

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
Well
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.

APPLICATION TYPE
 X Single

Santa Fe, New Mexico 87505

Establish Pre-Approved Pools
EXISTING WELLBORE
 X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Energen Resources 2198 Bloomfield Highway, Farmington, New Mexico 87401

Operator Address DHC-3484
San Juan 30-4 Unit 44 D Section 20, T30N, R4W N.M.P.M Rio Arriaba

Lease Well No. Unit Letter-Section-Township-Range County
162928 21994 30-039-26320 X

OGRID No. Property Code API No. Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	East Blanco Pictured Cliffs	N/A	Blanco Mesa Verde <i>Plots</i>
Pool Code	72400 ✓	N/A	72319 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4,204' to 4,442'	N/A	6,306' to 6,800'
Method of Production (Flowing or Artificial Lift)	Artificial Lift - Plunger	N/A	Artificial Lift - Plunger
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 within 150%	N/A	N/A within 150%
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1,027 BTU	N/A	1,056 BTU
Producing, Shut-In or New Zone	Producing	N/A	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: 6/12/2005 <i>See PLOTS</i> Rates: 0 BOPD/182 MCFPD/1.5 BWPD	Date: N/A Rates: N/A	Date: 6/12/2005 <i>See PLOTS</i> Rates: 0 BOPD/ 293 MCFPD/1.5 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0 % Gas 50 %	Oil N/A Gas N/A	Oil 100 % Gas 50 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No

Will commingling decrease the value of production? Yes No X

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 X 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 *Patricio W. Sanchez* TITLE District Engineer DATE 6/14/2005

TYPE OR PRINT NAME Patricio W. Sanchez TELEPHONE NO. (505) 325-6800

E-MAIL ADDRESS psanchez@energen.com



June 14, 2005

Mr. Mark E. Fesmire, P.E. - Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Administrative Approval to Downhole Commingle
Energen Resources Corporation
San Juan 30-4 Unit #44
1,095' FNL, 75' FWL, Section 20, T30N, R4W, NMPM
Rio Arriba County, New Mexico

Dear Mr. Fesmire:

Energen Resources Corporation requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (PC) and Blanco Mesa Verde (MV) pools in the subject well. Due to the liquid loading problems commingling with plunger lift is the most economical method to recover gas from both zones in the subject well. We have successfully applied this method along with plunger lift in similar wells that have experienced liquid loading problems and it is felt this method would improve the overall producing efficiency of the well.

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

1. C-107A - Application for Downhole Commingling
2. C-102 - Location plat showing each spacing unit and dedicated acreage
3. Offset Operator Ownership Plat
4. Production curves from the current well dually completed in the PC& MV.
5. Allocation method

In accordance with New Mexico Oil Conservation Division Rule 303C, Energen Resources operates all offset proration units.

If additional information is needed, please contact me at 505-325-6800.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricio W. Sanchez".

Patricio W. Sanchez
District Engineer

xc:

NMOCD – Aztec District Office
BLM- FFO notified via Federal Sundry Notice 3160-5 and sent NMOCD form C-107A

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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 30-039-26320	² Pool Code 72400/72319	³ Pool Name East Blanco Pictured Cliffs/Blanco Mesa Verde
⁴ Property Code 21994	⁵ Property Name San Juan Unit	
⁷ OGRID No. 162928	⁸ Operator Name Energen Resources Corporation	⁶ Well Number 44
		⁹ Elevation 7,460'

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	20	30N	4W		1095	North	75	West	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

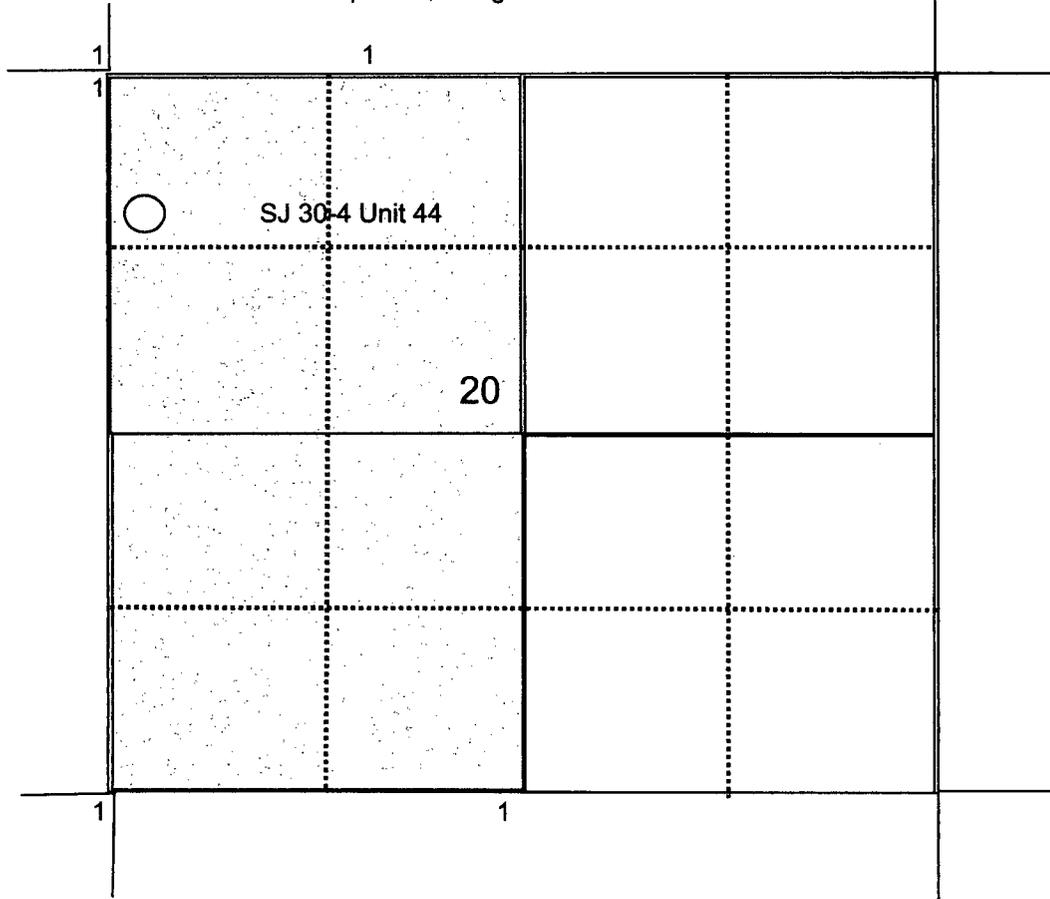
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 160/320	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.					

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

				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Patricio W. Sanchez Printed Name District Engineer psanchez@energen.com Title and E-mail Address June 14, 2005 Date
				¹⁸ SURVEYOR CERTIFICATION <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> November 18, 1999 Date of Survey Signature and Seal of Professional Surveyor: Neale C. Edwards NM 6857 Certificate Number

Energen Resources Corp.
San Juan 30-4 Unit 44
Offset Operator/ Ownership Plat
East Blanco Pictured Cliffs/ Blanco Mesa Verde
Downhole Commingling

Township 30 N, Range 3 W

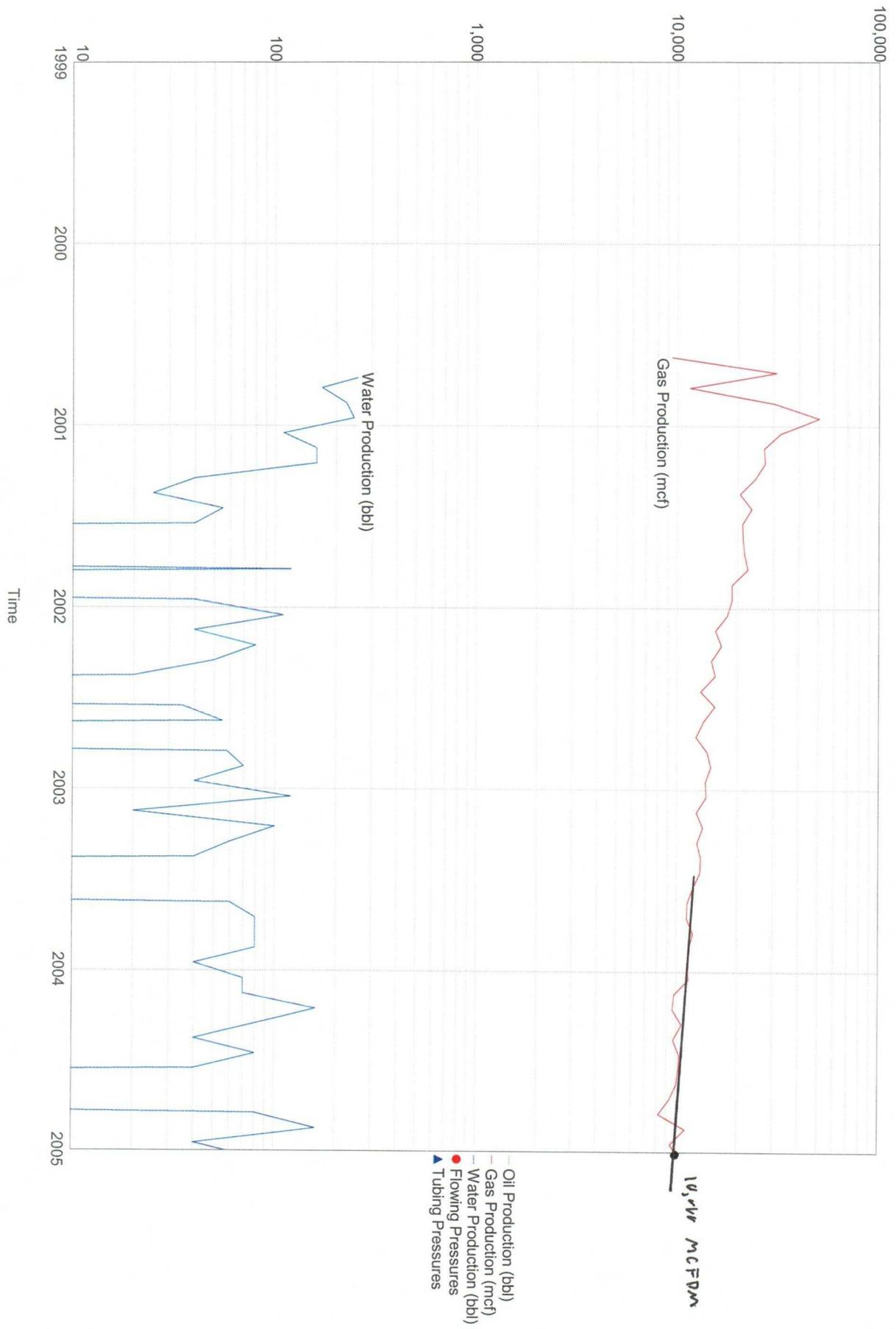


1) Energen Resources

Lease Name: SAN JUAN 30 4 UNIT
 County, State: RIO ARBA, NM
 Operator: ENERGEN RESOURCES CORPORATION
 Field: MULTIPLE
 Reservoir: MULTIPLE
 Location:

SAN JUAN 30 4 UNIT - MULTIPLE PC/MV - Commingle

Production Rates

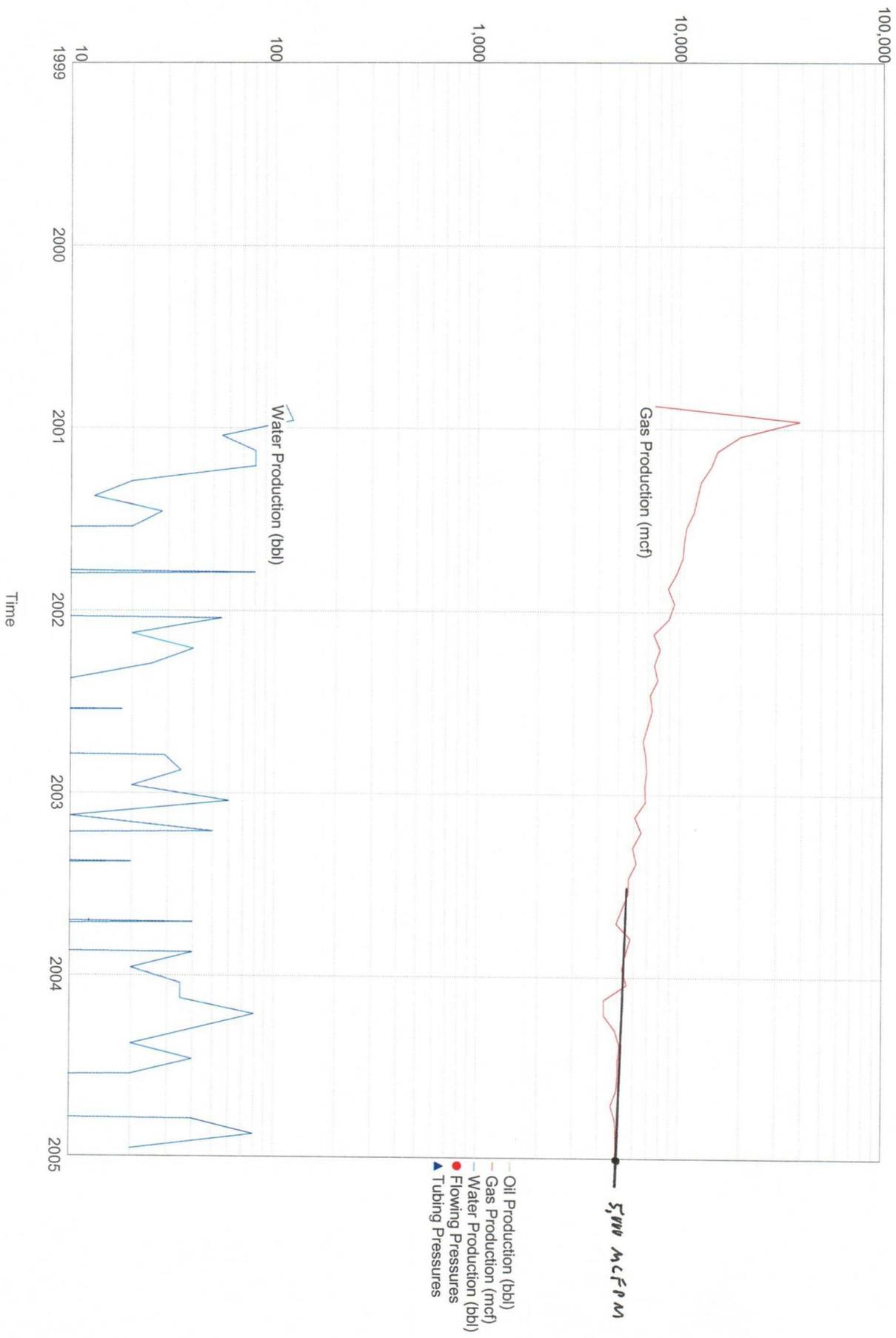


- Oil Production (bb)
- Gas Production (mcf)
- Water Production (bb)
- Flowing Pressures
- ▲ Tubing Pressures

Lease Name: SAN JUAN 30 4 UNIT
 County, State: RIO ARBA, NM
 Operator: ENERGEN RESOURCES CORPORATION
 Field: BLANCO EAST
 Reservoir: PICTURED CLIFFS
 Location: 20 30N 4W SW NW NW

SAN JUAN 30 4 UNIT - BLANCO EAST - PC

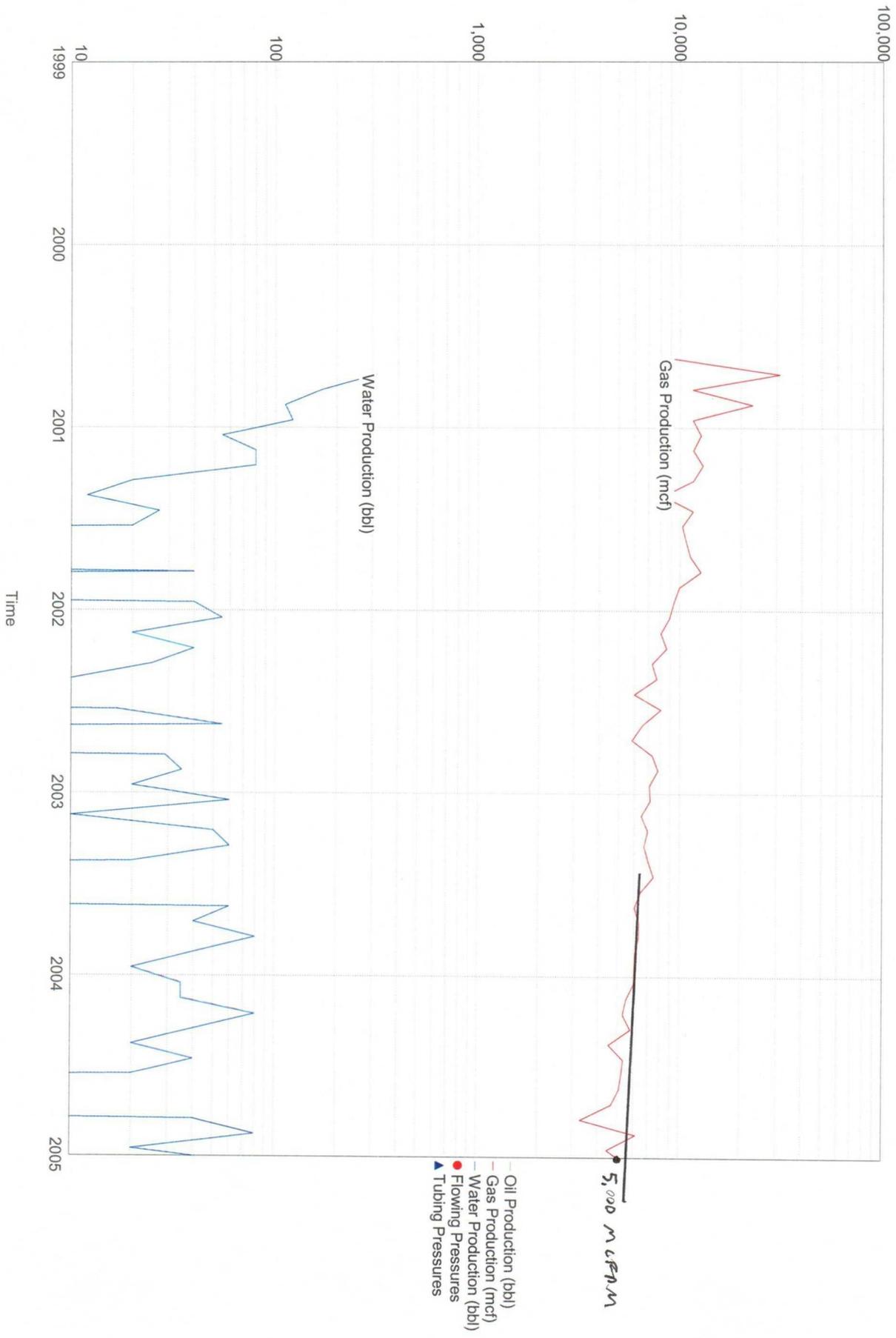
Production Rates



Lease Name: SAN JUAN 30 4 UNIT
 County, State: RIO ARBA, NM
 Operator: ENERGEN RESOURCES CORPORATION
 Field: BLANCO
 Reservoir: LEWIS-MESAVERDE
 Location: 20 30N 4W SW NW NW

SAN JUAN 30 4 UNIT - BLANCO - MW

Production Rates



Recommended Allocation Method

1. MIRU and POOH with tubing strings and packer.
2. Clean out casing to PBTD.
3. TIH w/ 2-3/8" production tubing to Mesa Verde Mid-perforations or there about.
4. Swab well in and place on plunger lift.
5. Based on historical production allocation for gas is 50% Pictured Cliffs and 50% Mesa Verde. Oil will be allocated 100% to Mesa Verde should the well begin to make oil based on area knowledge.

Note: gas production has stabilized and shows a 50/50 contribution in terms of gas rate – see enclosed production graphs.

