Mexico State Land Office since state lands are also involved.

Your attention to this matter is appreciated.

Sincerely,



Paula M. Vance  
**ATTORNEY FOR  
DJR OPERATING, LLC**

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<sup>1</sup> See NMAC §§ 19.15.2.7.A(8) [defining “affected persons” as, “in the absence of an operator, or with respect to an application wherein the operator of the spacing unit or identified tract is the applicant, each working interest owner”] and 19.15.4.12.A(2)(a).

# Ponderosa 130H Straddle Com Area

EXHIBIT  
**A**

Section 31: SE4, Section 32: SWSW4  
Section 6: NENE4, Section 5: NW4  
T23N, 24N - R 9W, San Juan County, NM  
402.24 acres



Proposed Non-Standard Horizontal Spacing Unit  
**Operator:** DJR Operating, LLC  
**Working Interest Owners:**  
DJR Operating, LLC  
Dugan Production Corp  
Merrion O&G Corp  
**Acreage:**  
Federal  
Allottee



Ponderosa Unit  
**Operator:** DJR Operating, LLC  
**Working Interest Owners:**  
DJR Operating, LLC  
Dugan Production Corp  
**Acreage:**  
Federal  
Allottee  
SLO



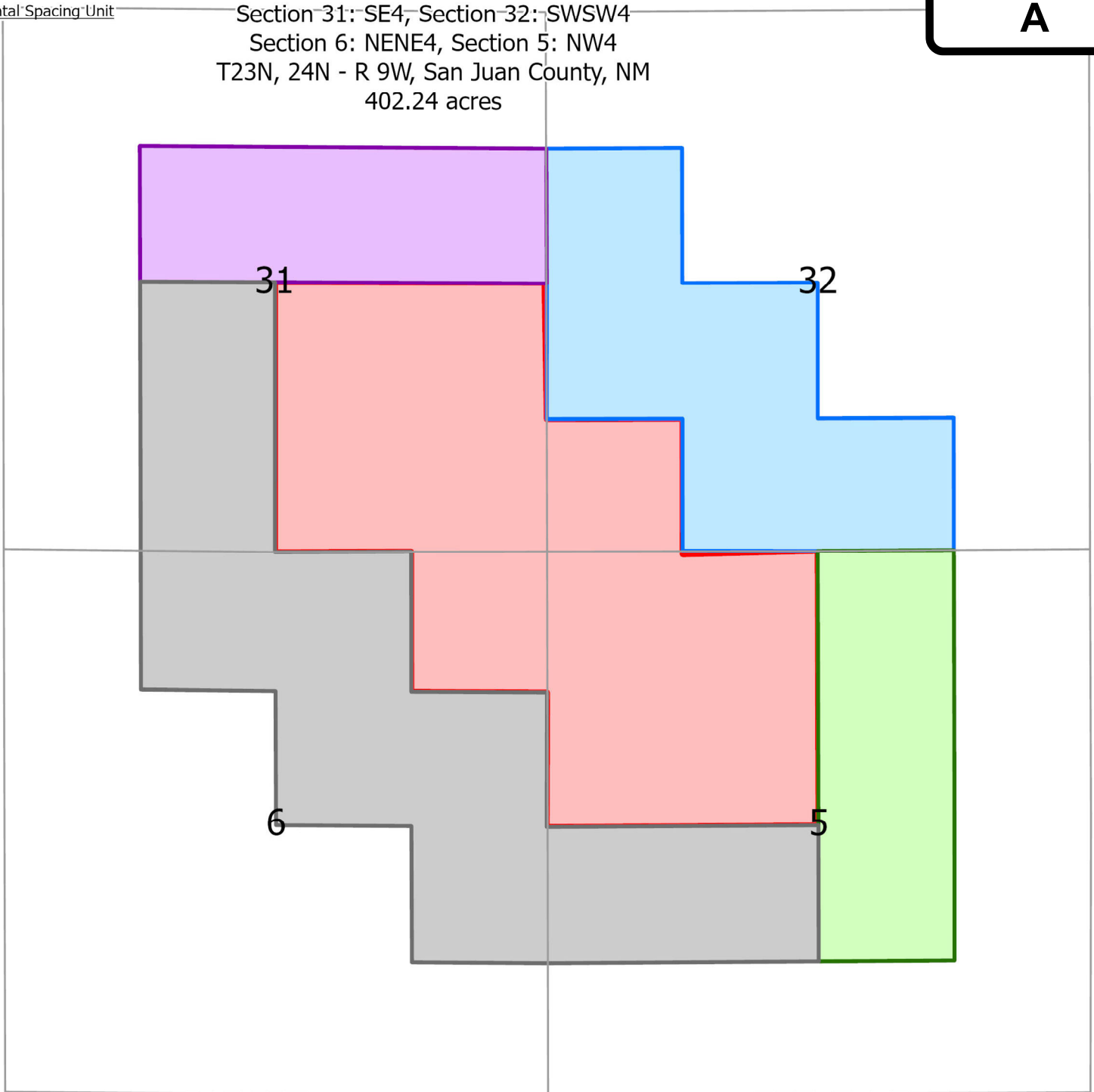
Nageezi Unit  
**Operator:** DJR Operating, LLC  
**Working Interest Owners:**  
DJR Operating, LLC  
Dugan Production Corp  
Merrion O&G Corp  
**Acreage:**  
Federal  
Allottee  
SLO



Good Times Unit  
**Operator:** DJR Operating, LLC  
**Working Interest Owners:**  
DJR Operating, LLC  
Dugan Production Corp  
SIMCOE, LLC  
Cross Timbers Energy, LLC  
**Acreage:**  
Federal  
Allottee  
SLO

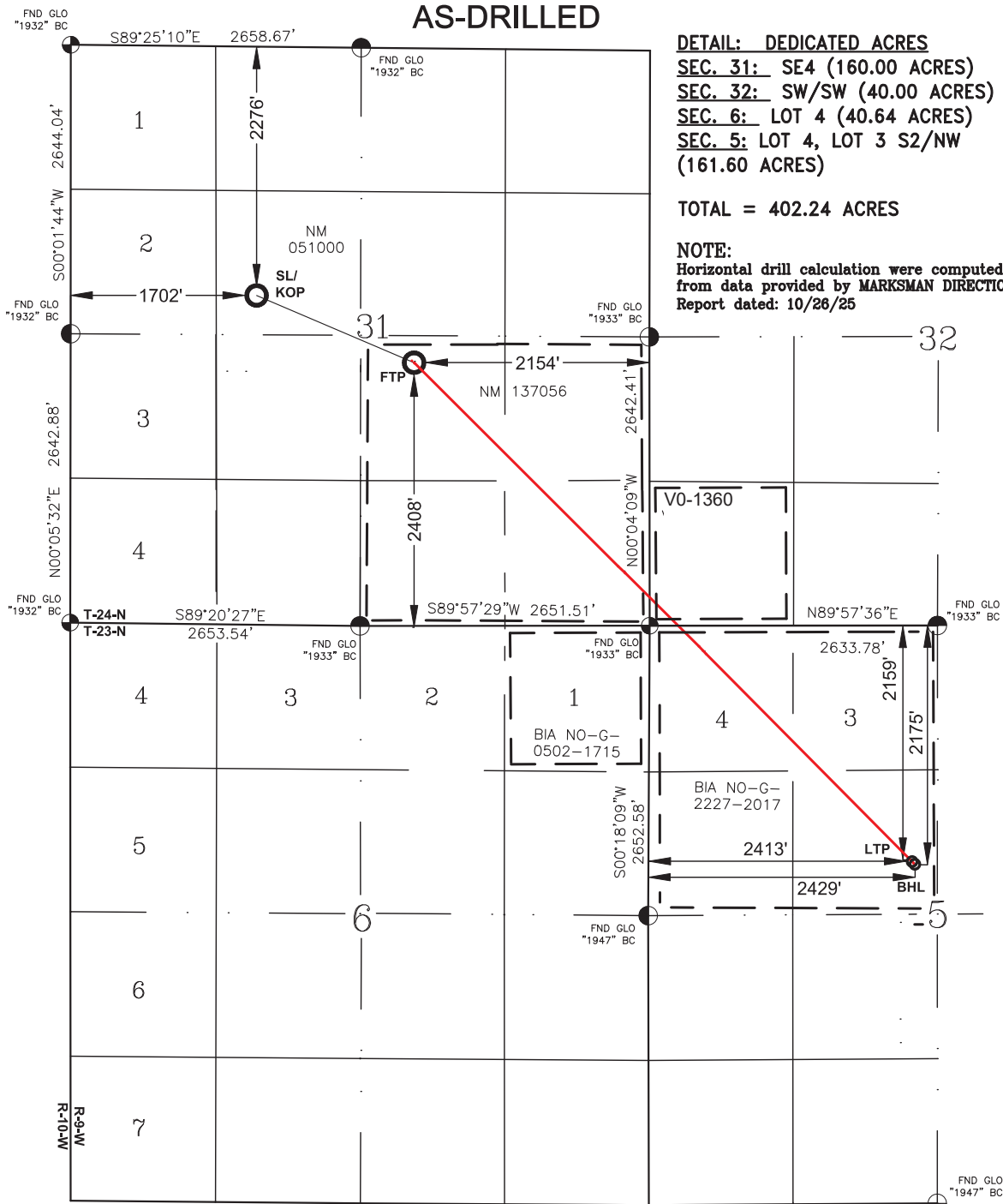


Escrito H 31 2409 Pad  
**Operator:** DJR Operating, LLC  
**Working Interest Owners:**  
DJR Operating, LLC  
Dugan Production Corp  
**Acreage:**  
Federal





# DJR OPERATING , LLC PONDEROSA F31 2409 FEDERAL COM #130H AS-DRILLED



**DETAIL: DEDICATED ACRES**  
**SEC. 31: SE4 (160.00 ACRES)**  
**SEC. 32: SW/SW (40.00 ACRES)**  
**SEC. 6: LOT 4 (40.64 ACRES)**  
**SEC. 5: LOT 4, LOT 3 S2/NW (161.60 ACRES)**

**TOTAL = 402.24 ACRES**

**NOTE:**  
 Horizontal drill calculation were computed from data provided by MARKSMAN DIRECTIONAL.  
 Report dated: 10/26/25

**SURFACE (SHL)**  
 2276' FNL, 1702' FWL  
 SEC. 31, T24N, R9W  
 LAT: 36.271474° N  
 LONG: 107.833393° W NAD83

**FIRST TAKE POINT (KOP)**  
 2408' FSL, 2154' FEL  
 SEC. 31, T24N, R9W  
 LAT: 36.269791° N  
 LONG: 107.828502° W NAD83

**BOTTOM HOLE LOCATION (BHL)**  
 2175' FNL, 2429' FWL  
 SEC. 5, T23N, R9W  
 LAT: 36.257233° N  
 LONG: 107.812970° W NAD83

**KICK OFF POINT (KOP)**  
 2276' FNL, 1702' FWL  
 SEC. 31, T24N, R9W  
 LAT: 36.271474° N  
 LONG: 107.833393° W NAD83

**LAST TAKE POINT (LTP)**  
 2159' FNL, 2413' FWL  
 SEC. 5, T23N, R9W  
 LAT: 36.257275° N  
 LONG: 107.813023° W NAD83

**DJR OPERATING, LLC  
PONDEROSA F31 2409 FEDERAL COM #130H  
AS-DRILLED**

SURFACE LOCATION NM 051000  
2276' FNL, 1702' FWL  
LOCATED IN THE SE/NW OF SEC. 31, T-24-N, R-9-W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO  
LAT: 36.271474° N LONG: 107.833393° W NAD83

PPP-1(FIRST TAKE POINT) NM 137056  
2408' FSL, 2154' FEL  
LOCATED IN THE NW/SE OF SEC. 31, T-24-N, R-9-W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO  
LAT: 36.269791° N LONG: 107.828502° W NAD83

PPP-2 ST, NM V0-1360  
257' FSL, 1' FWL  
LOCATED IN THE SW/SW OF SEC. 32, T-24-N, R-9-W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO  
LAT: 36.263898° N LONG: 107.821175° W NAD83

PPP-3 BIA NO-G-2227-2017  
1' FNL, 264' FWL  
LOCATED IN LOT 4 OF SEC. 5, T-23-N, R-9-W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO  
LAT: 36.263190° N LONG: 107.820280° W NAD83

PPP-4 (LAST TAKE POINT) BIA NO-G-2227-2017  
2159' FNL, 2413' FWL  
LOCATED IN THE SE/NW OF SEC. 5, T-23-N, R-9-W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO  
LAT: 36.257275° N LONG: 107.813023° W NAD83

NOTE:  
Horizontal drill calculation were computed  
from data provided by MARKSMAN DIRECTIONAL.  
Report dated: 10/26/25

Bureau of Land Management	301 Dinosaur Trl	Santa Fe	NM	87508
Cross Timbers Energy, LLC	c/o Oildex Mail, P.O. Box 669172	Dallas	TX	75266-9176
Dugan Production Corp	P.O. Box 420	Farmington	NM	87499-0420
Federal Indian Minerals Office	304 N. Auburn Avenue, Suite C	Farmington	NM	87401
Merrion O&G Corp	610 Reily Ave	Farmington	NM	87401-2634
New Mexico State Land Office	310 Old Santa Fe Trail	Santa Fe	NM	87501
New Mexico State Land Office	P.O. Box 1148	Santa Fe	NM	87504
SIMCOE, LLC	14201 Wireless Way, Suite 300	Oklahoma City	OK	73134



**Paula M. Vance**  
**Associate**  
**Phone (505) 954-7286**  
PMVance@hollandhart.com

March 30, 2026

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PERSONS**

**Re: Application of DJR Operating, LLC for administrative approval of a 402.24-acre non-standard horizontal spacing unit comprised of SE/4 of irregular Section 31 and SW/4 SW/4 of Section 32, Township 24 North, Range 9 West, and Lot 1 of irregular Section 6, and Lots 3-4 and S/2 NW/4 of irregular Section 5, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico (the “Lands”)**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from the date this application is received by the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Travis Whitham  
Enduring Resources, LLC  
(303) 350-5716  
twhitham@enduringresources.com

Sincerely,

Paula M. Vance  
**ATTORNEY FOR**  
**DJR OPERATING, LLC**

DJR - Ponderosa 124H, 130H, 144H - NSP  
Postal Delivery Report

9414811898765525025754	Bureau of Land Management	301 Dinosaur Trl	Santa Fe	NM	87508-1560	Your item was delivered to the front desk, reception area, or mail room at 11:01 am on April 7, 2026 in SANTA FE, NM 87508.
9414811898765525025761	Cross Timbers Energy, LLC	C/O Oildex Mail, PO Box 669172	Dallas	TX	75266-9172	Your item has been delivered and is available at a PO Box at 11:18 am on April 5, 2026 in DALLAS, TX 75260.
9414811898765525025723	Dugan Production Corp	PO Box 420	Farmington	NM	87499-0420	Your item was picked up at the post office at 9:38 am on April 6, 2026 in FARMINGTON, NM 87401.
9414811898765525025792	Federal Indian Minerals Office	304 N Auburn Ave Ste C	Farmington	NM	87401-5813	Your shipment was received at 3:09 pm on March 30, 2026 in DENVER, CO 80217. The acceptance of your package is pending.
9414811898765525025747	Merrion O&G Corp	610 Reilly Ave	Farmington	NM	87401-2634	Your shipment was received at 3:09 pm on March 30, 2026 in DENVER, CO 80217. The acceptance of your package is pending.
9414811898765525025785	New Mexico State Land Office	310 Old Santa Fe Trl	Santa Fe	NM	87501-2708	Your item was picked up at the post office at 7:34 am on April 8, 2026 in SANTA FE, NM 87501.
9414811898765525025730	New Mexico State Land Office	PO Box 1148	Santa Fe	NM	87504-1148	Your item was picked up at the post office at 9:46 am on April 6, 2026 in SANTA FE, NM 87501.
9414811898765525025778	SIMCOE, LLC	14201 Wireless Way Ste 300	Oklahoma City	OK	73134-2521	Your item arrived at our OKLAHOMA CITY OK DISTRIBUTION CENTER destination facility on April 2, 2026 at 2:56 pm. The item is currently in transit to the destination.

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/ocd/contact-us>

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

COMMENTS

Action 573717

**COMMENTS**

Operator: DJR OPERATING, LLC 200 Energy Court Farmington, NM 87401	OGRID: 371838
	Action Number: 573717
	Action Type: [UF-NSP] Non-Standard Proration (NSP)

**COMMENTS**

Created By	Comment	Comment Date
llowe	If the Operator wants to add existing wells within the same NSP HSU, the operator will need to submit a C-103 X or Z to the OCD online portal. The sundry shall state the following: "Adding Wells to an NSP HSU: Well Name, Well API No., Pool Name, Pool Code, NSP Order Number". Send an email to <a href="mailto:ocd.engineer@emnrd.nm.gov">ocd.engineer@emnrd.nm.gov</a> . TITLED: Adding existing wells to NSP-XXXX, C-103 X or Z. NSP-XXXX.	6/8/2026

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/ocd/contact-us>

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 573717

**CONDITIONS**

Operator: DJR OPERATING, LLC 200 Energy Court Farmington, NM 87401	OGRID: 371838
	Action Number: 573717
	Action Type: [UF-NSP] Non-Standard Proration (NSP)

**CONDITIONS**

Created By	Condition	Condition Date
llowe	None	4/23/2026