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2010 AUG 26 P 4:44

August 26, 2010

Florene Davidson
New Mexico Oil Conservation Commission
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

Re: NMOCD Case No. 12857 (Re-opened): Application of Burlington Resources Oil and Gas Company LP, BP Amoco and Energen Resources Corporation for Approval of a Pilot Project Including Unorthodox Well Locations and an Exception from Division Rule 104.D.3 [19.15.15.11] for Purposes of Establishing a Pilot Program in the Pictured Cliffs Formation to Determine Proper Well Density Requirements for Pictured Cliffs Wells in San Juan, Sandoval and Rio Arriba Counties, New Mexico

Dear Ms. Davidson:

Enclosed for filing are the original and two copies of the Pre-Hearing Statement of Energen Resources Corporation in the above-referenced matter.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

:kw

Enclosure

cc: W Thomas Kellahin, Esq., w/enc., via e-mail
Kelly de la Torre, Esq., w/enc., via e-mail

00213820

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

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**IN THE MATTER OF THE APPLICATION OF
BURLINGTON RESOURCES OIL AND GAS COMPANY
LP, BP AMOCO AND ENERGEN RESOURCES
CORPORATION FOR APPROVAL OF A PILOT
PROJECT INCLUDING UNORTHODOX WELL
LOCATIONS AND AN EXCEPTION FROM DIVISION
RULE 104.D.3 [19.15.15.11] FOR PURPOSES OF
ESTABLISHING A PILOT PROGRAM IN THE
PICTURED CLIFFS FORMATION TO DETERMINE
PROPER WELL DENSITY REQUIREMENTS FOR
PICTURED CLIFFS WELLS IN SAN JUAN, SANDOVAL
AND RIO ARriba COUNTIES, NEW MEXICO**

Case No. 12857 (Re-opened)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Energen Resources Corporation as required by the Oil Conservation Division.

APPEARANCES

APPLICANTS

Energen Resources Corporation
3300 North A Street, Bldg 4, Suite 100
Midland, TX 79705

Burlington Resources Oil & Gas Co. LP

BP America Production Co.

APPLICANT'S ATTORNEY

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OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

On October 2, 2002, in Case No. 12857, the Division entered Order No. R-11848 authorizing Burlington Resources Oil and Gas Company L.P., BP-Amoco and Energen Resources Corporation to conduct a 30-well infill pilot study program in the Pictured Cliffs formation in existing spacing units located within portions of the following pools in San Juan, Sandoval and Rio Arriba counties: Aztec-Pictured Cliffs Pool (71280), Ballard-Pictured Cliffs Pool (71439), Blanco-Pictured Cliffs Pool (72359), South Blanco-Pictured Cliffs Pool (72439), Fulcher Kutz-Pictured Cliffs Pool (77200), Gavilan-Pictured Cliffs Pool (77360), West Kutz-Pictured Cliffs Pool (79680), and the Tapacito-Pictured Cliffs Pool (85920). Each of these pools were developed on 160-acre units, but infill wells were not allowed. At the time, then-available data suggested that increasing well density to two wells per 160-acre spacing unit would possibly recover additional reserves and that the one-well per 160-acre unit density rule then in place may result in a low percentage of the gas in place being produced. However, the Division noted that based on studies of then-current geologic and reservoir engineering data, a pilot infill development program was needed to study the relationship between well densities and ultimate gas recoveries. Accordingly, 25 infill pilot project wells were drilled or recompleted by Energen, BP and Burlington Resources. Each of these operators has evaluated the significant amount of production data accumulated since the commencement of the project and will report on the

results of their studies. In the case of Energen Resources Corporation, it appears that further infill development and data collection is warranted. Energen will correspondingly recommend approval of an additional pilot project in its companion case, Case No. 14539.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Don Lehman, Geologist	25 Minutes	10
Zachary Van Voast	25 Minutes	16

<u>OPPONENT</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

None

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall
J. Scott Hall, Esq.
Post Office Box 2307
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(505) 982-3873
Attorneys for Energen Resources Corporation

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was delivered to
counsel of record on the 26 day of August, 2010, via electronic mail.

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J. Scott Hall

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