

PTG-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 Operating Co,  
 Eagle State #302

**ADMINISTRATIVE APPLICATION CHECKLIST 30-025-40333**

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

6524

**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]

RECEIVED OOD  
 2011 NOV 30 P 11:52

e-2-205  
 - 395

- [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@hollandkret.com  
 e-mail Address

HOLLAND & HART<sup>LLP</sup>



**Adam G. Rankin**  
**Associate**  
Phone 505-954-7294  
Fax 505-983-6043  
agrarkin@hollandhart.com

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 000  
2011 NOV 30 PM 4: 52

**Re: Application of Three Rivers Operating Company for administrative approval of an unorthodox well location for its Eagle 2 State No. 302 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. 302 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 830 feet from the North line and 2,190 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. 302 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. 302 well encroaches on the spacing and proration unit to the East. The well is proposed to be placed outside the surface location mandated by the Lea-Bone Springs Pool approximately 25 feet to the South and 50 feet to the East to keep from disrupting the existing sand dunes encountered within 150 feet of the center of the quarter-quarter section. The sensitive nature of the sand dune habitat and the challenge of drilling

**Holland & Hart LLP**

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://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.

thereon make a standard location detrimental to lizard habitat and impractical. Thus, the unorthodox location is necessary.

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 East. A copy of this application with all attachments was mailed to Armstrong Energy Corporation, the operator of the spacing unit to the East.

Your attention to this application is appreciated.

Sincerely,

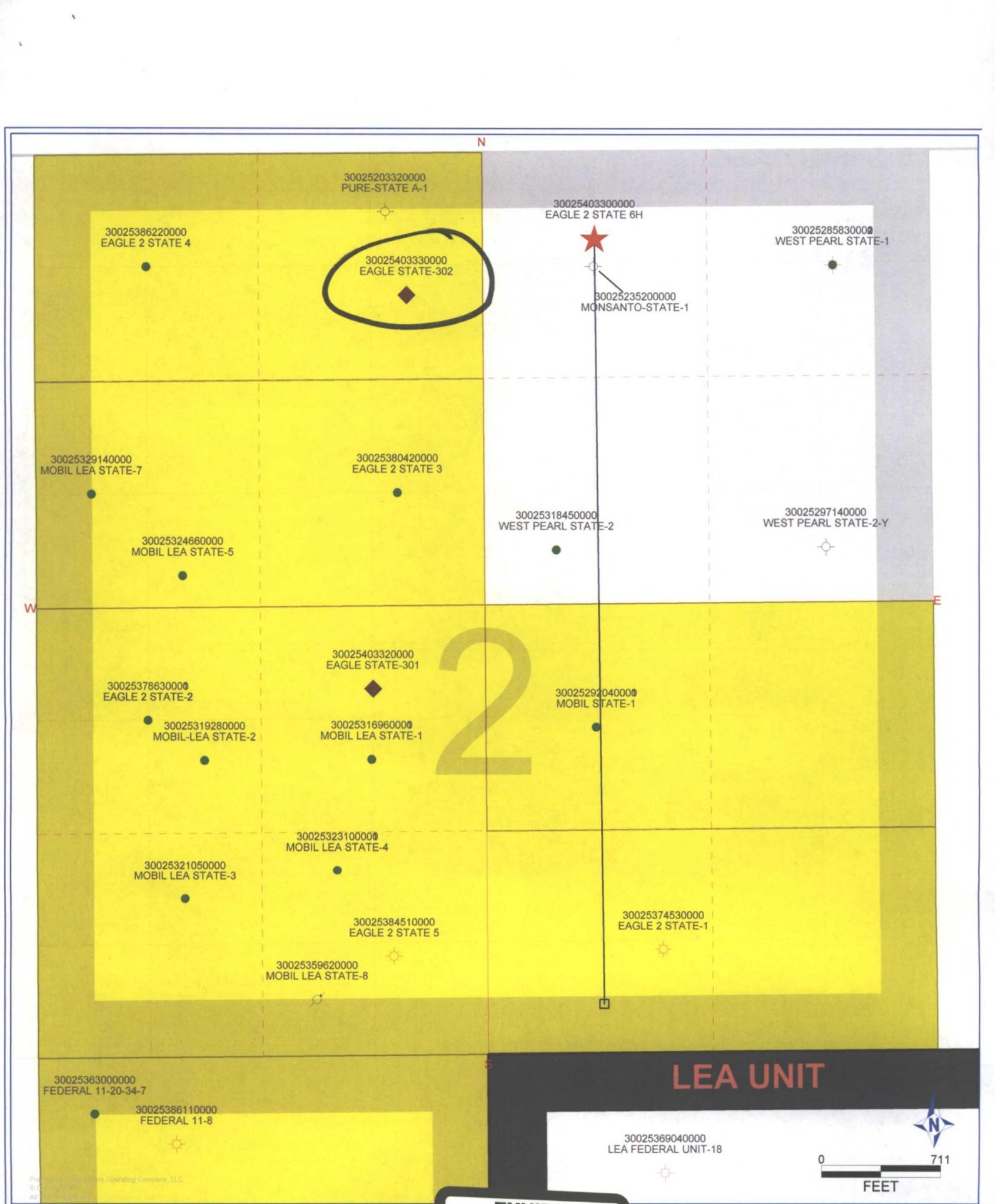


Adam G. Rankin  
**ATTORNEY FOR THREE RIVERS OPERATING**

Enclosures

cc: Tim Kane

Oil Conservation Division  
District 1 Office  
Hobbs, New Mexico



2

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 139297

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

1. Operator Name and Address <b>THREE RIVERS OPERATING COMPANY LLC</b> 1122 S. Capital of Texas Hwy Austin, TX 78746		2. OGRID Number 272295
		3. API Number 30-025-40333
4. Property Code 309211	5. Property Name EAGLE 2 STATE	6. Well No. 302

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	2	20S	34E	3	830	N	2190	W	LEA

**8. Pool Information**

LEA;BONE SPRING 37570

**Additional Well Information**

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3686
14. Multiple N	15. Proposed Depth 11200	16. Formation Wolfcamp	17. Contractor	18. Spud Date 6/1/2012
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**

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	Hydril/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"/>	<b>OIL CONSERVATION DIVISION</b>  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

**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-102  
 August 1, 2011  
 Permit 139297

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-40333	2. Pool Code 37570	3. Pool Name LEA;BONE SPRING
4. Property Code 309211	5. Property Name EAGLE 2 STATE	6. Well No. 302
7. OGRID No. 272295	8. Operator Name THREE RIVERS OPERATING COMPANY LLC	9. Elevation 3686

**10. Surface Location**

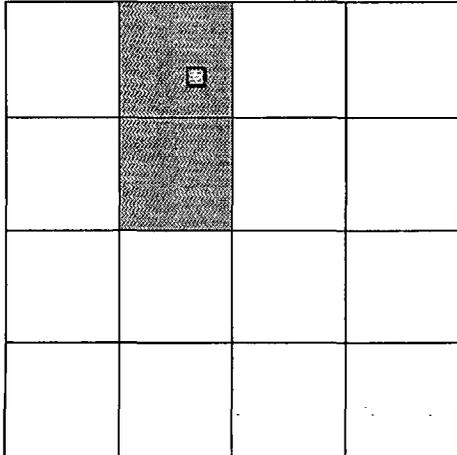
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
3	2	20S	34E		830	N	2190	W	LEA

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County

12. Dedicated Acres 80.75	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**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Jim Keisling                  Title: VP Engineering                  Date: 10/27/2011</p>
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Gary Jones                  Date of Survey: 10/12/2011                  Certificate Number: 7977</p>

## Permit Conditions of Approval

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

Well: **EAGLE 2 STATE #302**

API: **30-025-40333**

OCD Reviewer	Condition
pkautz	Will require administrative order for non-standard location
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	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 #302

API:

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

HOLLAND & HART<sup>LLP</sup>



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

November 30, 2011

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

Armstrong Energy Corporation  
Attn: Bob Watson  
Post Office Box 1973  
Roswell, New Mexico 88202-1973

Re: Application of Three Rivers Operating Company for administrative approval of an unorthodox well location for its Eagle 2 State No. 302 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. Watson:

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. 302 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 830 feet from the North line and 2,190 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](http://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. ©