

DATE: 5/21/2015	SUSPENSE	ENGINEER: MAM	LOGGED IN: 5/21/2015	TYPE: NSL	APP NO.: PMAM15/4155205
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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
 X 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] X 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] X For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[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

Print or Type Name

Signature

Attorney for Applicant

Title

Date

SHALL@MONTAND.COM
 e-mail Address

- NSL 73054
 - ENHANCED RESOURCES
 CORPORATION
 162928
 - LULL
 - CHACO 2308 15424
 30-045-pending
 2015 MAY 21 P 2:47
 RECEIVED OGD
 POOL
 - BASIN MANCOS
 97232



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. Scott Hall

Office: (505) 982-3873

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

RECEIVED OGD
MAY 21 P 2:47

May 21, 2015

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

Hand-Delivered

**Re: Energen Resources Corporation
Request for Administrative Approval
Unorthodox Well Location
Basin-Mancos Gas Pool (97565)**

**Chaco 23-08-15 Well No. 2-H (Horizontal)
API No. 30-045- (pending)
S/2 Section 15, T23N, R8W (Project Area)
2106' FSL and 526' FWL (L), Section 14 (Surface)
380' FSL and 380' FWL (M), Section 15 (Bottom Hole)
Completed Interval: 380' FEL and 380' FSL (entry point) to
380' FSL and 380' FWL, Section 15
T23N, R8W, NMPM
San Juan County, New Mexico**

Dear Mr. Catanach:

On behalf of Energen Resources Corporation ("Energen") and pursuant to Division Rule 19.15.15.13 and the applicable rules governing the acreage and well location requirements for the Basin-Mancos Gas Pool (97232; Order No. R-12984), we request administrative approval for Chaco 23-08-15 Well No. 2-H to be drilled at the unorthodox surface and bottom hole locations indicated above. The well will be drilled in a 320 acre \pm spacing and proration unit and horizontal drilling project area comprised of the S/2 of Section 15, Township 23 North, Range 8 West, in San Juan County.

Energen seeks an exception from the applicable acreage dedication and well location rules for the following reasons: Order No. R-12984 established special

325 Paseo de Peralta
Santa Fe, New Mexico 87501

T: 505.982.3873

F: 505.982.4289

P.O. Box 2307
Santa Fe, New Mexico 87504-2307

Mr. David Catanach, Director
May 21, 2015
Page 2

pool rules for the Basin-Mancos Pool as a gas pool with 320 acre spacing units and well location setbacks of 660'. The special pool rules also provide that oil wells located within two miles of certain Gallup oil pools or associated pools identified in Order No. R-12984 are to be drilled and spaced in accordance with the rules applicable to those pools. The spacing unit proposed in this case is located adjacent to the Nageezi - Gallup Oil Pool (47540) and the well is expected to produce oil from a correlative stratum. The current rules for that pool reflect statewide rules and provide that wells shall be located no closer than 330' to the boundary of a unit, with 40-acre units dedicated to the wells. However, this pool is not among the pools specified in Order No. R-12984 and therefore, the rules for the pool may not be extended to the proposed spacing unit and well location. Operator experience has established that oil wells located in accordance with the setbacks for gas wells won't efficiently recover all the reserves in the unit and for all these reasons, this application for exception is made necessary. (See Exhibit A.)

In this case the well's Completed Interval will be no closer than 380' to the outer boundaries of the S/2 unit and will be located entirely within the Producing Area for the Project Area that would be established with 330' setbacks. The well otherwise complies with statewide locational rules applicable to oil wells. The spacing unit and well location are also consistent with the established development pattern for horizontal and vertical Mancos oil wells in the area. The C-102 plat showing the S/2 Project Area, Producing Area and the proposed location for the Chaco 23-08 15 Well No. 2-H is attached as Exhibit B.

In accordance with Division Rules 19.15.4.12 A(2) and (3) notification is being provided to those offset interest owners or operators in adjoining spacing units reflected on Exhibit C. Energen Resources Corporation owns and operates the acreage in the S/2 of Section 15 under a single federal lease (NMNM-018463). The Bureau of Land Management is being notified of this application.

The Division's Administrative Application Checklist is enclosed.

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:js
Enclosures
cc: Bryan Lewis, Energen Resources Corporation



Date: May 18, 2015

From: Donald Lehman
Geologic Manager San Juan Basin

To: Bryan Lewis
Landman, San Juan Basin

RE: Reduced set-backs request
Chaco 23-08-15 #2H (Horizontal Mancos / Gallup)
T23N-R08W Section 15: S/2 Project Area
San Juan County, New Mexico

Reduced set-backs of 380 feet versus the current legal 660 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 is the most efficient method in draining a reservoir and thus the request for 380 foot set-backs.

A handwritten signature in black ink, appearing to read "D. Lehman".

Donald D. Lehman

EXHIBIT

A

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (505) 748-1283 Fax: (505) 748-8720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		97232	BASIN MANCOS
Property Code	Property Name		Well Number
	CHACO 23-08 15		2H
GRID No.	Operator Name		Elevation
162928	ENERGEN RESOURCES CORPORATION		6875'

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
L	14	23N	8W		2106'	SOUTH	526'	WEST	SAN JUAN

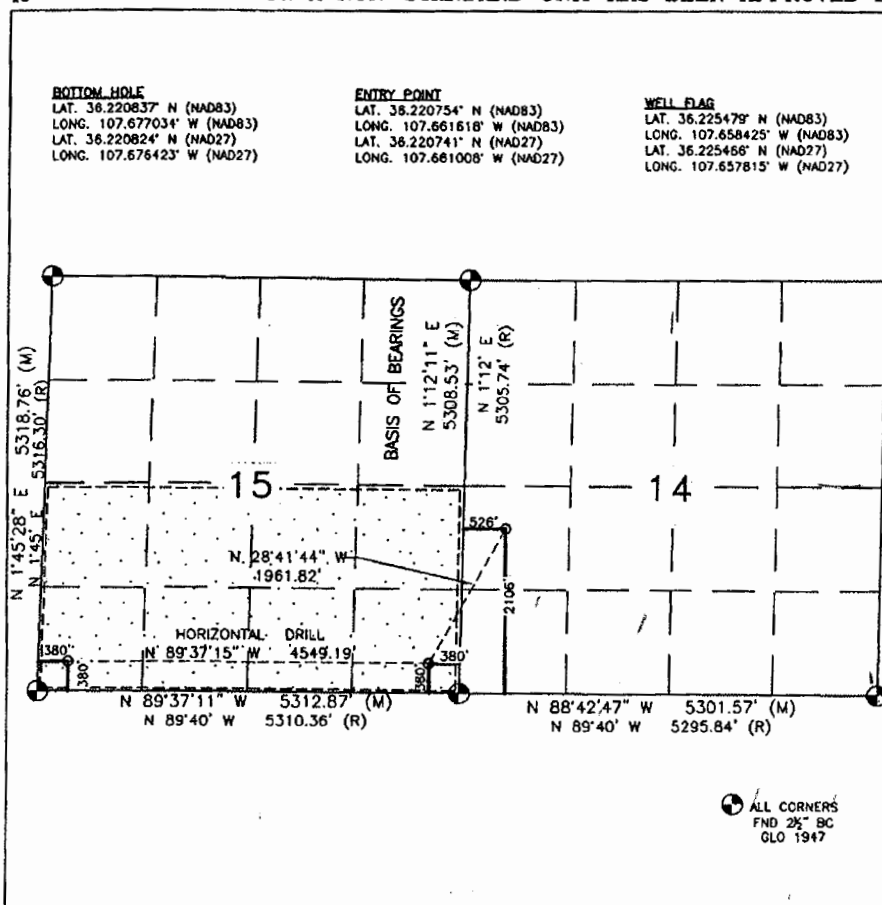
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	15	23N	8W		380'	SOUTH	380'	WEST	SAN JUAN

¹² Dedicated Acres	PROJECT AREA	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320.00 ACRES - S/2 SEC. 15				

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

16



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 5-19-15
Signature Date

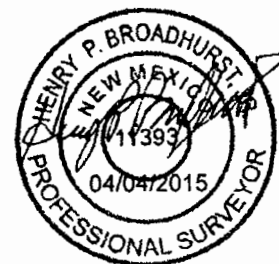
Anna Stoltz
Printed Name
astoltz@energen.com
E-mail Address

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.

AUGUST 12, 2014

Date of Survey
Signature and Seal of Professional Surveyor:



Certificate Number 11393

EXHIBIT

B

Chaco 23-08-15 Well No. 2-H
S/2 S/2 Section 15, T23N, R8W

Offset Operators/Interest Owners to North
Energen

Offset Operators/Interest Owners to Northeast
WPX, Energen, Elm Ridge

Offset Operators/Interest Owners to East
Encana

Offset Operators/Interest Owners to Southeast
Dugan

Offset Operators/Interest Owners to South
Dugan

Offset Operators/Interest Owners to Southwest
Dugan

Offset Operators/Interest Owners to West
WPX, XTO, ConocoPhillips

Offset Operators/Interest Owners to Northwest
Encana, XTO, ConocoPhillips

EXHIBIT C



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. Scott Hall
Office: (505) 982-3873
Email: shall@montand.com
Reply To: Santa Fe Office
www.montand.com

May 21, 2015

To: All Interest Owners on Attached Page

**CERTIFIED MAIL/
RETURN RECEIPT REQUESTED**

**Re: Energen Resources Corporation
Request for Administrative Approval
Unorthodox Well Location
Basin-Mancos Gas Pool (97565)**

**Chaco 23-08-15 Well No. 2-H (Horizontal)
API No. 30-045- (pending)
S/2 Section 15, T23N, R8W (Project Area)
2106' FSL and 526' FWL (L), Section 14 (Surface)
380' FSL and 380' FWL (M), Section 15 (Bottom Hole)
Completed Interval: 380' FEL and 380' FSL (entry point) to
380' FSL and 380' FWL, Section 15
T23N, R8W, NMPM
San Juan County, New Mexico**

Dear Sir or Madam:

Pursuant to New Mexico Oil Conservation Division (NMOCD) Rule 19.15.15.13 and the rules and regulations for the Basin-Mancos Gas Pool, you are hereby notified that Energen Resources Corporation has on this date made application to the NMOCD for administrative approval for an unorthodox well location for its Chaco 23-08-15 Well No. 1-H to be drilled at the location reflected above to the Mancos formation, Basin-Mancos Gas Pool, in San Juan County, New Mexico. A copy of the application is enclosed.

As the owner of an interest that may be affected, you have the right to object to the application. To do so, you must file a written protest with the NMOCD within twenty days. Failure to do so will prevent you from challenging the matter at a later time. A letter of protest may be sent to the NMOCD at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505.

325 Paseo de Peralta
Santa Fe, New Mexico 87501

T: 505.982.3873
F: 505.982.4289


P.O. Box 2307
Santa Fe, New Mexico 87504-2307

All Interested Owners
May 21, 2015
Page 2

Should you consent to the application and the proposed non-standard spacing unit and unorthodox well location, you are requested to indicate your waiver of objection by signing where indicated below and then returning this letter to me at your earliest convenience.

Sincerely,

J. Scott Hall



JSH:js
Encls.

CONSENT:

By: _____

Chacon 23-08-15 Well No. 2-H

WPX Energy Production LLC
4400 One Williams Center
Tulsa, OK 74172-0144

Elm Ridge Exploration Company LLC
12225 Greenville Ave., Ste. 950
Dallas, TX 75243-0597

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202
Attn: Mr. Skylar Fast

Dugan Production Company
709 East Murray Drive
Farmington, NM 87401

ConocoPhillips
3401 East 30th Street
Farmington, NM 87402

XTO Energy, Inc.
810 Houston Street
Fort Worth, TX 76102-6298

Bureau of Land Management
6251 College Boulevard
Farmington, NM 87402

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

WPX Energy Production LLC
4400 One Williams Center
Tulsa, OK 74172-0144

2. Article Number

(Transfer from service label)

7012 3050 0000 6872 9455

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☒ No

3. Service Type

☒ Certified Mail® ☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Elm Ridge Exploration Company LLC
12225 Greenville Ave., Ste. 950
Dallas, TX 75243-0597

2. Article Number

(Transfer from service label)

7012 3050 0000 6872 9448

PS Form 3811, July 2013

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☐ Yes**SENDER: COMPLETE THIS SECTION**

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202
Attn: Mr. Skylar Fast

2. Article Number

(Transfer from service label)

7012 3050 0000 6872 9431

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X☐ Agent☐ Addressee

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D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☒ No

3. Service Type

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☐ Yes

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
6251 College Boulevard
Farmington, NM 87402

2. Article Number

(Transfer from service label)

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X☐ Agent☐ Addressee

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C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☒ No

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☐ Yes**SENDER: COMPLETE THIS SECTION**

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dugan Production Company
709 East Murray Drive
Farmington, NM 87401

2. Article Number

(Transfer from service label)

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☒ No

3. Service Type

☒ Certified Mail® ☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

7012 3050 0000 6872 9424

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ConocoPhillips
3401 East 30th Street
Farmington, NM 87402

2. Article Number

(Transfer from service label)

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☒ No

3. Service Type

☒ Certified Mail® ☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

7012 3050 0000 6872 9417

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

XTO Energy, Inc.
810 Houston Street
Fort Worth, TX 76102-6298

2. Article Number

(Transfer from service label)

7012 3050 0000 6872 9400

PS Form 3811, July 2013

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

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