

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C].
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply.
- [A] Working, Royalty or Overriding Royalty Interest Owners.
- [B] Offset Operators, Leaseholders or Surface Owner.
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

- NSL 7246-B
- Energy Resources Corporation
162424
WCH
- CHALCO 230803424
30-045-35646

2016 JAN 26 P 12:49
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PO 4
- BEGIN MAM LOS
97232

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

J. Scott Hall Montgomery & Andrews, P.A.		Attorney	1/25/2016
Print or Type Name	Signature	Title	Date
		shall@montand.com	
		e-mail Address	



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com
www.montand.com

January 26, 2016

David Catanach, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Hand-Delivered

**Re: Energen Resources Corporation
Second Request for Amendment
Administrative Order NSL-7246, NSL-7246-A
Approving Unorthodox Well Location
Basin-Mancos Gas Pool (97565)**

**Chaco 23-08-3 Well No. 2H (Horizontal)
API No. 30-045-35646**

**N/2 Section 3, T23N, R8W (Project Area)
2057' FNL and 187' FEL (H), Section 3 (Surface)
2260' FNL and 330' FWL (E), Section 3 (Bottom Hole)
Completed Interval (Amended): 2260' FNL and 330' FEL (H)
(entry point) to 2260' FNL and 330' FWL, Section 3
T23N, R8W, NMPM
San Juan County, New Mexico**

Dear Mr. Catanach:

On behalf of Energen Resources Corporation ("Energen"), we request an amendment to Administrative Order NSL-7245-A which approved Energen's request dated November 18, 2015 for a non-standard location for the Chaco 23-08-3 No. 2H well. Administrative Order NSL-7246-A issued by the Division on December 22, 2015 approved the following unorthodox location for the well:

**2057' FNL and 187' FEL (H), Section 3 (Surface)
2260' FNL and 330' FWL (E), Section 3 (Bottom Hole)
Completed Interval: 2260' FNL and 700' FEL (H) (entry point) to
2260' FNL and 330' FWL (E), Section 3, T23N, R8W, NMPM**

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

David Catanach
January 26, 2016
Page 2

Energen seeks an amendment to NSL-7246-A to reflect a change from the previously approved entry point of 700' FEL to an entry point location of 330' FEL of Section 3 for Chaco-23-08-3 No. 2H.

A copy of Energen's Amended C-102 dated January 19, 2016 reflecting the changed entry point is attached. In this case the well's Completed Interval will be no closer than 2260' from the north line and 549' from the east line to 2260' from the north line and 335' from the west line of Section 3, T-23-N, R8W. The well otherwise complies with statewide locational rules applicable to oil wells. The non-standard spacing unit and well location are also consistent with the established development pattern for horizontal and vertical Mancos oil wells in the area. Additionally, all of the reasons set forth in our previous requests for approval for the unorthodox locations dated February 12, 2015 and November 18, 2015 continue to apply.

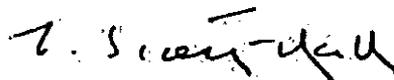
Encana Oil and Gas (USA), Inc. is the operator of the adjoining spacing to the east in Section 2. The adjoining spacing units to the south in Section 3 and to the west in Section 4 are operated by WPX Energy, Inc. Both Encana and WPX have been notified of this request and each has provided written waivers of objection to the amended location and completion interval. The Bureau of Land Management is also being notified of this application, but no further notification is indicated under the Division's rules.

The Division's Administrative Application Checklist is enclosed and a copy of administrative Order NSL-7246-A is also provided for reference.

We respectfully request expedited approval of this administrative application.

Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Very truly yours,



J. Scott Hall

JSH:dl
Enclosures
cc (w/encs., via email):

Michael McMillan, NMOCD
Bryan Lewis, Energen Resources Corporation
Jim Lovato, Energen Resources Corporation
Mona Binion, Encana
Brennan West, WPX
Bureau of Land Management

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1263 Fax: (575) 748-9720

Submit one copy to appropriate
District Office

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87710
Phone: (505) 334-6178 Fax: (505) 334-6170

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

AMENDED REPORT

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35646		*Pool Code 97232	*Pool Name BASIN-MANCOS
*Property Code 315301	*Property Name CHACO 23-08-3		*Well Number 2H
*OGRD No. 162928	*Operator Name ENERGEN RESOURCES CORPORATION		*Elevation 6911.8'

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
H	3	23N	BW		2057	NORTH	187	EAST	SAN JUAN

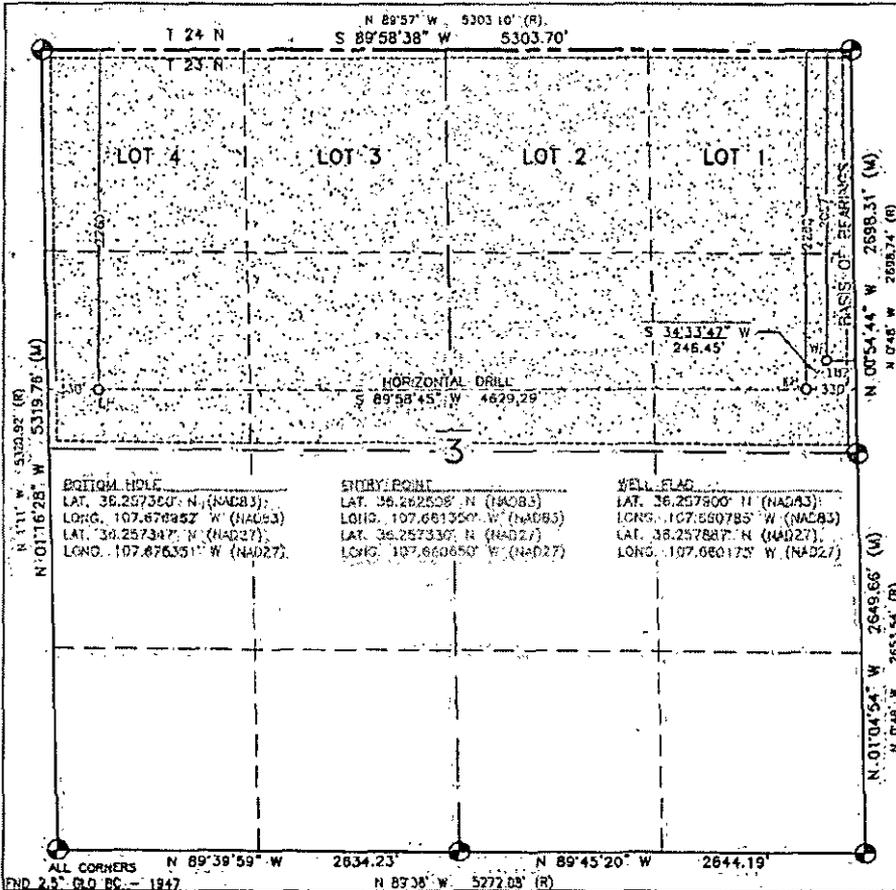
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	23N	BW		2260	NORTH	330	WEST	SAN JUAN

*Dedicated Acres - PROJECT AREA 323.20 ACRES - S/2 N/2 LOTS 1 THRU 4 OF SECTION 3	*Joint or Infill	*Consolidation Code	*Order No.
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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

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17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Anna Stoltz 11/16
Signature Date

Anna Stoltz
Printed Name

astoltz@energen.com
E-mail Address

SURVEYOR CERTIFICATION
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.

OCTOBER, 2015
Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number 11393



January 19, 2016

Mr. Brennan West
Senior Landman
WPX Energy
3500 One Williams Center
Tulsa, OK 74172

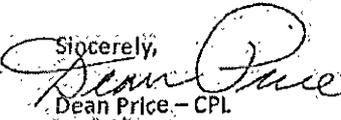
RE: Request for WPX's Immediate Approval of Energen's 330' lease offset
NMOCD's Administrative NSL Amendment to Current Order NSL-7246-A
Energen's Chaco 23-08-03 #2H well
S/2N/2 Section 3, T23N, R8W, San Juan County, New Mexico.

Dear Brennan:

Last week, the NMOCD granted Energen setback relief (NSL-7245-B) for its Chaco 23-08-03 #1H well. A check of the NSL order for the 2nd well in the same spacing unit discovered a similar error. Energen Resources Corporation is in the process of refiling an amended NSL amendment for the Mancos Basin Pool for 330 feet offset relief for the east and west section lines, as well as 380 feet off the southern mid-section line, for the captioned well. This request is being made to WPX Energy, Inc. as a leasehold operator in off-setting lands and matching leasehold setback distances similar to completed offsetting horizontal wells in this area. A copy of the C-102 plat that accompanies the application amendment is attached illustrating the completed well does not enter into the requested setbacks.

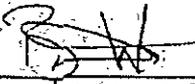
With this request, Energen respectfully requests WPX Energy, Inc. waive any objection to the 330' FEL entry point and completion interval and waive the 20-day offset operator notice/comment period to the NMOCD for Energen to request of the NMOCD in its process to amend its NSL application in a more direct time frame for the benefit of Energen. WPX's written approval of this request in the provided signature block would be significant and greatly appreciated.

If you should have any questions, please contact Dean Price at the below provided contact information. Thank you very much for your help and assistance in this matter.

Sincerely,

Dean Price - CPL
Senior Landman

WPX Energy, Inc. hereby gives notice to the NMOCD that it is waiving any objection to the 330' FEL entry point and completion interval and grants its approval of Energen's requested waiver of the required 20-day offset owner notice for its administrative approval of its 330 foot leasehold offset NMOCD NSL application.

WPX Energy, Inc.

By: 
Its: LANDMAN



January 19, 2016

Ms. Mona L. Binion
Land Negotiator
Encana Oil & Gas (USA) Inc.
370-17th Street, Suite 1700
Denver, CO 80202

RE: Request for Encana's Immediate Approval of Energen's 330' lease offset
NMOCD's Administrative NSL Amendment to Current Order NSL-7246-A
Energen's Chaco 23-08-03 #2H well
S/2N/2 Section 3, T23N, R8W, San Juan County, New Mexico

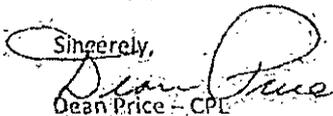
Dear Mona:

Last week, the NMOCD granted Energen setback relief (NSL-7245-B) for its Chaco 23-08-03 #1H well. We discovered the same error in the NSL-7246-A order for our second well in the same spacing unit. Energen Resources Corporation is in the process of refile an amended NSL amendment for the Mancos Basin Pool for 330 feet offset relief for the east and west section lines, as well as 380 feet off the southern mid-section line, for the captioned well. This request is being made to Encana Oil & Gas (USA) Inc. as a leasehold operator in off-setting lands and matching leasehold setback distances similar to completed offsetting horizontal wells in this area. A copy of the C-102 plat that accompanies the application amendment is attached illustrating the completed well does not enter into the requested setbacks.

With this request, Energen respectfully requests Encana Oil & Gas (USA) Inc. waive any objection to the 330-foot setback application and waives the 20-day offset operator notice/comment period to the NMOCD for Energen to request of the NMOCD in its process to amend its NSL application in a more direct time frame for the benefit of Energen. Encana's written approval of this request in the provided signature block would be significant and greatly appreciated.

If you should have any questions, please contact Dean Price at the below provided contact information. Thank you very much for your help and assistance in this matter.

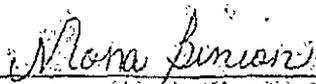
Sincerely,


Dean Price - CPL

Senior Landman

Encana Oil & Gas (USA) Inc. hereby gives notice to the NMOCD that it is waiving any objection to the 330 foot setback request and grants its approval of Energen's requested waiver of the required 20-day offset owner notice for its administrative approval of its 330 foot leasehold offset NMOCD NSL application amendment.

Encana Oil & Gas (USA) Inc.

By: 
Its: LAND NEGOTIATOR, STAB

ENERGEN
RESOURCES

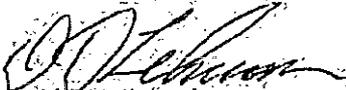
Date: 12/15/2015

From: Don Lehman
Geologic Manager, San Juan Basin

To: Dean Price
District Landman, San Juan Basin

RE: NSL - 7246 - A; CHACO 23 - 8 - 3 #2H,
San Juan Co., NM

Reduced set-backs of 330 feet versus the current 380 feet are requested for this well in order to gain optimal production from the Mancos/Gallup reservoir. Horizontal drilling has proven that maximum lateral length as well as tighter spacing is the most effective method in draining these reservoirs and thus the request for 330 foot set-backs.


Donald D. Lehman

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



December 22, 2015

Energen Resources Corporation
Attn: Mr. Scott Hall

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7246-A
Administrative Application Reference No. pMAM1532252818

Energen Resources Corporation
OGRID 162928
Chaco 23-08-3 Well No. 2 H
API No. 30-045-35646

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp.</u>	<u>Range</u>	<u>County</u>
Surface	2057' FNL & 187' FEL	H	3	23N	8W	San Juan
Penetration Point	2260' FNL & 700' FEL	H	3	23N	8W	San Juan
Final penetration (Terminus)	2260' FNL & 330' FWL	E	3	23N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 Section 3	323.3	Basin Mancos	97232

Reference is made to your application received on November 18, 2015.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC, 19.15.4.12.A(2) NMAC, and 19.15.4.12.A(9) NMAC.

It is our understanding that you are seeking this location because the operator has established that oil wells located in accordance with the setbacks for gas wells for this pool will not efficiently recover all the reserves in the unit.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

This Order supersedes Administrative Order NSL - 7246, issued on March 5, 2015.

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

Done at Santa Fe, New Mexico, on December 22, 2015.



DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management - Farmington