





March 1, 2004

Ms. Lori Wrotenbery  
NMOCD  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

RE: Administrative Approval to Down-hole Commingle  
Energen Resources Corporation  
Carson #5  
470' FNL, 1665' FEL, Sec. 30, T30N, R4W, N.M.P.M.  
Rio Arriba County, New Mexico  
API # 30-039-26133

Dear Ms. Wrotenbery,

Energen Resources Corporation requests Administrative Approval to add the East Blanco Pictured Cliffs and down-hole commingle it with the Blanco Mesaverde in the subject well. The well is currently producing as a single Mesa Verde completion. Open hole logs show additional potential exists in the Pictured Cliffs formation similar to offset producing wells. It is felt that down-hole commingling is the most economical way to produce the Pictured Cliffs reserves in this proration unit.

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

1. Form C107A – Application for Down-hole Commingle
2. C102 – Location plat showing each spacing unit and dedicated acreage
3. Production curves for the Mesaverde and Pictured Cliffs
4. Proposed production allocation method
5. Pressure data

In accordance to New Mexico Oil Conservation Division Rule 303C, the working, royalty and overriding royalty interests are common in this wellbore, so no notification is necessary. The BLM has been notified of the intent to down-hole commingle this well.

If additional information is needed, please contact me.

Sincerely

A handwritten signature in cursive script, appearing to read "Charlie Donahue".

Charlie Donahue  
District Engineer

CD/vd

cc: NMOCD - Aztec, BLM - Albuquerque

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

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

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 Rio Brazos Road, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

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

Energen Resources 2198 Bloomfield Highway, Farmington, NM 87401

Operator Carson Address B-30-30N-4W Well No. 5 Rio Arriba

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 162928 Property Code 21185 API No. 30-039-26133 Lease Type:  Federal  State  Fee

| DATA ELEMENT   | UPPER ZONE                                | INTERMEDIATE ZONE | LOWER ZONE                        |
|--|---|-------------------|-----------------------------------|
| Pool Name  | East Blanco Pictured Cliffs               |                   | Blanco Mesaverde                  |
| Pool Code  | 72400                                     |                   | 72319                             |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval)   | 4195-4400'                                |                   | 5191-6687'                        |
| Method of Production (Flowing or Artificial Lift)  | Flowing                                   |                   | Flowing                           |
| 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)    | 529 Est.                                  |                   | 366 Calc.                         |
| Oil Gravity or Gas BTU (Degree API or Gas BTU)   | 1020 Est.                                 |                   | 1036                              |
| Producing, Shut-In or New Zone   | New Zone                                  |                   | 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: n/a<br>Rates: 0/500/0 (Initial Est) | Date:<br>Rates:   | Date: 2/27/2004<br>Rates: 0/115/1 |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)                  | Oil Gas<br>% %                            | Oil Gas<br>% %    | Oil Gas<br>% %                    |

ADDITIONAL DATA

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

Will commingling decrease the value of production? Yes  No

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  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 Charlie Donahue TITLE District Engineer DATE March 1, 2004

TYPE OR PRINT NAME Charlie Donahue TELEPHONE NO. (505) 325-6800

E-MAIL ADDRESS cdonahue@energen.com

District I  
 191 Box 1980, Hobbs, NM 88241-1980  
 District II  
 811 South First, Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C-102  
 Revised October 18, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |   |  |
|---|---|--|
| <sup>1</sup> API Number<br>30-039-26133 | <sup>2</sup> Pool Code<br>72400/72319                 | <sup>3</sup> Pool Name<br>East Blanco Pictured Cliffs/Blanco Mesaverde |
| <sup>4</sup> Property Code<br>21185     | <sup>5</sup> Property Name<br>CARSON                  |  |
| <sup>7</sup> OGRID No.<br>162928        | <sup>6</sup> Operator Name<br>ENERGEN RESOURCES, INC. | <sup>8</sup> Well Number<br>5  |
|   |   | <sup>9</sup> Elevation<br>7428'  |

<sup>10</sup> Surface Location

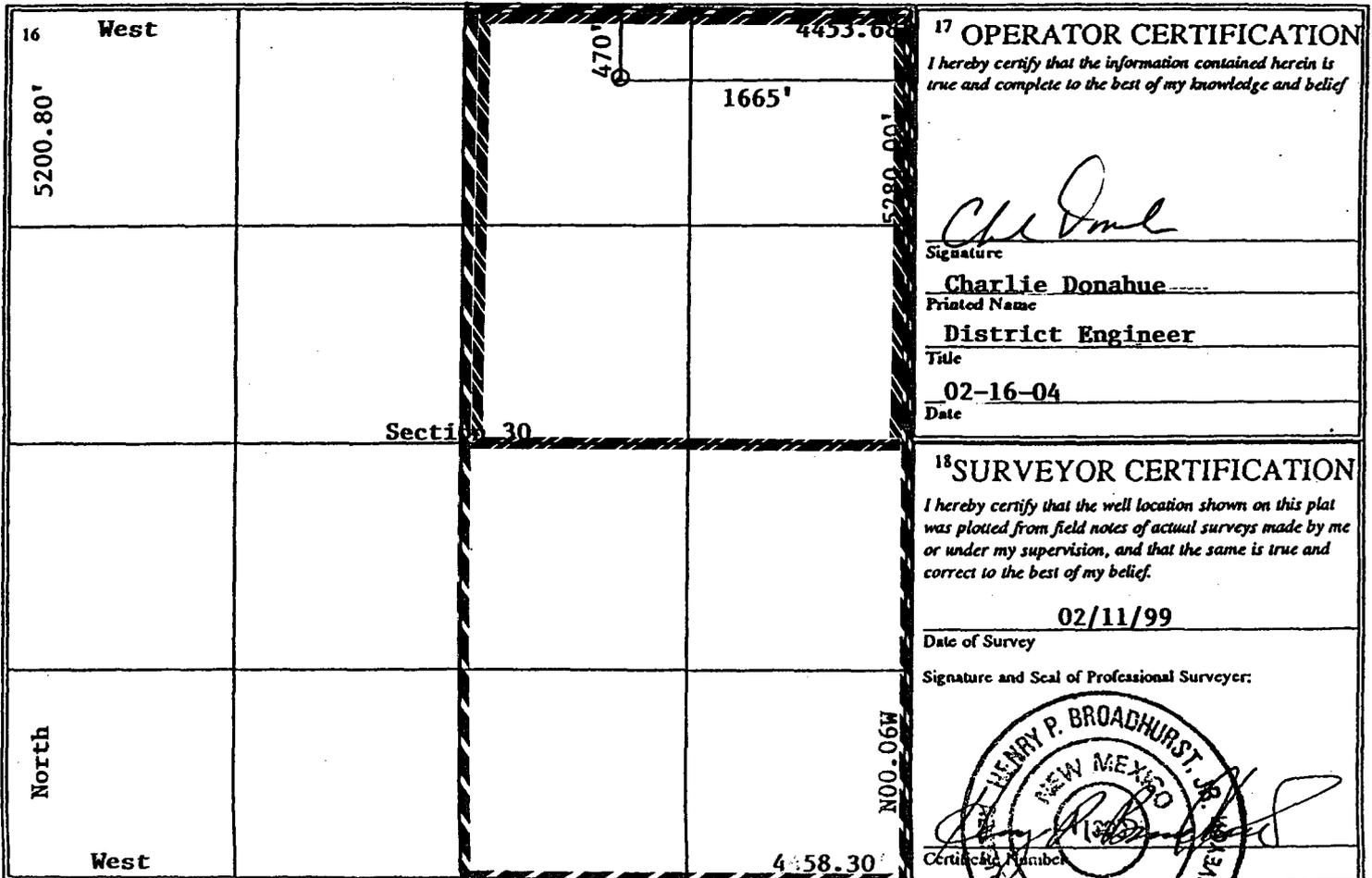
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County     |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| B             | 30      | 30N      | 4W    |         | 470'          | NORTH            | 1665'         | EAST           | RIO ARRIBA |

<sup>11</sup> 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>.160/320 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

*Charlie Donahue*  
 Signature  
 Charlie Donahue  
 Printed Name  
 District Engineer  
 Title  
 02-16-04  
 Date

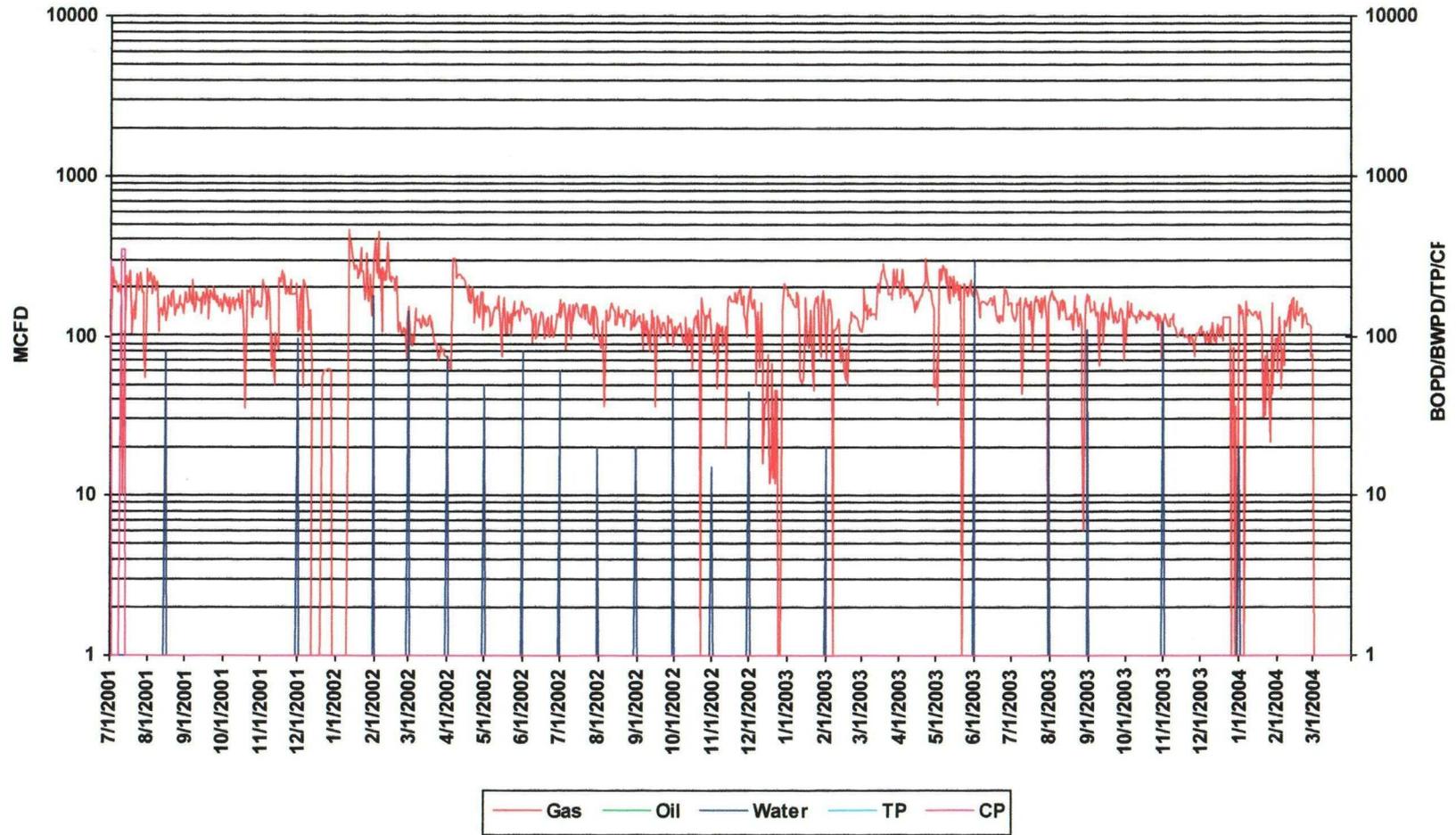
<sup>18</sup> SURVEYOR CERTIFICATION  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

02/11/99  
 Date of Survey  
 Signature and Seal of Professional Surveyor:  
 HENRY P. BROADHURST, J.S.  
 NEW MEXICO  
 PROFESSIONAL SURVEYOR  
 Certificate Number

# Facility Daily Production

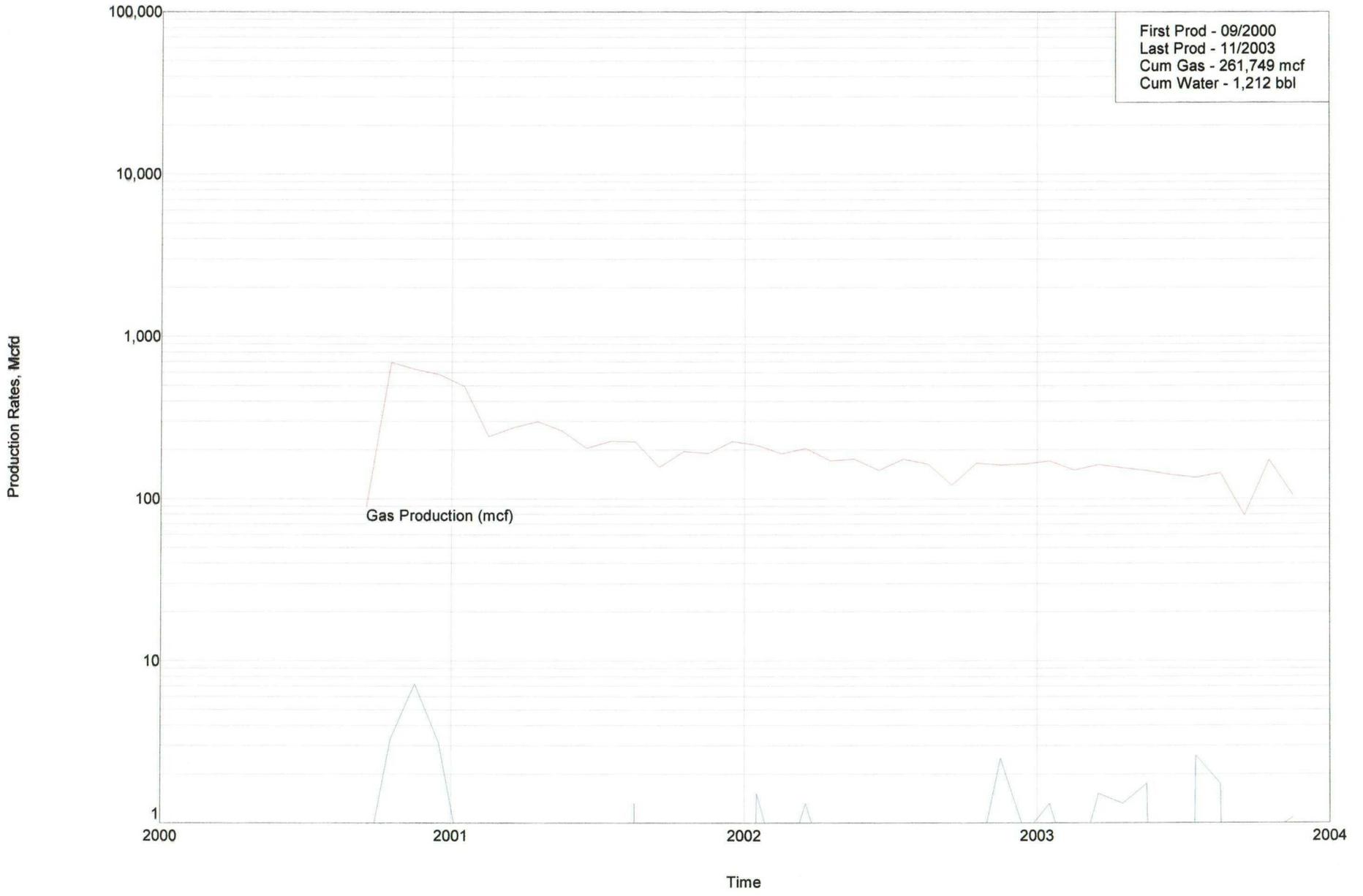
Lease: CARSON 5 Mesaverde (NE/4 Section 30, T30N, R4W)

Date Period: 7/1/2001 --- 3/31/2004



Lease Name: SAN JUAN 30 4 UNIT  
County, State: RIO ARBA, NM  
Operator: ENERGEN RESOURCES CORPORATION  
Field: BLANCO EAST  
Reservoir: PICTURED CLIFFS  
Location: 19 30N 4W NW SE SE

SAN JUAN 30 4 UNIT #42A

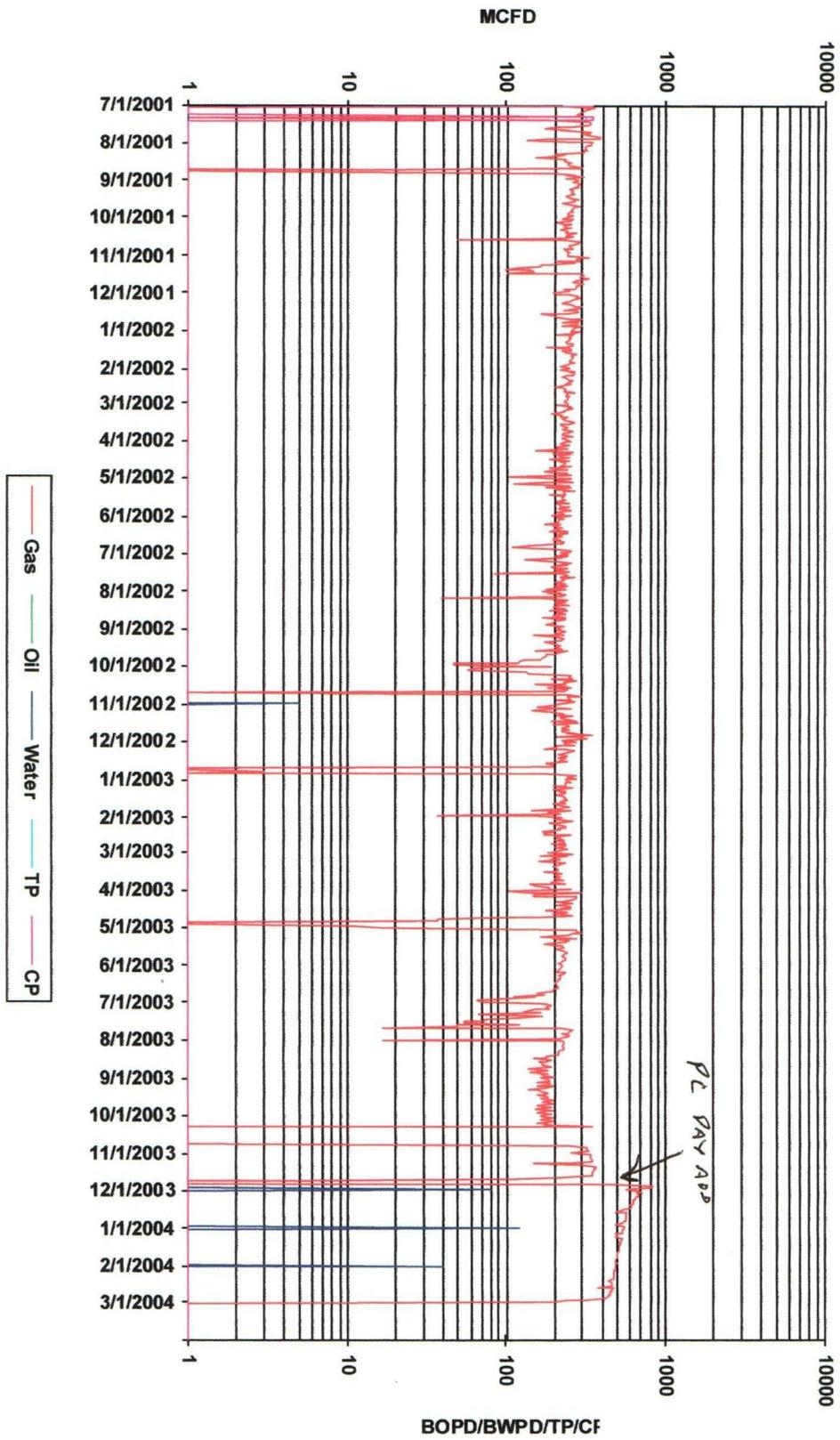


Lease: CARSON 4M

(SW/4 Sec 29 - T30N - R4W)

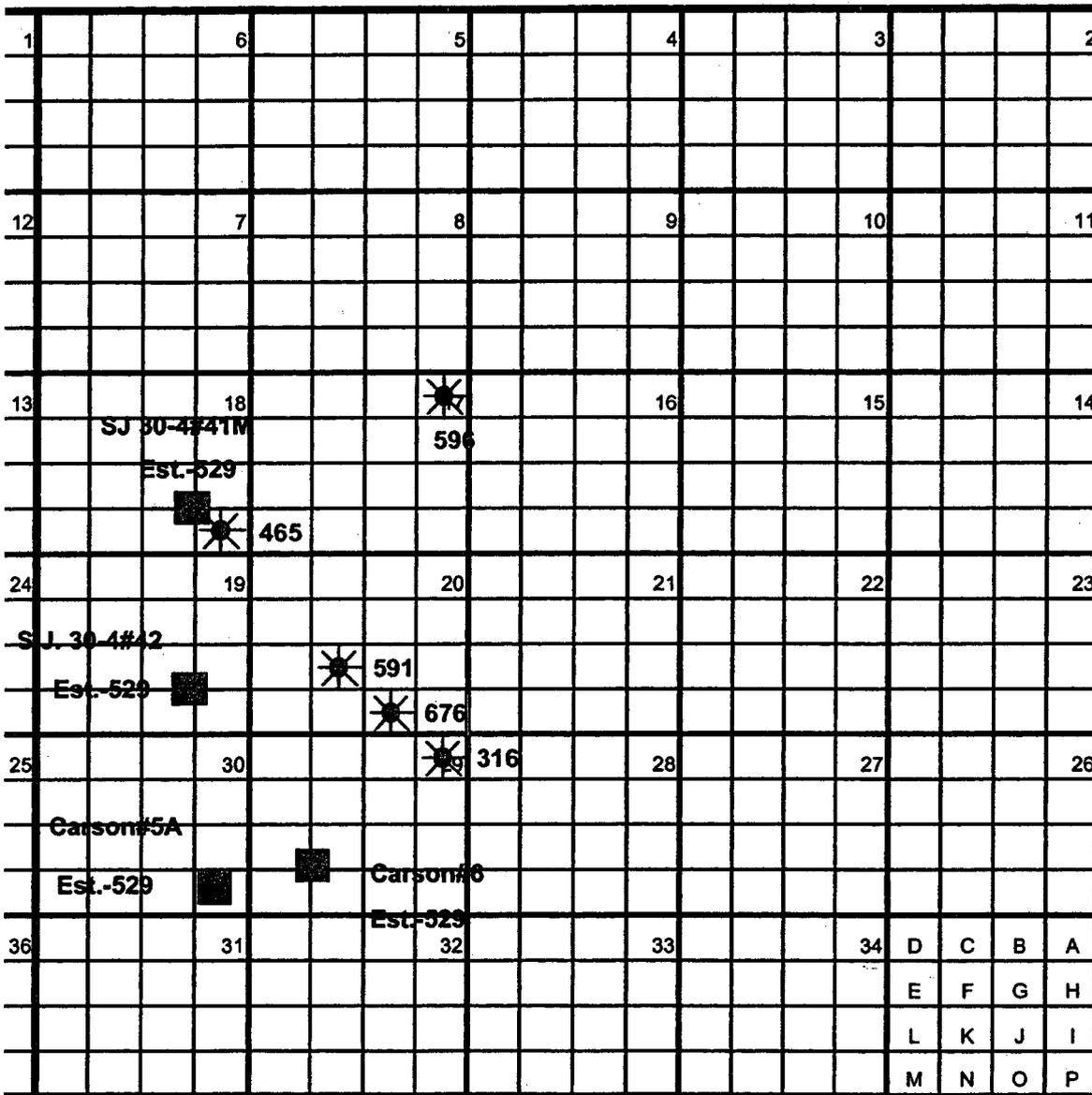
# Facility Daily Production

Date Period: 7/1/2001 --- 3/31/2004



# Pictured Cliffs Current Shut-In Bottom Hole Pressure

R4W



■ PC Payadds

★ PC Well

Current BHP, psia

**Carson #5**  
**NE/4 Section 30, T30N, R4W**

**Proposed Allocation Method**

Produce total well stream for 60 days following the Pictured Cliffs pay add as follows. Use the subtraction method to allocate production as follows:

Total Stream = X

Mesaverde Flow Rate – 115 MCFD

Mesaverde Allocation =  $115 / X$  as a percentage

Pictured Cliffs Allocation =  $(X-115) / X$  as a percentage

Rates will be reported to NMOCD-Aztec for final allocation percentage determination