



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd., Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



In Reply Refer To:
3000 (1-01110)

Your Reference:
Jicarilla Contract 183

MAY 10 2013

CERTIFIED MAIL-RETURN RECEIPT REQUESTED
7012 0470 0002 1197 7015

New Mexico Oil Conservation Division
Mr. Charlie Perrin
1000 Rio Brazos Road
Aztec, NM 87410

Dear Mr. Charlie:

We appreciate the opportunity to provide you with BLM's position regarding Energen Resources Corporation (Energen) recompletion proposal for the following well:

Chacon Jicarilla D 7, located in C Section 21, T. 23N., R. 3W., Sandoval County, New Mexico on Jicarilla Contract 183.

As you are aware, this well was originally completed in 1977 in the Chacon Dakota Associated Pool. This pool was subsequently re-designated as the West Lindrith Gallup Dakota pool which allows both the Dakota and Gallup formations to be commingled from a common pool. Our office approved the pay add to recomplete the well in the Gallup interval of the well bore on April 1, 2013. After reviewing the cement bond log run on May 8, 2013, we have determined that adequate cement coverage exists from the production casing shoe at 7693' to a called top of cement at 6160'. Energen has indicated that their top perforation will be at 6294' which provides approximately 134' of cement isolation. BLM's minimum required cement coverage is 50' for zonal and well completion isolation. Although this amount of cement coverage does not isolate the subject pool from the basal Mesa Verde, inter-pool isolation will be required upon well bore abandonment. This provision has been the practice of this office for older wells where inter-pool isolation was not established during primary cementing operations.

We are asking for your consideration for a waiver or exception of the NMOCD requirement as part of your approval for the Chacon Jicarilla D 7. In the future we would request NMOCD defer to the BLM for determination of cement adequacy for all wells drilled on Federal and Indian lands. Many of our rules are overlapping and sometimes redundant. They often create confusion

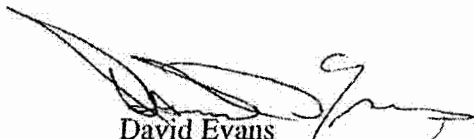
NMOCD CASE NO. 15017
JULY 11, 2013
ENERGEN EXH. NO. 6

with the industry and the Inspection and Enforcement group of the BLM when differences occur or arise due to each agency's respective mandates. In addition, sovereignty and jurisdictional issues often arise relative to Navajo and Jicarilla Indian Trust Lands.

Our office has reservations concerning the NMOCD interpretation of OCD Rule 19.15.16.10, in particular as it relates to the requirement to have 500' of cement above the uppermost perforation. The rule specifically states under Part E that a minimum of 500' of cement is required above the upper most perforation when oil-based casing packing material is used in lieu of hard setting cements. Oil-based packing material has to our knowledge, never been used in the San Juan Basin. We believe that the misinterpretation of this rule may result in unnecessary remedial actions, compromised well bore mechanical integrity especially during fracture treatment, and reduced economic benefit and potential delays in returning wells back to production.

If possible, we would like to discuss this issue with you when we meet to discuss the status of our draft MOU on well bore abandonments. If you have any questions, please contact me at (505) 564-7611.

Sincerely,



David Evans
Farmington District Manager

Cc.:
Jicarilla Apache Nation Minerals Department
P.O. Box 146
Dulce, NM 87528

Energen Resources Corporation
2010 Afton Place
Farmington, NM 87401