

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

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| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NO. 30-045-35642 |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> | | 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator Energen Resources Corporation | | 6. State Oil & Gas Lease No. |
| 3. Address of Operator 2010 Afton Place, Farmington NM 87401 | | 7. Lease Name or Unit Agreement Name Crow Mesa 24-08 2 |
| 4. Well Location Unit Letter <u>I</u> : <u>1419'</u> feet from the <u>South</u> line and <u>505'</u> feet from the <u>East</u> line Section <u>2</u> Township <u>24N</u> Range <u>8W</u> NMPM County <u>San Juan</u> | | 8. Well Number 3H |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7318' GL | | 9. OGRID Number 162928 |
| | | 10. Pool name or Wildcat Dufrers Point-Gallup Dakota |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: Measurement Installment ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Energen Resources is hereby requesting authorization to install a gas lift artificial lift and measurement system on the subject well. Meters will be calibrated upon installation and quarterly thereafter. The gas measurement skid will utilize both a sales and buy back metering system. Four check valves will be installed, one upstream and the other downstream of each orifice meter to prevent gas by-pass. Attached for your review is a detailed process flow diagram and measurement and reporting methodology. Utilizing this method of artificial lift and measurement will allow Energen to optimize well performance and maximize oil and gas recovery while maintaining system measurement accuracy and production accountability.

Completion operations are scheduled to begin 11/2/2015.

OIL CONS. DIV DIST. 3

OCT 22 2015

Spud Date:

08/13/15

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Theresa McAndrews TITLE Production Supervisor DATE 10/21/15

Type or print name Theresa McAndrews E-mail address: tmcandre@energen.com PHONE: 505-324-4168

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR DATE 11/18/15

Conditions of Approval (if any):

RV

Crow Mesa 24-08 2 3H

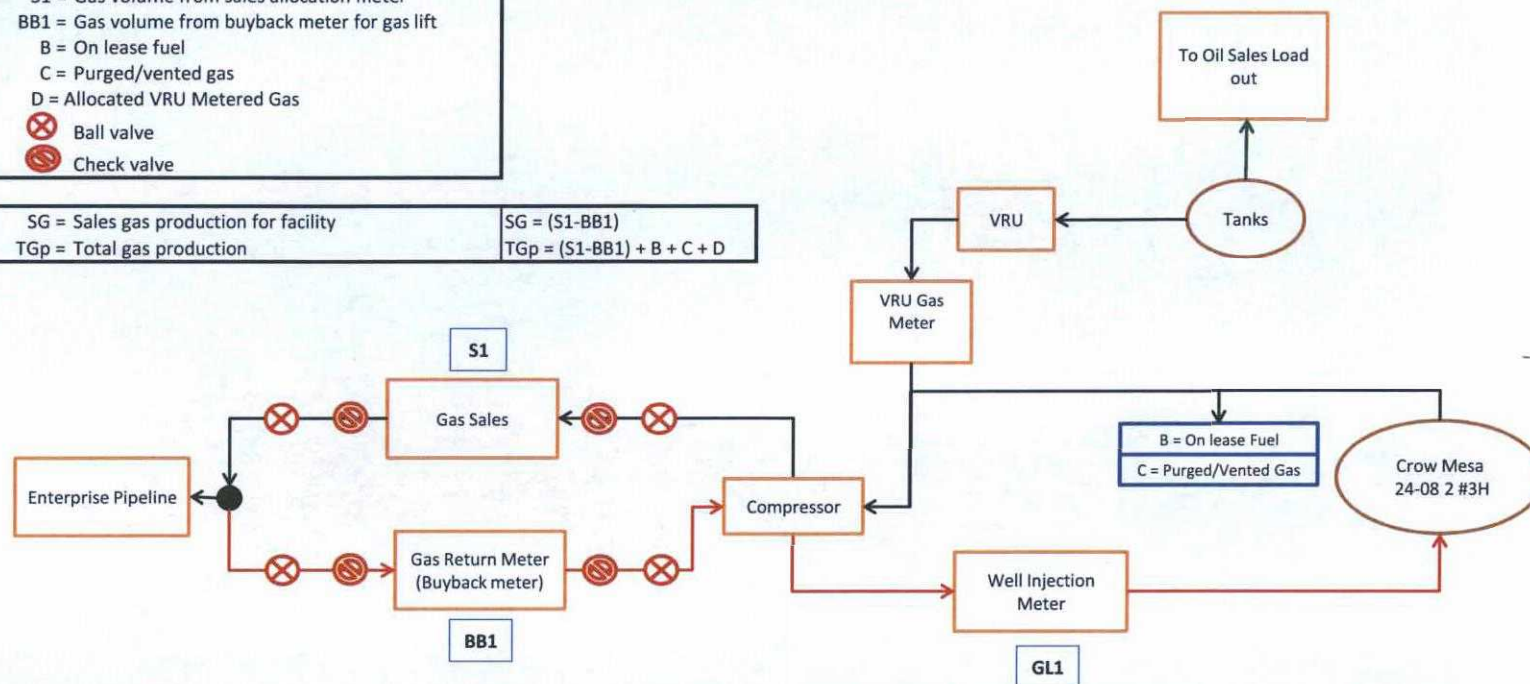
Production Reporting Methodology (Single well)

GL1 = Gas volume for gas lift injection
 S1 = Gas volume from sales allocation meter
 BB1 = Gas volume from buyback meter for gas lift
 B = On lease fuel
 C = Purged/vented gas
 D = Allocated VRU Metered Gas

⊗ Ball valve
 ⊗ Check valve

SG = Sales gas production for facility
 TGP = Total gas production

$SG = (S1 - BB1)$
 $TGP = (S1 - BB1) + B + C + D$



*** Note:

The VRU Gas Meter measures gas from both the Crow Mesa 24-08 2 # 3H and 4H wells.

Allocated VRU gas production for each well will be reported based on the oil production ratios for each well during the report period multiplied by the VRU metered volume.