

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING
ENERGEN RESOURCES CORPORATION'S APPLICATION TO DETERMINE
CEMENT ADEQUACY IN PROXIMITY TO PROPOSED WELL
PERFORATIONS**

CASE NO: 15017
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PRE-HEARING STATEMENT

Applicant Energen Resources Corporation (“Energen”) is seeking an order pursuant to *inter alia* Rules 19.15.16.9 and 19.15.16.10 to determine the adequacy of well cement for strata isolation and authorizing the placement of new perforations in the Niobrara formation, West Lindrith Gallup-Dakota Pool (39189) within 500 feet of the top of existing cement in the Chacon Jicarilla D Well No. 7 located in the NE/4 NW/4 of Section 21, Township 23 North, Range 3 West, on Jicarilla Apache Nation lands in Sandoval County.

The Oil Conservation Division (“OCD”) opposes the approval because of the following:

1. 19.15.16.10(B) requires that the operator shall use sufficient cement on surface casing to fill the annular space behind the casing to the top of the hole, provided that authorized division field personnel may allow exceptions to this requirement when known conditions in a given area render compliance impracticable.
2. In this case, that authorized division field personnel, Charlie Perrin, allowed an exception to the top of the hole requirement.
3. To ensure strata isolation as required by 19.15.16.9, Charlie Perrin required Energen to place conventional-type hard-setting cement extending upward a minimum of 500 feet above the uppermost perforation.
4. OCD Rule 19.15.16.10(E) requires 500 feet of cement above the uppermost perforation when an operator uses oil-base casing packing material in lieu of hard-setting cements. Energen is not seeking to use oil-base material, however, Rule 19.15.16.10(E) provides guidance when determining a minimum standard for allowing an exception to the top of the hole requirement.
5. This minimum standard is crucial in this case as the well has a cement block that does not allow for Bradenhead testing to monitor and ensure strata isolation.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following party on July 14th, 2013:

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