

7-15-11 DATE IN	SUSPENSE	ENGINEER DB	LOGGED IN 7/19/11	TYPE NSL	APPROVED PWJ 11/2005 4/101
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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



HPOC, LLC
Ojo Encino 21 Fed #
2DWS

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]

[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.

Mike Allen _____
Print or Type Name Signature Title Date

Reg. Mgr _____
e-mail Address



113 Centennial Plaza
P.O. Box 5046
Buena Vista, CO 81211

RECEIVED OCD

Monday, July 11, 2011

2011 JUL 15 A 10: 31

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 drilling the Entrada Sandstone in the Ojo Encino 21
Federal #2DWS wellbore***

Dear David:

HPOC 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 drill an “Unorthodox Location” in its proposed Ojo Encino 21 Federal #2DWS well in the Ojo Encino Entrada pool. HPOC plans a surface location 2,621’ FSL and 2,360’ FWL (Unit K) in the NE/4 SW/4 of section 21, Township 20 North, Range 5 West, McKinley County, New Mexico. See the accompanying C-102.

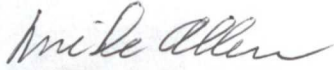
An unorthodox location is required as the surface location is non-standard as the proposed well will be closer than the minimum setback requirements to the outer boundaries of the dedicated 40-acre drilling spacing unit. The map on the next page shows the proposed spacing unit for HPOC’s proposed Ojo Encino 21 Federal #2DWS well along with all wells in the area. HPOC et als are the 100% owners of the working interest in section 21 of Federal lease NM|NM 113426, which is shown in yellow on this map. Ownership is identical for this entire lease, which covers the west half and west half of the east half of this section—a total of 480 acres.

The unorthodox location is desired by HPOC in order to penetrate the Entrada in an area of maximum thickness of the known oil pay as determined by existing subsurface control (and well logs) and 3D seismic data. A significant amount of reserves exist at the proposed location, with only a small percentage of these reserves drained by the old Filon #1 & #2 wells. HPOC plans to penetrate the Entrada reservoir at a depth of 5,892’ MD. We plan to construct a Down-hole Water Sink (DWS) well which will have a dual-completion configuration—both within the Entrada Formation (see attached schematic diagram). The upper completion will be in the top of the oil pool and produce oil, whereas the lower completion will be just below the water-oil transition zone and will produce formation water. The design of this well is aimed at minimizing or eliminating the reverse water coning which normally accompanies pumping of the oil zone within the region’s Entrada oil fields. The goal of employing the DWS technique is to achieve higher oil cuts over a greater period of time thus ultimately producing more oil and extending field life.

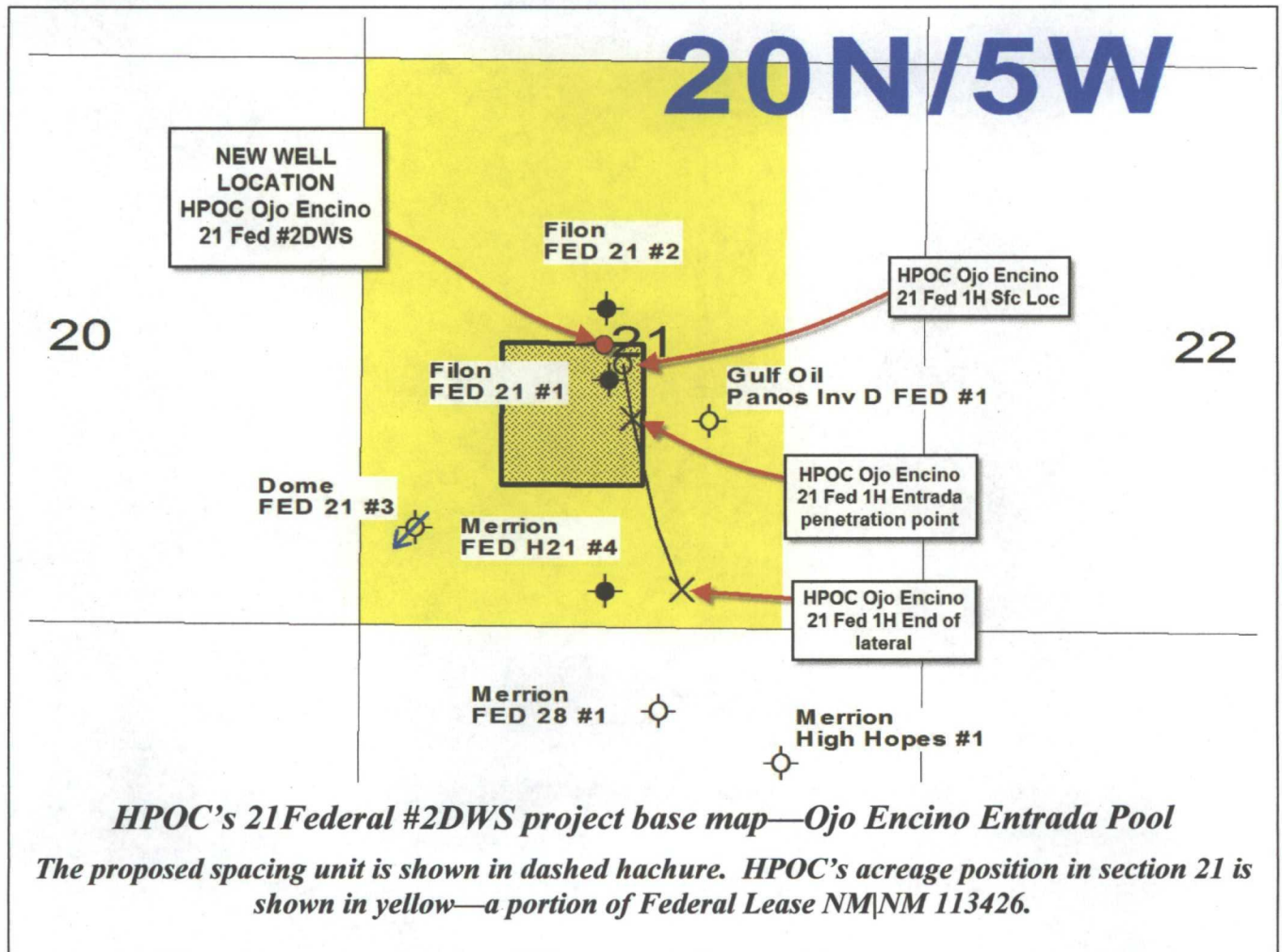
So, to maximize recovery from the Ojo Encino Entrada pool, HPOC does respectfully request that administrative approval be granted for an "Unorthodox Location" for its Ojo Encino 21 Federal #2DWS well.

Please direct any questions to me at 719-207-2848 or via e-mail to mallen@highplainsop.com.

Yours truly,



Mike Allen
Regulatory Manager-HPOC, LLC



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

Submit one copy to appropriate
District Office

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

¹⁰ Surface Location

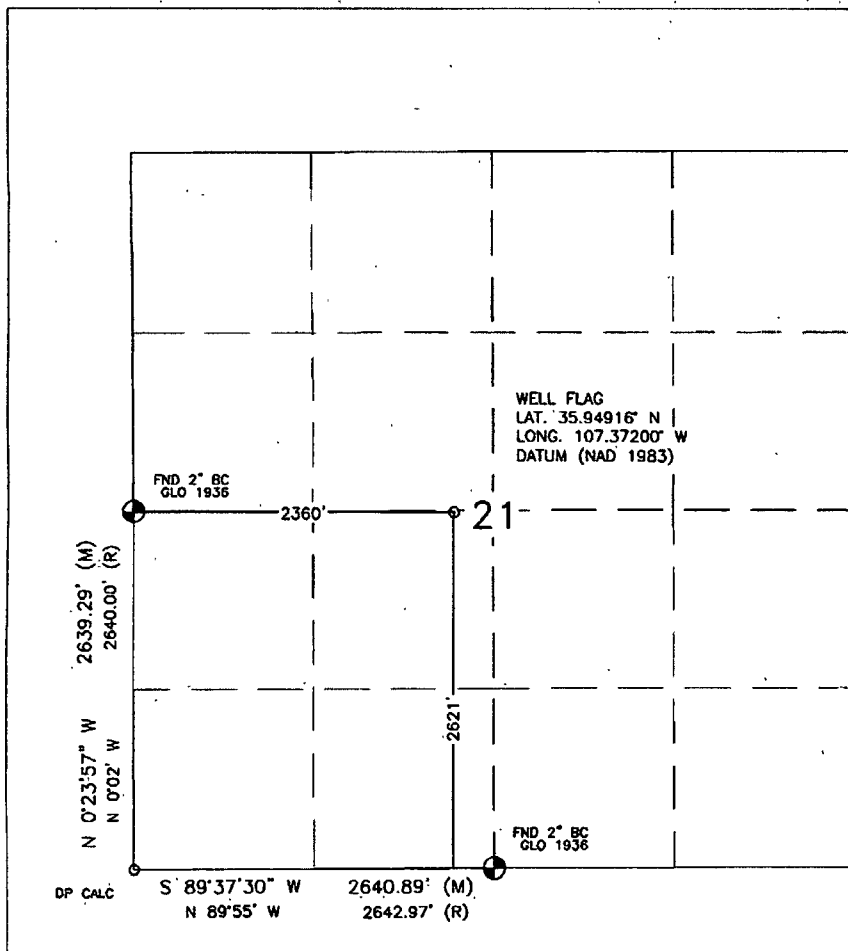
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	21	20N	5W		2621'	SOUTH	2360'	WEST	McKINLEY

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

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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 unitizing pooling agreement or a compulsory pooling order heretofore entered by this division.

Signature Ante W. Bente #8/17/11 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 RUSSELL
 Certificate Number 10201

Ojo Encino 21 Federal #2DWS Schematic Diagram

Packer set in the transition zone to prevent water coning into the oil completion.

