

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Case 13235

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]

RECEIVED

FEB 18 2004

Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

[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.

Charlie Donahue
 Print or Type Name

Chel Donahue
 Signature

District Engineer
 Title

2/17/04
 Date

cdonahue@emergen.com
 e-mail Address

Entered February 16, 1981
JEF

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7118
Order No. R-6570

APPLICATION OF EL PASO EXPLORATION
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of February, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, El Paso Exploration Company, is the owner and operator of the Jicarilla 152 W Well No. 3, located in Unit D of Section 7, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle South Blanco-Tocito and Basin-Dakota production within the wellbore of the above-described well.

(4) That from the South Blanco-Tocito zone, the subject well is capable of low rates of production only.

(5) That from the Basin-Dakota zone, the subject well is capable of low rates of production only.

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

-2-
Case No. 7118
Order No. R-6570

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 21 percent and 31 percent of the commingled oil and gas production, respectively, should be allocated to the South Blanco-Tocito zone, and 79 percent and 69 percent of the commingled oil and gas production, respectively, to the Basin-Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Exploration Company, is hereby authorized to commingle South Blanco-Tocito and Basin-Dakota production within the wellbore of the Jicarilla 152 W Well No. 3, located in Unit D of Section 7, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 21 percent and 31 percent of the commingled oil and gas production, respectively, shall be allocated to the South Blanco-Tocito zone and 79 percent and 69 percent of the commingled oil and gas production, respectively, shall be allocated to the Basin-Dakota zone.

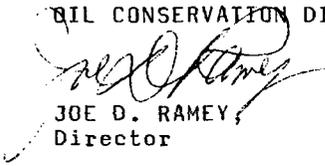
(3) That the operator of the subject well shall immediately notify the Division's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-
Case No. 7118
Order No. R-6570

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

dr/



February 16, 2004

Ms. Lori Wrotenbery
NMOCD
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RE: Administrative Approval to Down-hole Commingle
Energen Resources Corporation
Jicarilla 152W #3
1050' FNL, 790' FWL, Sec. 7, T26N, R5W, N.M.P.M.
Rio Arriba County, New Mexico
API # 30-039-82255

Dear Ms. Wrotenbery,

Energen Resources Corporation requests Administrative Approval to add the Blanco Mesaverde and down-hole commingle it with the Tapacito Gallup (formerly South Blanco Tocito) Basin Dakota in the subject well. The Gallup/Dakota was previously commingled in accordance with Case No. 7118, Order No. R-6570, on February 10, 1981. Open hole logs show potential in the Mesaverde similar to offset producing wells. It is felt that down-hole commingling is the most economical way to produce the Mesaverde reserves in this proration unit.

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

1. Form C107A – Application for Down-hole Commingle
2. C102 – Location plat showing each spacing unit and dedicated acreage
3. Production curves for the Mesaverde, Gallup and Dakota
4. Proposed allocation method

In accordance to New Mexico Oil Conservation Division Rule 303C, the working, royalty and overriding royalty interests are common in this wellbore, so no notification is necessary.

If additional information is needed, please contact me.

Sincerely

A handwritten signature in cursive script that reads "Charlie Donahue".

Charlie Donahue
District Engineer

CD/vd

cc: NMOCD - Aztec, BLM - Albuquerque

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 87410

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

Energen Resources 2198 Bloomfield Highway, Farmington NM 87401

Operator Address
Jicarilla 152W 3 D-7-26N-5W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 162928 Property Code 21949 API No. 30-039-82255 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Mesaverde ✓	UNDES. Tapacito Gallup ASSO ✓	Basin Dakota ✓
Pool Code	72319	58090	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5874-6412'	6911-6924'	7390-7620'
Method of Production (Flowing or Artificial Lift)	Not Completed	Flowing	Flowing
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)	N/A	N/A	N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1239 MMBTU	1185 MMBTU	1185 MMBTU
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: Rates:	Date: 2/16/04 Rates: 0.2/23/0	Date: 2/16/04 Rates: 0.55/52/0
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 % %	Oil Gas 21% 31%	Oil Gas 79% 69%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes 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 No
Will commingling decrease the value of production? Yes No
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 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 Charlie Donahue TITLE District Engineer DATE 2/16/2004
TYPE OR PRINT NAME Charlie Donahue TELEPHONE NO. (505) 325-6800
E-MAIL ADDRESS: cdonahue@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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-82255		² Pool Code 72319/58090/71599		³ Pool Name Blanco Mesaverde/Tapacito Gallup/Basin Dakota	
⁴ Property Code 21949	⁵ Property Name Jicarilla 152W			⁶ Well Number 3	
OGRID No. 162928	⁸ Operator Name Energen Resources Corporation			⁹ Elevation 6606'	

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
D	7	26N	5W		1050	North	790	West	Rio Arriba

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 320/160/319.82	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

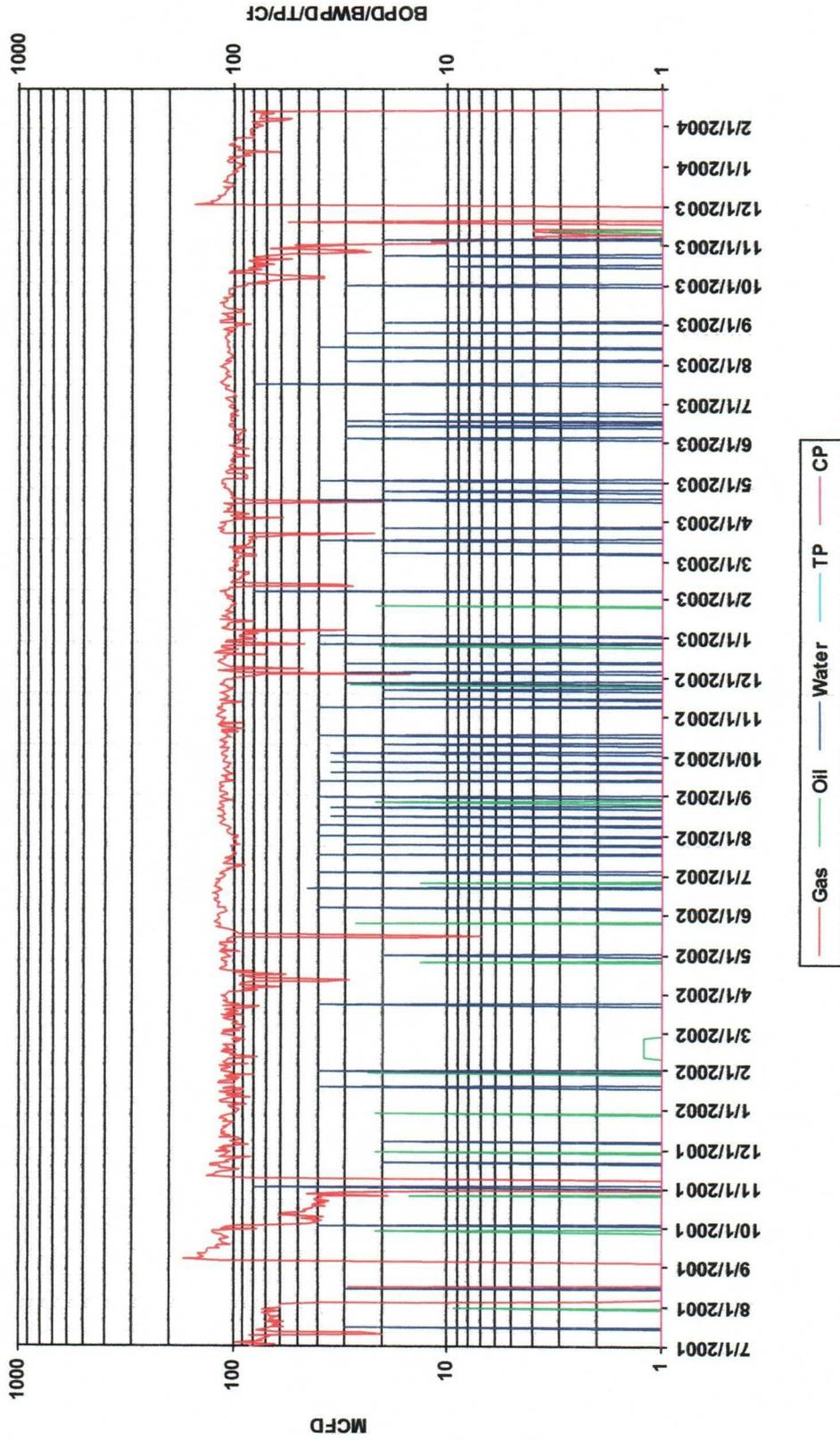
	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Charlie Donahue</i> Signature</p> <p>Charlie Donahue Printed Name</p> <p>District Engineer</p> <p>Title and E-mail Address</p> <p>February 16, 2004</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</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>January 17, 1965</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Surveyed by Stephen H. Kinney</p> <p>803</p> <p>Certificate Number</p>

Facility Daily Production

Lease: JICARILLA 152 W 3

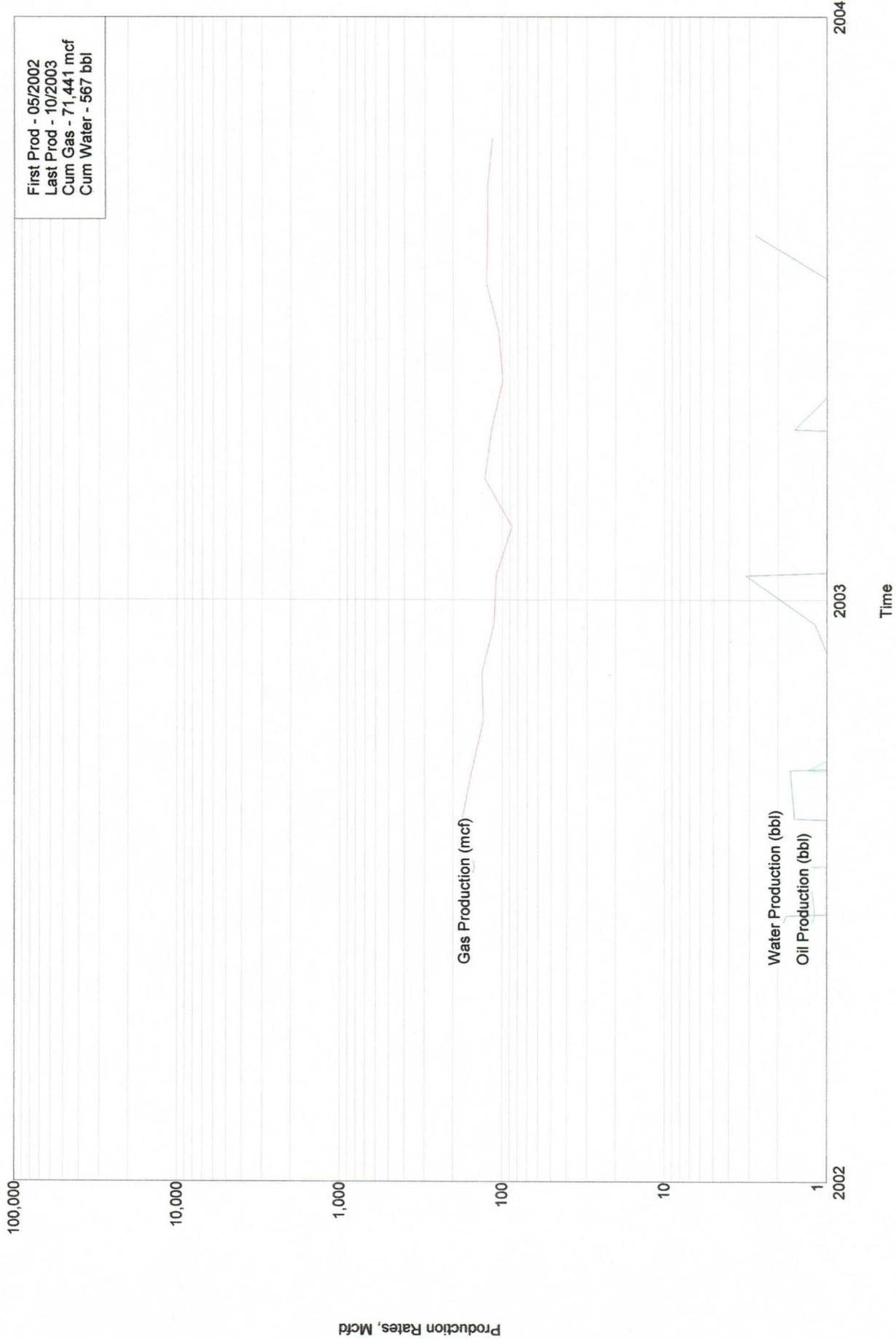
GALLUP / DAKOTA SUMMARY

Date Period: 7/1/2001 --- 2/29/2004



Lease Name: JICARILLA 152 W
County, State: RIO ARBA, NM
Operator: ENERGEN RESOURCES CORPORATION
Field: BLANCO
Reservoir: MESAVERDE
Location: 7 26N 5W SW NE NE

JICARILLA 152 W #3E



First Prod - 05/2002
Last Prod - 10/2003
Cum Gas - 71,441 mcf
Cum Water - 567 bbl

Wright State Com #1E

Proposed Allocation Method

In accordance with Case No. 7118, Order No. R-6570 the allocation for the current wellbore configuration is Dakota-69% of the Gas; 79% of the Oil, Gallup-31% of the Gas; 21% of the Oil.

Currently, the well is producing 75 MCFD and 1 BOPD as a commingled Tapacito Gallup/Basin Dakota. It is anticipated that the Mesaverde will add 150 MCFD to the total flow stream.

Following 60 days of stabilized production from the Mesaverde pay add, use subtraction method as follows:

Total Gas Stream = X
Gallup/Dakota = 75 MCFD

Gallup/Dakota Gas Allocation = $75 / X$ as a percentage

Split allocation for GL/DK per previous approved rates

Mesaverde Gas Allocation = $(X-75)/X$

Total Oil Stream = X
Gallup/Dakota = 0.75 BOPD

Gallup/Dakota Oil Allocation = $0.75 / X$ as a percentage

Split allocation for GL/DK per previous approved rates

Mesaverde Oil Allocation = $(X-1)/X$

Rates will be reported to NMOCD- Aztec for final allocation percentage determination