

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

Administrative Order NSP – 2394

ADMINISTRATIVE NON-STANDARD HORIZONTAL SPACING UNIT

DJR Operating, LLC [OGRID 371838]

Ponderosa F31 2409 Federal Com Well No. 144H (30-045-39374)

HSU: Lot 3, E/4 SW/4, W/2 SE/4, SE/4 SE/4 SEC 31 [T24N, R09W] & Lot 2, Lot 1, SE/4 NE/4 SEC 06 & Lot 4, S/2 NW/4, N/2 SW/4, SE/4 SW/4, W/2 SE/4, SE/4 SE/4 SEC 05 & N/2 NE/4, SE/4 NE/4 SEC 08 [T23N, R09W], San Juan County

Reference is made to your application received on April 9th, 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:

Description	Acres	Pool	Pool Code
Lot 3, E/4 SW/4, W/2 SE/4, SE/4 SE/4 SEC 31 [T24N, R09W]	842.46	Bisti Lower-Gallup	5890
Lot 2, Lot 1, SE/4 NE/4 SEC 06,			
Lot 4, S/2 NW/4, N/2 SW/4, SE/4 SW/4, W/2 SE/4, SE/4 SE/4 SEC 05,			
N/2 NE/4, SE/4 NE/4 SEC 08 [T23N, R09W]			

NSP - 2394
DJR Operating, LLC
Page 2 of 2

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.

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 Lot 3, E/4 SW/4, W/2 SE/4, SE/4 SE/4 SEC 31 [T24N, R09W] & Lot 2, Lot 1, SE/4 NE/4 SEC 06 & Lot 4, S/2 NW/4, N/2 SW/4, SE/4 SW/4, W/2 SE/4, SE/4 SE/4 SEC 05 & N/2 NE/4, SE/4 NE/4 SEC 08 [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

ID NO. 573721

NSP - 2394

RECEIVED: 04/09/26	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 144H **API:** 30-045-39374
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

<u>FOR OCD ONLY</u>	
<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 842.46-acre non-standard horizontal spacing unit comprised of Lot 3, E/2 SW/4, W/2 SE/4, and SE/4 SE/4 of irregular Section 31, Township 24 North, Range 9 West, and Lots 1 & 2 and SE/4 NE/4 of irregular Section 6, Lot 4, S/2 NW/4, N/2 SW/4, SE/4 SW/4, W/2 SE/4 and SE/4 SE/4 of irregular Section 5, and N/2 NE/4 and SE/4 NE/4 of Section 8, 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 842.46-acre non-standard horizontal spacing unit comprised of Lot 3, E/2 SW/4, W/2 SE/4, and SE/4 SE/4 of irregular Section 31, Township 24 North, Range 9 West, and Lots 1 & 2 and SE/4 NE/4 of irregular Section 6, Lot 4, S/2 NW/4, N/2 SW/4, SE/4 SW/4, W/2 SE/4 and SE/4 SE/4 of irregular Section 5, and N/2 NE/4 and SE/4 NE/4 of Section 8, 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 144H** (API No. 30-045-38374)

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.

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

Exhibit C is a spreadsheet listing all “affected persons”¹ 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


¹ 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 144H Straddle Com Area


Section 31: E2SW4 NWSW4 W2SE4 SESE4, Section 6: E2NE4 NWNE4,
Section 5: W2NW4 SENW4 E2SW4 NWSW4 W2SE4 SESE4,
Section 8: E2NE4 NWNE4


T23N, 24N - R 9W, San Juan County, NM
842.46 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

 **Good Times P36 2410 Pad**
Operator: DJR Operating, LLC
Working Interest Owners:
 DJR Operating, LLC
 Dugan Production Corp
Acreage:
 Federal

36

31

32

6

5

4

8

9

**EXHIBIT
A**

DJR OPERATING , LLC PONDEROSA F31 2409 FEDERAL COM #144H AS-DRILLED

DETAIL: DEDICATED ACRES

SEC. 31: LOT 3, E2/SW, S2/SE, NW/SE (240.60 ACRES)

SEC. 6: LOT 1, LOT 2, SE/NE (121.09 ACRES)

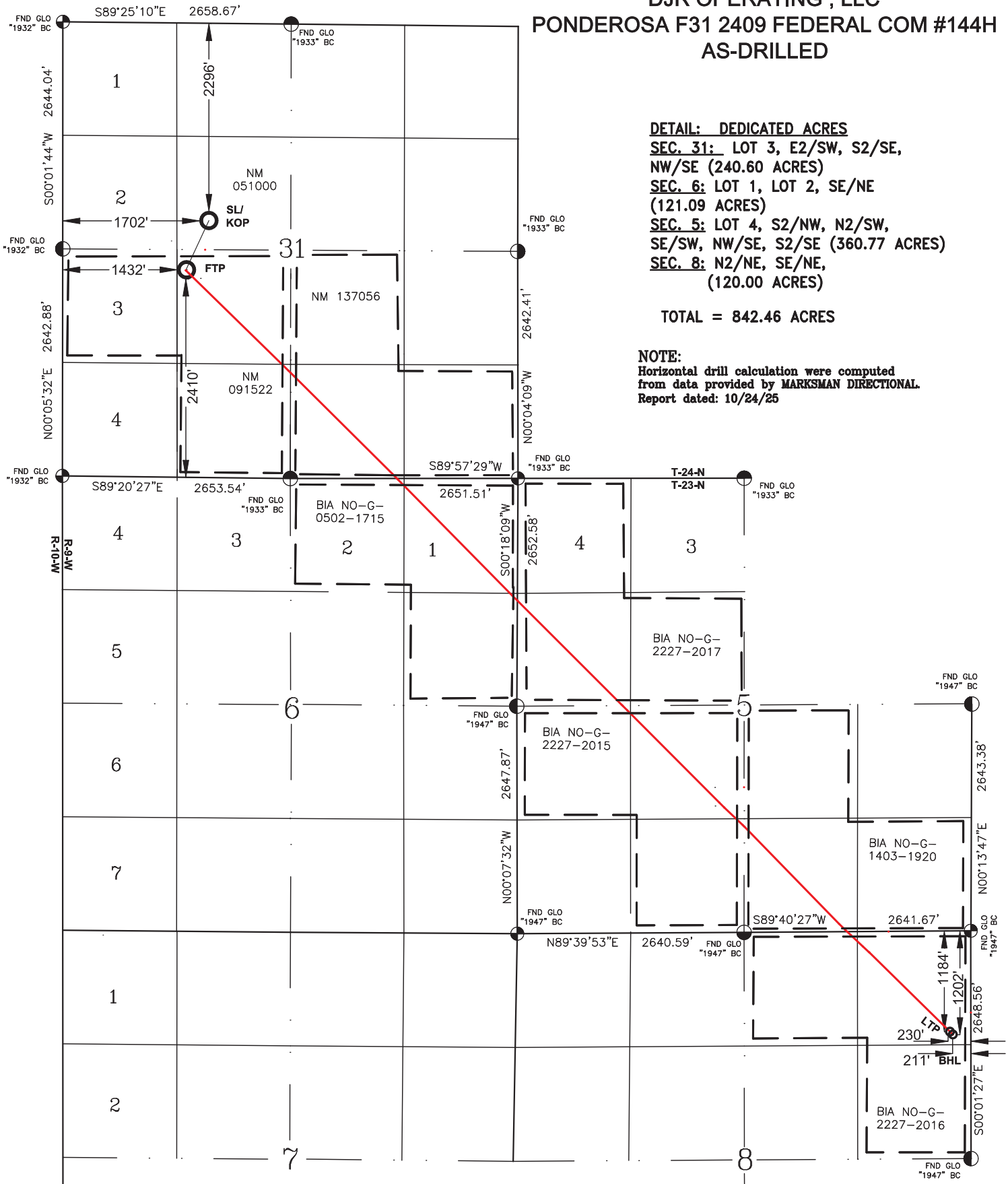
SEC. 5: LOT 4, S2/NW, N2/SW, SE/SW, NW/SE, S2/SE (360.77 ACRES)

SEC. 8: N2/NE, SE/NE, (120.00 ACRES)

TOTAL = 842.46 ACRES

NOTE:

Horizontal drill calculation were computed from data provided by MARKSMAN DIRECTIONAL. Report dated: 10/24/25



SURFACE LOCATION (SHL)
2296' FNL, 1702' FWL
SEC. 31, T24N, R9W
LAT: 36.271420° N
LONG: 107.833394° W NAD83

FIRST TAKE POINT (FTP)
2410' FSL 1432' FWL
SEC. 31, T24N, R9W
LAT: 36.269826° N
LONG: 107.834307° W NAD83

BOTTOM HOLE LOCATION (BHL)
1202' FNL, 211' FEL
SEC. 8, T23N, R9W
LAT: 36.245434° N
LONG: 107.803980° W NAD83

KICK OFF POINT (KOP)
2296' FNL 1702' FWL
SEC. 31, T24N, R9W
LAT: 36.271420° N
LONG: 107.833394° W NAD83

LAST TAKE POINT (LTP)
1184' FNL, 230' FEL
SEC. 8, T23N, R9W
LAT: 36.245484° N
LONG: 107.804044° W NAD83

**DJR OPERATING, LLC
PONDEROSA F31 2409 FEDERAL COM #144H
AS-DRILLED**

SURFACE LOCATION NM 051000
2296' 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: 36.271420° N LONG: 107.833394° W NAD83

PPP1(FIRST TAKE POINT) NM 091522
2410' FSL, 1432' FWL
LOCATED IN THE NE/SW OF SEC. 31, T-24-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.269826° N LONG: 107.834307° W NAD83

PPP2 NM 137056
1232' FSL, 2646' FEL
LOCATED IN THE SW/SE OF SEC. 31, T-24-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.266558° N LONG: 107.830161° W NAD83

PPP3 BIA NO-G-0502-1715
1' FNL, 1408' FEL
LOCATED IN LOT 2 OF SEC. 6, T-23-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.263180° N LONG: 107.825951° W NAD83

PPP4 BIA NO-G-2227-2017
1423' FNL, 1' FWL
LOCATED IN THE SW/NW OF SEC. 5, T-23-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.259283° N LONG: 107.821191° W NAD83

PPP5 BIA NO-G-2227-2015
2646' FSL, 1234' FWL
LOCATED IN THE NW/SW OF SEC. 5, T-23-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.255926° N LONG: 107.817029° W NAD83

PPP6 BIA NO-G-1403-1920
1233' FSL, 2645' FEL
LOCATED IN THE SW/SE OF SEC. 5, T-23-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.252073° N LONG: 107.812228° W NAD83

PPP7 BIA NO-G-2227-2016
1' FNL, 1439' FEL
LOCATED IN THE NW/NE OF SEC. 8, T-23-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.248709° N LONG: 107.808149° W NAD83

PPP8 (LAST TAKE POINT) BIA NO-G-2227-2016
1184' FNL, 230' FEL
LOCATED IN THE NE/NE OF SEC. 8, T-23-N, R-9-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
LAT: 36.245484° N LONG: 107.804044° W NAD83

NOTE:
Horizontal drill calculation were computed
from data provided by MARKSMAN DIRECTIONAL.
Report dated: 10/24/25

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 842.46-acre non-standard horizontal spacing unit comprised of Lot 3, E/2 SW/4, W/2 SE/4, and SE/4 SE/4 of irregular Section 31, Township 24 North, Range 9 West, and Lots 1 & 2 and SE/4 NE/4 of irregular Section 6, Lot 4, S/2 NW/4, N/2 SW/4, SE/4 SW/4, W/2 SE/4 and SE/4 SE/4 of irregular Section 5, and N/2 NE/4 and SE/4 NE/4 of Section 8, 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

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

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 573721

COMMENTS

Operator: DJR OPERATING, LLC 200 Energy Court Farmington, NM 87401	OGRID: 371838
	Action Number: 573721
	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 ocd.engineer@emnrd.nm.gov . 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 573721

CONDITIONS

Operator: DJR OPERATING, LLC 200 Energy Court Farmington, NM 87401	OGRID: 371838
	Action Number: 573721
	Action Type: [UF-NSP] Non-Standard Proration (NSP)

CONDITIONS

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