



# New Mexico Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

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Cabinet Secretary-Designate

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Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
**Oil Conservation Division**



August 30, 2011

Energen Resources Corporation  
Attn: Mr. David M. Poage  
2010 Afton Place  
Farmington, NM 87401

## Administrative Order SD-201115

**Re: Caracas 27B Well No. 16H**  
**API No. 30-039-1056**  
**1044 feet FSL & 748 feet FWL**  
**Unit M, Section 26, Twsp 32N, Range 4W**  
**Rio Arriba County, New Mexico**

Dear Mr. Poage:

Reference is made to the following:

(a) your application (**administrative SD application reference No. pTGW11-21353004**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 1, 2011; and

(b) the Division's records pertinent to your request.

Energen Resources Corporation [OGRID 162928] (Energen) has requested to simultaneously dedicate an existing standard gas spacing unit consisting of the S/2 Section 27, Township 32 North, Range 4 West in Rio Arriba County, New Mexico, in the Basin Fruitland Coal Gas Pool (71629), to:

(a) its proposed Caracas 27B Well No. 16H (API No. 30-039-31056) (the proposed well), a horizontal gas well to be drilled from a surface location 1044 feet from the South line and 748 feet from the West line (Unit M) of Section 26, Township 32N, Range 4W, to point of penetration of the Basin Fruitland Coal Gas Pool, 1033 feet from the South line and 100 feet



from the East line (Unit P) of Section 27, and thence to a terminus, or bottom-hole location, 1000 feet from the South line and 100 feet from the West line (Unit M) of Section 27; and

(b) its existing Caracas 27B Well No. 12 (API No. 30-039-24510) (the existing well), a vertical gas well completed in the Basin Fruitland Coal Gas Pool, located 1640 feet from the South line and 920 feet from the West line (Unit L) of Section 27.

The S/2 of Section 27 is a standard 320-acre, more or less, gas spacing unit in the Basin Fruitland Coal Gas Pool. Applicable well density rules for this pool allow two wells to be completed in the unit, but require that the wells be in different quarter sections. Because the proposed well will be completed within both quarter sections of this 320-acre unit, including the quarter section in which the existing well is also completed, division approval for simultaneous dedication is required.

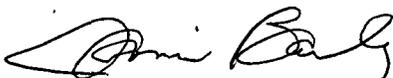
Your application has been duly filed under the provisions of Division Rules 15.11.C [19.15.15.11.C NMAC] and 4.12.A [19.15.4.12.A NMAC].

It is our understanding you have proposed the simultaneous dedication of this unit to the wells described for geological reasons, in order to prevent waste and maximize production from this unit. We further understand that notice to affected persons in offsetting units is unnecessary due to common ownership.

Pursuant to the authority granted by Rule 15.11.C, the above-described simultaneous dedication is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Jami Bailey  
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec  
United States Bureau of Land Management