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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

Energizer

Carracas 32 B # 7H

Carracas 32B#7H

ADMINISTRATIVE APPLICATION COVERSHEET

Carracas 32B#5

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

201129

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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 - Directional Drilling
- [ ] NSL [ ] NSP [ ] DD [X] SD

Check One Only for [B] and [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

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply

- [A] [X] 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] [ ] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] [ ] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

David M. Poage  District Landman 9/02/11  
 Print or Type Name Signature Title Date



CERTIFIED MAIL-RECEIPT REQUESTED  
7009 2820 0000 6910 8778

September 2, 2011

Ms. Jami Bailey  
Division Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, NM 87505

RE: Application of Energen Resources Corporation for Administrative Approval of the Simultaneous Dedication of the North-Half of Section 32, Township 32 North, Range 4 West, N.M.P. M., Rio Arriba County, New Mexico to its presently drilling Carracas 32 B # 7H Well and the existing Carracas 32 B # 5 Well.

Dear Ms. Bailey:

Energen Resources Corporation is the operator of a 320.00 acre spacing unit in the Basin Fruitland Coal Pool (**Pool Code 71629**) comprised of the north-half of Section 32 Township 32 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico. This spacing unit is dedicated to Energen's Carracas 332 B #5 well which was vertically drilled and produces from the Fruitland Coal formation.

Energen seeks administrative approval of the simultaneous dedication of this 320.00 acre spacing unit to the following two gas wells:

- A. the Carracas 32 B # 5 well (API No. 30-039-24408) vertically drilled from a surface location 1,630' FNL and 790' FEL of Section 32. SE
- B. the newly drilling Carracas 32 B # 7H well (API No. 30-039-30528) which is being horizontally drilled from a surface location 1,630' FNL and 715' FWL of Section 32, to a proposed bottom hole location 1,724' FNL and 111' FEL of Section 32. The entry point was at 1,651' FNL and 1,724' FWL of Section 32. E

Neither well violates the existing set back requirements for these wells

Attached hereto for each well is a copy of Division Form C-102 for these wells that show the surface and bottom hole locations of each well. In addition also enclosed is a map of the offset operators of all offsetting spacing units. Energen Resources is the operator of all offsetting spacing units and owns 100% of the working interest in all offsetting spacing units with the exception of the S/2 of Section 32 which is unleased Bureau of Land Management acreage.

Energen has mailed, via USPS Certified Mail, Notice to the Bureau of Land Management that this application has been submitted. A copy of the Notice to the Bureau of Land Management is also attached.

The simultaneous dedication of the North-Half of said Section 32 to the Carracas 32 B # 5 and the Carracas 32 B # 7H wells will afford Energen the opportunity to efficiently produce the Fruitland Coal formation under this spacing unit. Energen's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Poage". The signature is written in a cursive style with a large, stylized initial "D".

David M. Poage  
District Landman  
Energen Resources Corporation

Enclosures

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources

Form C-102  
Revised October 12, 2005

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

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 30-039-30528		<sup>2</sup> Pool Code 71629		<sup>3</sup> Pool Name Basin Fruitland Coal	
<sup>4</sup> Property Code 35668		<sup>5</sup> Property Name Carracas 32B			<sup>6</sup> Well Number 7
<sup>7</sup> OGRID No. 162928		<sup>8</sup> Operator Name Energen Resources Corporation			<sup>9</sup> Elevation 7196'

<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
E	32	32N	04W		1630	North	715	West	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
H	32	32N	04W		1724	North	111	East	Rio Arriba

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill N/2	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. R-13119
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RCVD SEP 28 '09  
OIL CONS. DIV.

DIST. 3

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

<p>10/2/09</p>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Vicki Donaghey</i> 09/25/09 Signature Date</p> <p>Vicki Donaghey Printed Name</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>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</p> <p>October 3, 2007 Date of Survey</p> <p>original survey conducted and recorded by: DAVID R. RUSSELL Signature and Seal of Professional Surveyer</p> <p>10301 Certificate Number</p>

8 10/2

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

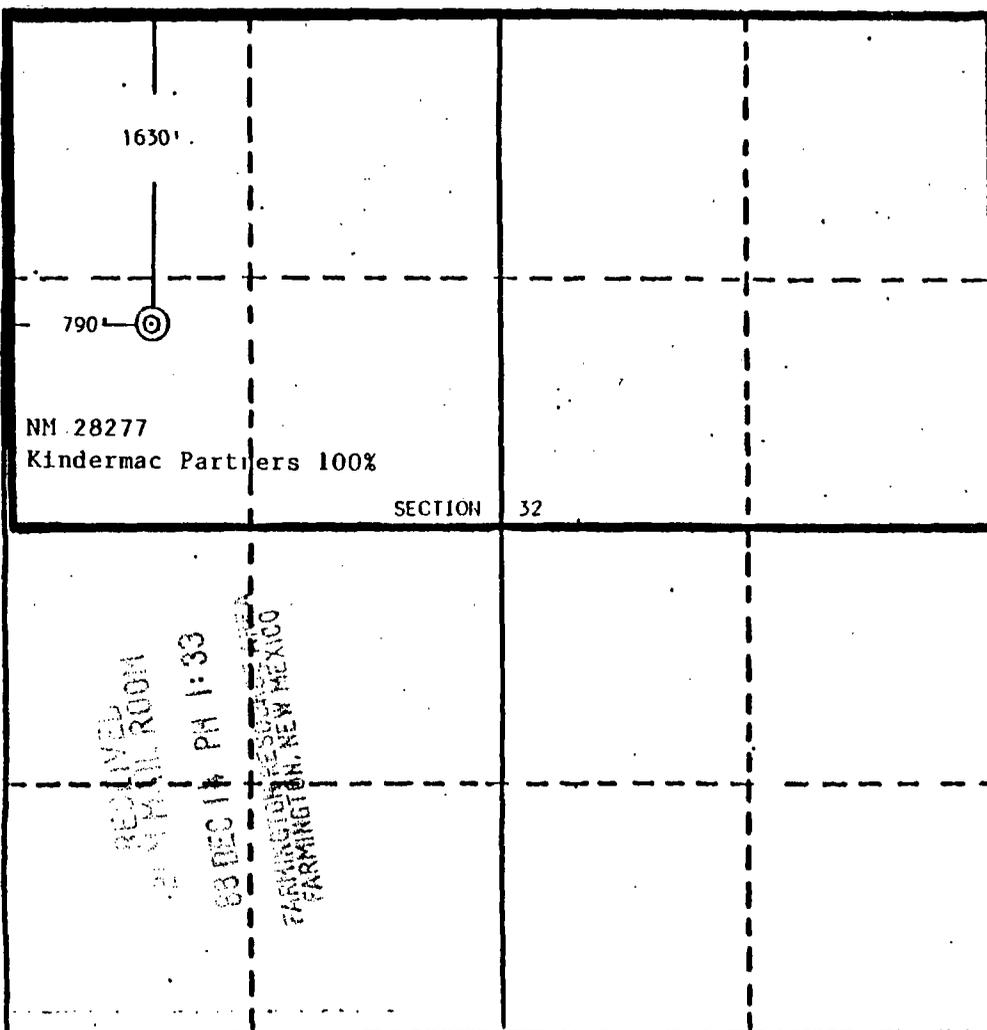
Operator Nassau Resources, Inc.		Lease Carracas Unit 32 B			Well No. 5
Unit Letter E	Section 32	Township 32 North	Range 4 West	County Rio Arriba	
Actual Footage Location of Wells 1630 feet from the North line and 790 feet from the West line					
Ground Level Elev. 7190	Producing Formation Fruitland	Pool Basin Fruitland Coal		Dedicated Acreage 320.0 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation Carracas Unit - Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name  
*James S. Hazen*  
James S. Hazen  
Position  
Field Supt.  
Company  
Nassau Resources Inc.  
Date  
December 8, 1988



Date Surveyed  
August 11, 1988  
Registered Professional Engineer and/or Land Surveyor  
*Edgar L. Risenkoff*  
Certificate No. \_\_\_\_\_





CERTIFIED MAIL-RECEIPT REQUESTED  
7009 2820 0000 6910 8785

September 3, 2011

United States Department of the Interior  
Bureau of Land Management  
1235 La Plata Hwy.  
Farmington, NM 87401

RE: Application of Energen Resources Corporation for simultaneous dedication, Rio Arriba County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Energen Resources Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the simultaneous dedication of the Carracas 32 B # 5 and Carracas 32 B # 7H to the North-half of Section 32-Township 32 North, Range 4 West., NMPPM, Rio Arriba County, New Mexico.

As the owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application for a simultaneous dedication may be approved.

Very Truly Yours,

A handwritten signature in black ink that reads "David M. Poage".

David M. Poage  
District Landman  
Energen Resources Corporation