

NSL Initial Application

Received: 03/25/20

RECEIVED: 03/25/20	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL2008561890
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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: Betonneie Tsosie Wash Unit #720H well **API:** 30-045-35669
Pool: Betonneie Tsosie Wash Unit: Mancos (Oil) **Pool Code:** 98175

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.

Kaitlyn A. Luck
 Print or Type Name

03/25/20
 Date

Print or Type Name

505-954-7286
 Phone Number

Kaitlyn A. Luck
 Digitally signed by Kaitlyn A. Luck
 Date: 2020.03.25 16:30:48 -06'00'
 Signature

kaluck@hollandhart.com
 e-mail Address



Kaitlyn A. Luck
Associate
Phone (505) 954-7286
KALuck@hollandhart.com

March 25, 2020

VIA ONLINE FILING

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

Re: Application of DJR Operating, LLC, for administrative approval of an unorthodox well location for its Betonnie Tsosie Wash Unit #720H well in Section 3, Township 22 North, Range 8 West, and Sections 28, 33, and 34, Township 23 South, Range 8 West, N.M.P.M., San Juan County, New Mexico.

Dear Ms. Sandoval:

DJR Operating, LLC (“DJR Operating”) (OGRID No. 371838) seeks administrative approval of an unorthodox well location for its **Betonnie Tsosie Wash Unit #720H well** (API No. 30-045-35669) to be completed within the Betonnie Tsosie Wash Unit; Mancos (Oil) Pool (Pool Code 98175) underlying the NE/4 NE/4 of Section 3, Township 22 North, Range 8 West, and the S/2 SE/4 of Section 28, the NE/4 NE/4 of Section 33, and the W/2 NW/4, the SE/4 NW/4, the NW/4 SW/4, the W/2 SE/4, and the SE/4 SE/4 of Section 34, Township 23 South, Range 8 West, N.M.P.M., San Juan County, New Mexico. The horizontal well has been drilled as follows:

- Surface hole location: 1,308’ FNL, and 17’ FEL (Unit A) of Section 3
- Bottom hole location: 696’ FSL, and 1,412’ FEL (Unit O) of Section 28
- First take point: 583’ FNL, and 165’ FEL (Lot 1) of Section 3
- Last take point: 648’ FSL, and 1,363’ FEL (Unit O) of Section 28

The **Betonnie Tsosie Wash Unit #720H well** is a unit well within the Betonnie Wash Exploratory Unit. **Exhibit A** is a map of the Betonnie Wash Exploratory Unit. Division rules require the completed interval for this unit well to remain at least 330 feet from the outer boundary of the Betonnie Wash Unit. As shown on the as-drilled Form C-102, attached as **Exhibit B**, the initial portion of the completed interval for this well at the first take point is only 248 feet from the outer boundary of the Unit in the NE/4 NE/4 of Section 3, thus encroaching on the NW/4 NW/4 of Section 2.

Exhibit B is also a land plat for Sections 2 and 3, Township 22 North, Range 8 West, and Sections 28, 33, 34, Township 23 South, Range 8 West, that shows the proposed **Betonnie Tsosie**

Wash Unit #720H well in relation to the adjoining spacing unit to the east in the W/2 W/2 of Section 2, which is also operated by DJR Operating and dedicated to the Lybrook M35 2308 O1H well.

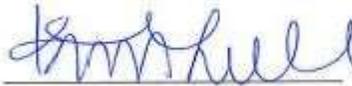
The Bureau of Land Management and DJR Operating are only affected parties in this application. DJR Operating owns 100% of the working interest in the affected tract in the NW/4 NW/4 of Section 2. **Exhibit C** includes the waiver received from the BLM, as reflected below, and thus, DJR Operating respectfully requests the Division’s immediate approval:

AFFECTED PARTY	NAME	LOCATED	DATE SENT	WAIVER RECEIVED
1	Bureau of Land Management	<u>Section 2</u> NW/4 NW/4	3/20/20	Yes
2	DJR Operating, LLC	<u>Section 2</u> NW/4 NW/4	N/A	N/A

Exhibit D is a statement from a DJR Operating’s petroleum engineer confirming that the requested unorthodox location is necessary due to unforeseen circumstances while drilling and to prevent wasted resources.

Your attention to this matter is appreciated.

Sincerely,



Kaitlyn A. Luck
ATTORNEY FOR DJR OPERATING, LLC

DISTRICT I

1825 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 593-6161 Fax: (575) 593-0780

DISTRICT II

611 E. First St., Artesia, N.M. 88210
Phone: (575) 748-1853 Fax: (575) 748-6720

DISTRICT III

1000 Rio Bravo Rd., Artesia, N.M. 87410
Phone: (505) 884-6178 Fax: (505) 884-6170

DISTRICT IV

1820 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

AMENDED REPORT

DJR OPERATING, LLC
BETONNIE TOSIE WASH UNIT #720H

PENETRATED SPACING UNIT:
SEC 3: LOT 1 (40.53 AC.); SEC 34: SE/SE, SW/SE,
NW/SE, NE/SW, SE/NW, SW/NW & NW/NW (280
AC.); SEC 33: NE/NE, NE/4 (40 AC.); SEC. 28:
SW/SE & SE/SE (80 AC.) = 440.53 ACRES
13,137.00 ACRES - ALL SEC 18, T23N, R7W;
ALL 11, 13, 14, 21-23, 26-28, 33-35, T23N, R8W; ALL 3-5, 7, 8, 10,
6 (E/2 & SW/4), 9 (E/2 & NW/4), T22N RBW - UNDIVIDED UNIT

SE CORNER SEC 3
LAT. 36.181541' N (NAD83)
LONG. 107.660129' W (NAD83)

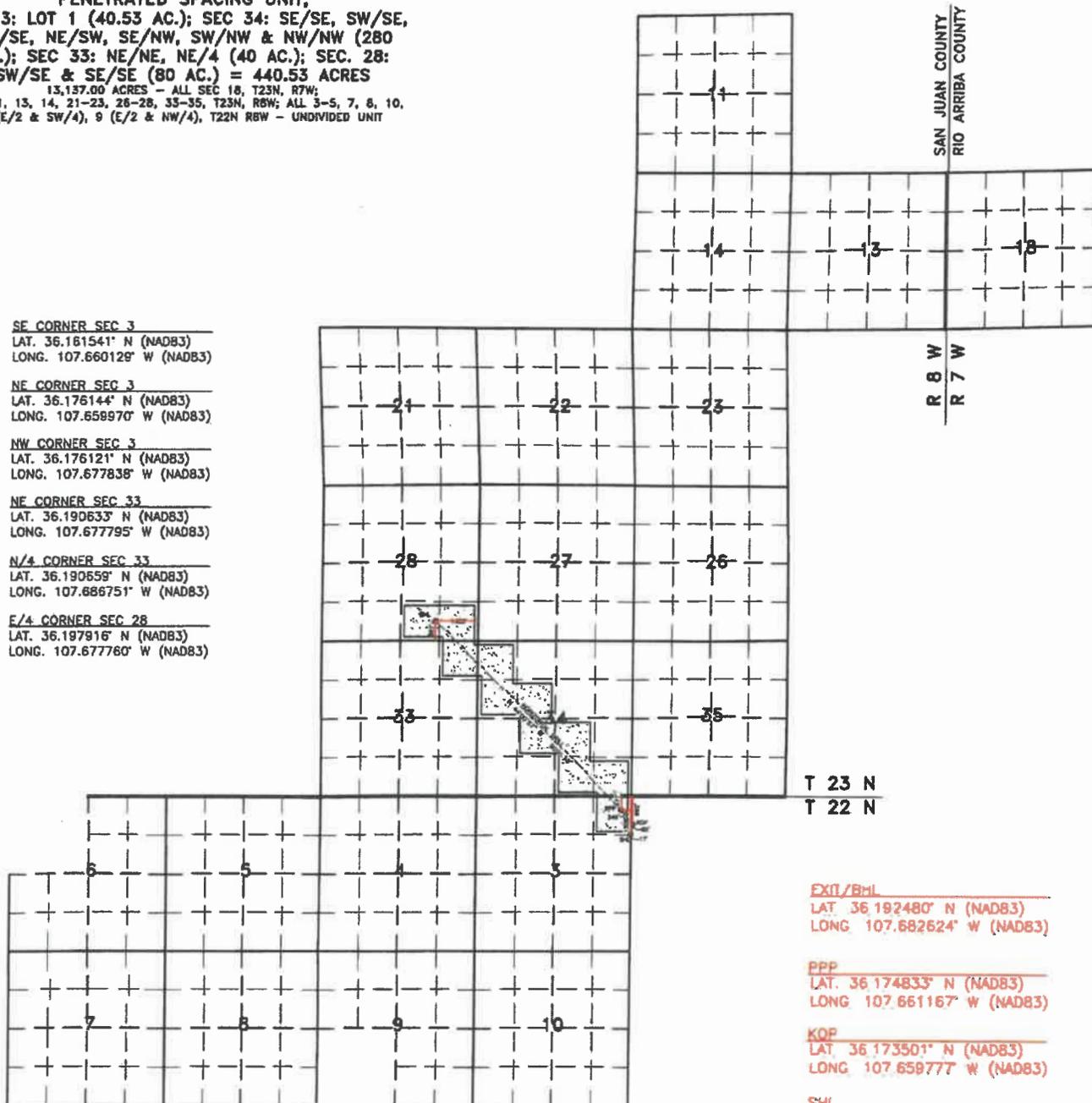
NE CORNER SEC 3
LAT. 36.176144' N (NAD83)
LONG. 107.659970' W (NAD83)

NW CORNER SEC 3
LAT. 36.176121' N (NAD83)
LONG. 107.677838' W (NAD83)

NE CORNER SEC 33
LAT. 36.190633' N (NAD83)
LONG. 107.677795' W (NAD83)

N/4 CORNER SEC 33
LAT. 36.190659' N (NAD83)
LONG. 107.686751' W (NAD83)

E/4 CORNER SEC 28
LAT. 36.197916' N (NAD83)
LONG. 107.677760' W (NAD83)



T 23 N
T 22 N

EXI/BHL
LAT. 36.192480' N (NAD83)
LONG. 107.682624' W (NAD83)

PPP
LAT. 36.174833' N (NAD83)
LONG. 107.661167' W (NAD83)

KOP
LAT. 36.173501' N (NAD83)
LONG. 107.659777' W (NAD83)

SHI
LAT. 36.172551' N (NAD83)
LONG. 107.680067' W (NAD83)

EXHIBIT A

DISTRICT I
 1625 N. French Dr., Hobbs, N.M. 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
 811 S. First St., Artesia, N.M. 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
 1000 Rio Brazos Rd., Aztec, N.M. 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised August 1, 2011

Submit one copy to appropriate
 District Office

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

AS-DRILLED
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35669		² Pool Code 98175	³ Pool Name BETONNIE TSOSIE WASH UNIT MANCOS OIL POOL
⁴ Property Code 325179	⁵ Property Name BETONNIE TSOSIE WASH UNIT		⁶ Well Number 720H
⁷ OGRID No. 371838	⁸ Operator Name DJR OPERATING, LLC		⁹ Elevation 6880.0'

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
A	3	22N	8W	1	1308'	NORTH	17'	EAST	SAN JUAN

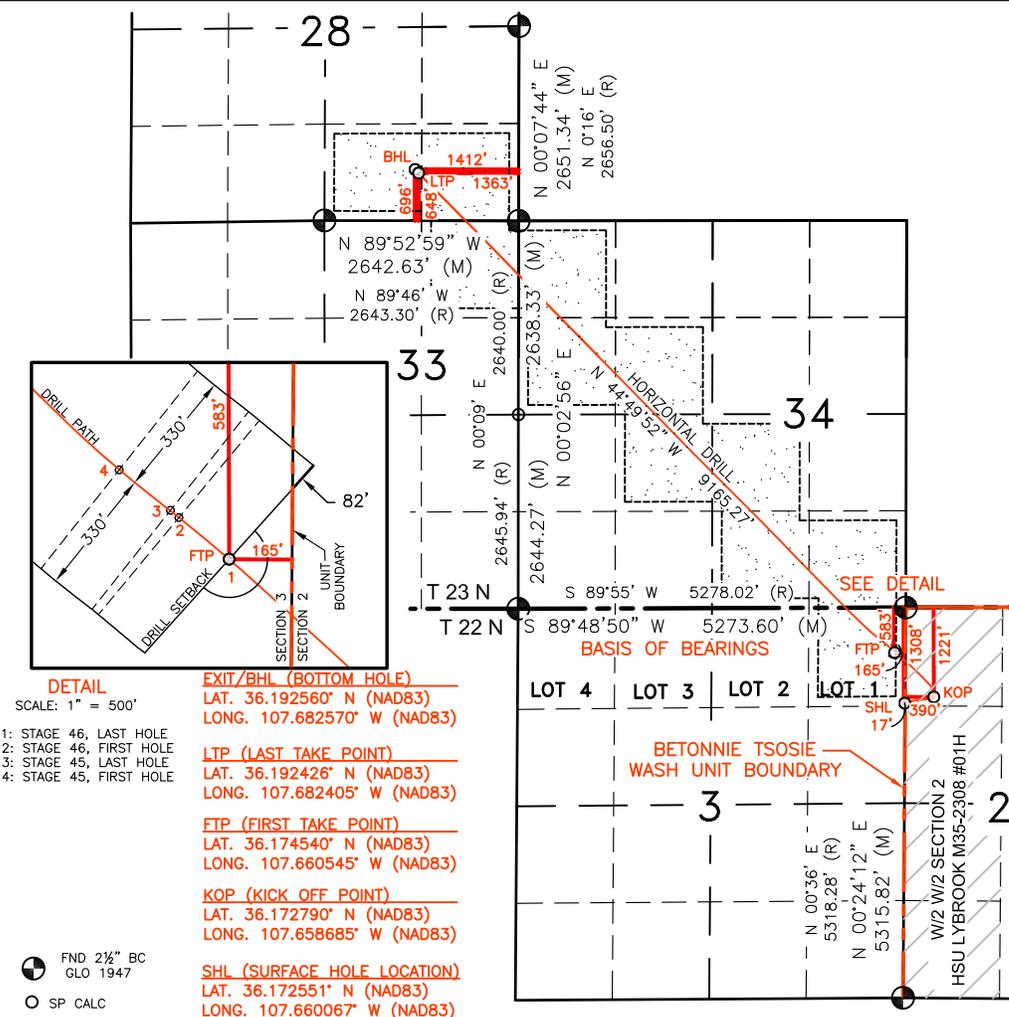
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	28	23N	8W		696'	SOUTH	1412'	EAST	SAN JUAN

¹² Dedicated Acres PENETRATED SPACING UNIT; SEC 3: LOT 1 (40.53 AC.); SEC 34: SE/SE, SW/SE, NW/SE, NE/SW, SE/NW, SW/NW & NW/NW (280 AC.); SEC 33: NE/NE, NE/4 (40 AC.); SEC. 28: SW/SE & SE/SE (80 AC.) = 440.53 ACRES	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁶ Order No. R-13930, R-13930A
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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

16



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 pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
 Printed Name _____
 E-mail Address _____

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.

MARCH 19, 2020
 Date of Survey
 Signature and Seal of Professional Surveyor: _____

EXHIBIT B

11393



March 20, 2020

Via email to: DMankiewicz@blm.gov

Mr. Dave Mankiewicz
Bureau of Land Management
Farmington Field Office
6251 College Blvd., Suite A
Farmington NM 87402

RE: Waiver Request for Non-Standard Location Application
Bettonnie Tsosie Wash Unit 720H

Dear Mr. Mankiewicz:

DJR Operating, LLC ("DJR") intends to submit an application to the New Mexico Oil Conservation Division for approval of a non-standard location for the recently drilled Bettonnie Tsosie Wash Unit 720H well to be completed in the Mancos Oil Pool (Pool Code #98175) underlying the following lands:

SHL: T22N-R8W, Section 3: Lot 1 (NENE) (A), San Juan County, NM
BHL: T23N-R8W Section 28: SWSE (O), San Juan County, NM

This is a unit well within the Bettonnie Tsosie Wash Unit (NMNM 135219X).

Division rules require the completed interval for this unit well to remain at least 330 feet from the outer boundary of the Bettonnie Tsosie Wash Unit. As shown on the attached As Drilled plat, the initial portion of the completed interval for this well at the first take point is 248 feet from the outer boundary of the Unit at the NWNW of Section 2 (T22N-R8W). This well therefore is unorthodox by 82 feet. This encroachment impacts Federal Lease NMNM 04989A which covers the NWNW of Section 2. DJR owns 100% of the working interest in this federal lease and operates the Lybrook M35-2308-01H well dedicated to the W2W2 of Section 2.

DJR inadvertently utilized an incorrect completion procedure for the well which did not reflect the correct bottom-hole coordinates for the first take point, causing the encroachment.

Division Rules provide that an application for a non-standard location may be approved more quickly if the applicant obtains waivers from affected parties. DJR respectfully requests BLM's waiver of objection to this non-standard location in order to expedite the Division's approval process by signing the bottom of this letter. Please email the executed approval letter to me at: DBrown@djrlc.com. Thank you for your immediate attention to this matter, it is truly appreciated.

Very truly yours,


Dave Brown

Manager of Government and Regulatory Affairs

BLM hereby waives any objection to DJR's non-standard location of the Bettonnie Tsosie Wash Unit 720H well.

By: Joe Killins
Title: Petroleum Engineer

EXHIBIT C



1700 Lincoln St, Suite 2800
Denver, CO. 80203

March 25, 2020

Well Name: **Betonne Tsoie Wash Unit 720H**
SHL: T22N-R8W, Section 3: Lot 1 (NENE) (A), San Juan County, NM
BHL: T23N-R8W Section 28: SWSE (O), San Juan County, NM

To whom it may concern,

DJR Energy respectfully requests administrative approval on a non-standard location for the Betonne Tsoie Wash Unit 720H to allow the completed interval to be less than 330 ft from the eastern boundary of the Betonne Tsoie Wash Unit line. This is a unit well within the Betonne Tsoie Wash Unit (NMNM 135219X) and was intended to be drilled as a standard location. Due to a version control problem on the completions procedure distribution and subsequent completions operations, the well has encroached on the 330 ft setback from the Unit line. DJR requests to produce from the perforations as a non-standard location.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ningning Li'.

Ningning Li
Completions Manager
DJR Energy

EXHIBIT D