

DATE IN 1.24.12	SUSPENSE	ENGINEER WPH	LOGGED IN 1.24.12	TYPE DHC	APP NO. 1202450307
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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



RECEIVED OGD
Energen
Jicarilla 95 #3B
162978

ADMINISTRATIVE APPLICATION CHECKLIST

30-039-26550

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.

Adam Klem
Print or Type Name

Signature

District Engineer
Title

1/19/12
Date

aklem@energen.com
e-mail Address

January 20, 2012

Ms. Jami Bailey - Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Approval to Downhole Commingle
Energen Resources Corporation
Jicarilla 95 #3B
780' FSL, 1770' FWL, Section 35, T27N, R03W
Rio Arriba County, New Mexico

Dear Ms. Bailey:

Energen Resources Corporation requests approval to downhole commingle the Gavilan Pictured Cliffs, WC27N3W35; Mancosand Blanco Mesaverde pools in the subject well. Due to the liquid loading problems commingling with plunger lift is the most economical method to recover gas from all zones in the subject well. We have successfully applied this method along with plunger lift in similar wells that have experienced liquid loading problems and it is felt this method would improve the overall producing efficiency of the well.

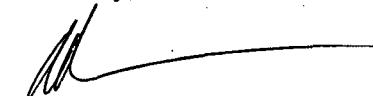
To comply with New Mexico Oil Conservation Rules, Energen Resources Corporation is submitting the following data for your approval of the proposed commingling.

1. C-107A - Application for Downhole Commingling
2. C-102 - Location plat showing each spacing unit and dedicated acreage
3. Offset Operator Ownership Plat
4. Allocation method

In accordance to New Mexico
Oil Conservation Division Rule 303C, Energen Resources will notify all Offset operators.

If additional information is needed, please contact me at 505-324-4163.

Sincerely,



Adam Klem
District Engineer

xc:

NMOCD – Aztec District Office
BLM- FFO notified via Federal Sundry Notice 3160-5 and sent NMOCD form C-107A

District I
1625 N. Franch Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
Well
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.

APPLICATION TYPE
X Single

Santa Fe, New Mexico 87505

Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Energen Resources

2010 Afton Place, Farmington, New Mexico 87401

DHC-3835-A

Operator Jicarilla 95 #3B Address N Section 35, T27N, R3W Rio Arriba
Lease 162928 Well No. 21289 Unit Letter-Section-Township-Range 30-039-26550 County
OGRID No. Property Code API No. Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Gavilan Pictured Cliffs	Blanco Mesaverde	WC27N3W35, Mancos <u>Basin</u>
Pool Code	77360	72319	97058
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3761'-3842'	5561'-6082'	7435'-7450'
Method of Production (Flowing or Artificial Lift)	Artificial Lift - Plunger	Artificial Lift - Plunger	Artificial Lift - Plunger
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Not completed	1,000 psi	1,040 psi <u>OK</u>
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1,341 BTU	1,341 BTU	1,341 BTU
Producing, Shut-In or New Zone	New Zone	Producing	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates: N/A	Date: 12/2011 Rates: .22 BOPD/ 95 MCFPD/0.75 BWPD	Date: 12/2011 Rates: .22 BOPD/ 30 MCFPD/0.75 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas N/A N/A	Oil Gas 50% 23% <u>Turn in later</u>	Oil Gas 50% 77%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Are all produced fluids from all commingled zones compatible with each other? Yes X No
Will commingling decrease the value of production? Yes No X
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No

NMOCD Reference Case No. applicable to this well:

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Adam Klem TITLE District Engineer DATE 1/11/12

TYPE OR PRINT NAME Adam Klem TELEPHONE NO. (505) 324-4163

E-MAIL ADDRESS aklem@energen.com

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number 30-039-26550	² Pool Code 97232	³ Pool Name Basin Mancos
⁴ Property Code 21289	⁵ Property Name Jicarilla 95	⁶ Well Number 3B
⁷ OGRID No. 162928	⁸ Operator Name Energen Resources Corporation	⁹ Elevation 7145'

¹⁰ Surface Location

UL or lot no. N	Section 35	Township 27N	Range 3W	Lot Idn	Feet from the 780	North/South line South	Feet from the 1770	East/West line West	County Rio Arriba
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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
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¹² Dedicated Acres 1.00 320	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.

	¹⁷ OPERATOR CERTIFICATION <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 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> Signature _____ Date 1/11/2012 Adam Klem Printed Name	
	¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____	

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-26550	² Pool Code 72319	³ Pool Name Blanco Mesaverde
⁴ Property Code 21289	⁵ Property Name Jicarilla 95	⁶ Well Number 3B
⁷ OGRID No. 162928	⁸ Operator Name Energen Resources Corporation	⁹ Elevation 7145'

¹⁰ Surface Location

UL or lot no. N	Section 35	Township 27N	Range 3W	Lot Idn	Feet from the 780	North/South line South	Feet from the 1770	East/West line West	County Rio Arriba
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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 320	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.

				¹⁷ OPERATOR CERTIFICATION <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 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> Signature 1/11/2012 Date Adam Klem Printed Name
				¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-26550		² Pool Code 77360		³ Pool Name Gavilan Pictured Cliffs	
⁴ Property Code 21289		⁵ Property Name Jicarilla 95			⁶ Well Number 3B
⁷ OGRID No. 162928		⁸ Operator Name Energen Resources Corporation			⁹ Elevation 7145'


¹⁰ Surface Location

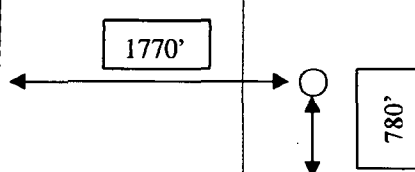
UL or lot no. N	Section 35	Township 27N	Range 3W	Lot Idn	Feet from the 780	North/South line South	Feet from the 1770	East/West line West	County Rio Arriba
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¹¹ Bottom Hole Location If Different From Surface

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 160		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

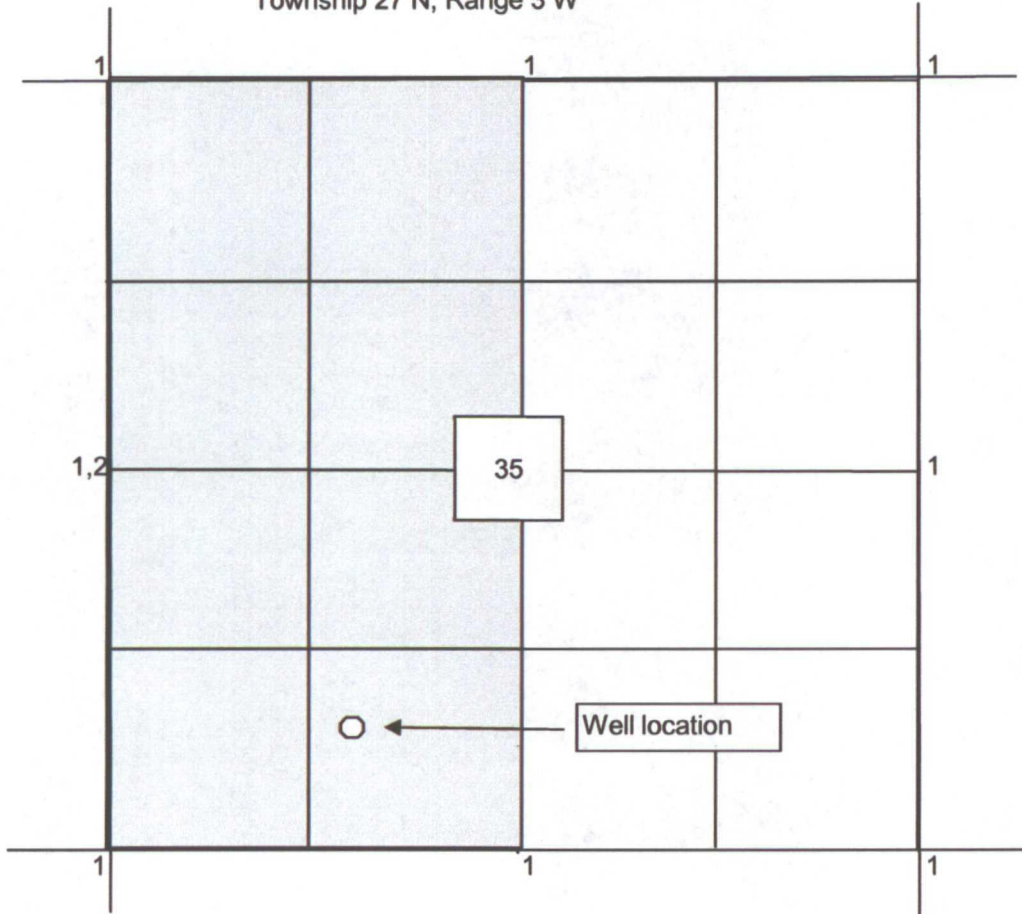
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<div style="text-align: center; border: 1px solid black; width: 80px; margin: 0 auto; padding: 5px;">35</div>				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. <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>  Signature </div> <div>1/11/2012 Date</div> </div> <div style="margin-top: 10px;"> Adam Klem Printed Name </div>	
				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. <div style="margin-top: 10px;"> Date of Survey Signature and Seal of Professional Surveyor: </div> <div style="margin-top: 10px;"> Certificate Number </div>	



Energen Resources Corp.
Jicarilla 95 #3B
Offset Operator/ Ownership Plat
Blanco Mesaverde/WC27N3W35; Mancos/Gavilan Picured Cliffs
Downhole Commingling

Township 27 N, Range 3 W



- 1) Energen Resources
- 2) Williams Production Company

Allocation Method: Jicarilla 95 #3B

Energen Resources plans on DHC the WC27N3W35; Mancosand Blanco Mesaverde with the Gavilan Pictured Cliffs

Gavilan Pictured Cliff perforations: 3761' - 3842'

Blanco Mesaverde: 5561' - 6082'

WC27N3W35; Mancos: 7435' - 7450'

Current rates:

PC – not yet completed

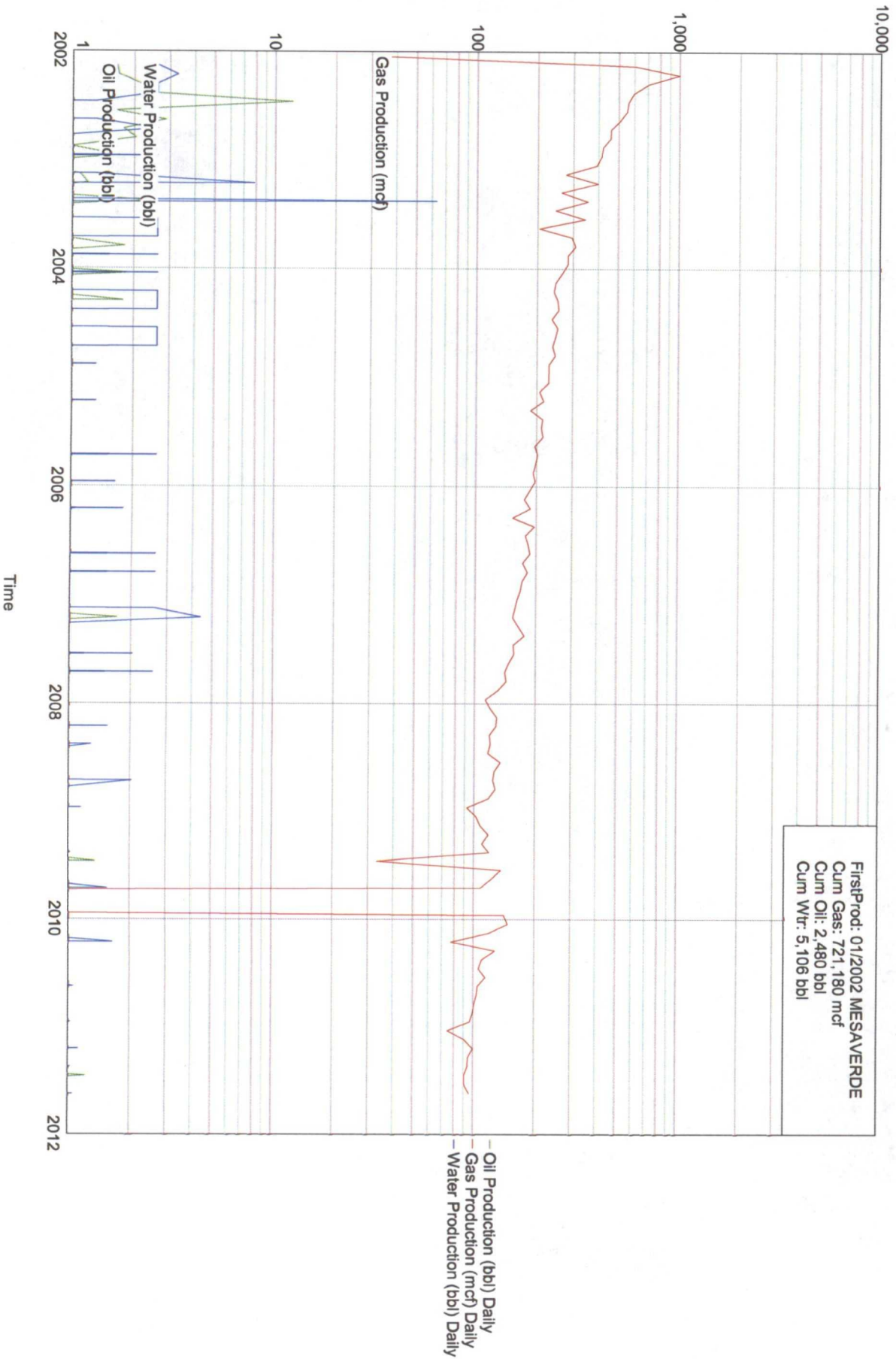
MV - 0.22 BOPD, 95 MCFD, & 0.75 BWPD

WC - 0.22 BOPD, 30 MCFD, & 0.75 BWPD

Recommended Allocation: Subtraction method following 60 days of stabilized production. Rates reported to NMOCD – Aztec for final determination.

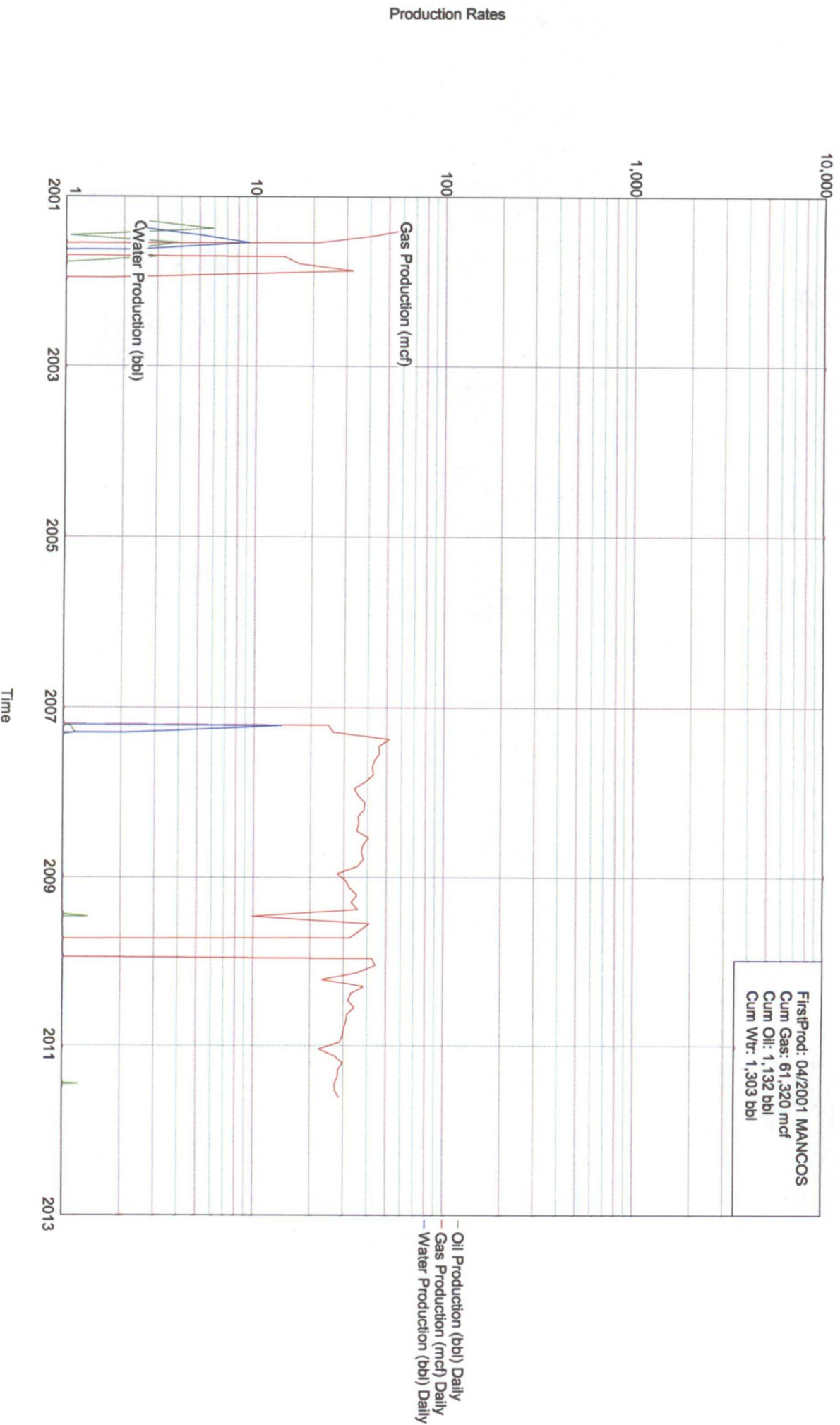
Lease Name: JICARILLA 95
County, State: RIO ARBA, NM
Operator: ENERGEN RESOURCES CORPORATION
Field: BLANCO
Reservoir: MESAVERDE
Location: 35 27N 3W NW SE SW

JICARILLA 95 - 3B



Lease Name: JICARILLA 95
County, State: RIO ARBA, NM
Operator: ENERGEN RESOURCES CORPORATION
Field: WILDCAT
Reservoir: MANCOS
Location: 35 27N 3W NW SE SW

JICARILLA 95 - 3B



Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, January 25, 2012 4:34 PM
To: 'Adam Klem'
Subject: RE: Jicarilla 95 #3B 30-039-26550 Downhole Commingle Application

Yes,
the Mancos gas (Basin-Mancos Pool) was set up in that relatively recent hearing order with 320 acre spacing units to match the common rule for the other San Juan basin pools.

From: Adam Klem [mailto:Adam.Klem@energen.com]
Sent: Wednesday, January 25, 2012 4:29 PM
To: Jones, William V., EMNRD
Subject: RE: Jicarilla 95 #3B 30-039-26550 Downhole Commingle Application

The C-102 that was turned in for the DHC for the MV-Mancos showed the Mancos as having 160 acre spacing. Was that incorrect?

Adam

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Wednesday, January 25, 2012 4:24 PM
To: Adam Klem
Cc: Powell, Brandon, EMNRD; Perrin, Charlie, EMNRD
Subject: RE: Jicarilla 95 #3B 30-039-26550 Downhole Commingle Application

Pool Code is fine.

The Mancos gas was wildcat back then, but the Basin Mancos Gas Pool was created by hearing order since that date.

The big thing is that your landman should know the Acreage is 320 acres – so the C-102 should be corrected.

Also, let me know the orientation (standup or laydown) and let me know if interests are still identical or you had to notify anyone as a result of the 320 acres.

No worries, but I must wait to hear from you about these interests and what orientation you want for the spacing unit.

From: Adam Klem [mailto:Adam.Klem@energen.com]
Sent: Wednesday, January 25, 2012 4:15 PM
To: Jones, William V., EMNRD
Cc: Powell, Brandon, EMNRD; Perrin, Charlie, EMNRD
Subject: RE: Jicarilla 95 #3B 30-039-26550 Downhole Commingle Application

William,

I was basing the pool code on the DHC application for the Blanco MV along with the Mancos that was filed in 200. The approval letter for the allocations from Mark Fesmire at the NMOC dated December 14, 2006 even states that it is WC Basin Mancos Gas Pool #97232.

I can change the pool codes to the Basin-Mancos pool if that is what is supposed to be, I just want to make sure we have the correct pool listed.

Thanks,
Adam Klem

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Wednesday, January 25, 2012 4:10 PM
To: Adam Klem
Cc: Powell, Brandon, EMNRD; Perrin, Charlie, EMNRD
Subject: Jicarilla 95 #3B 30-039-26550 Downhole Commingle Application

Hello Adam,

The C-107A form you turned in showed the Mancos Gas pool as Wildcat.

Since the Mancos formation seems to be "gas" in this well and in Rio Arriba County, this should be Basin-Mancos Gas Pool.

I can correct the DHC application, but Energen should submit another C-102 form to Aztec showing the correct acreage dedication.

If I am mistaken – let me know?

Have a cool day,

William V. Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 – Fax 505.476.3462

