

December 7, 2006

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
Jicarilla 95 #3C
2340' FNL, 990' FWL, Section 35, T27N, R3W, NMPM
Rio Arriba County, New Mexico

2006 DEC 13 AM 11 57

Dear Mr. Fesmire:

Energen Resources Corporation requests administrative approval to downhole commingle the Blanco Mesa Verde (MV), and WC27N3W35; Mancos pools in the subject well. It is our intent to commingle the two zones to increase the economic potential of this well. The well is currently on a plunger lift system, and we believe it is the most economical method to recover gas and oil from the subject well. We identify this method to improve the overall efficiency of the well. We may have to place well on a beam pump if production demands require it.

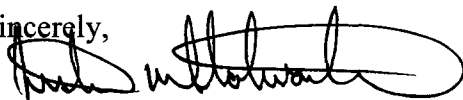
To comply with New Mexico Oil Conservation Rules, Energen Resources Corporation is submitting the following data for your approval of the proposed commingling.

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 in the following zone:
 - i) Blanco Mesa Verde
 - ii) WC27N3W35; Mancos
5. Allocation method

In accordance to New Mexico Oil Conservation Division Rule 303C, Energen Resources has notified all offset operators.

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

Sincerely,



Justin M. Stolworthy
District Engineer II

xc:

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

12/13/06 DATE IN	SUSPENSE	JONES ENGINEER	12/13/06 LOGGED IN	DHC TYPE	APP NO. pTDS0634747960
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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
☐ 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
- [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.

Justin Stalworthy
 Print or Type Name

Signature

District 7 ENGINEER
 Title

12-8-06
 Date

JStalwor@ENRGEN.COM
 e-mail Address

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

Santa Fe, New Mexico 87505

APPLICATION TYPE
X Single

 Establish Pre-Approved Pools
EXISTING WELLBORE
 ~~X~~ ~~Yes~~ ~~No~~

APPLICATION FOR DOWNHOLE COMMINGLING

2198 Bloomfield Highway, Farmington, New Mexico 87401

Operator Jicarilla 95		Address 3C E Section 35, T27N, R3W N.M.P.M		Rio Arriba	
Lease 162928	Well No. 21289	Unit Letter-Section-Township-Range 30-039-26548		X	County
OGRID No.	Property Code	API No.	Lease Type:	Federal	State

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Mesaverde	N/A	<i>Basin</i> WC2233735; Mancos
Pool Code	72319	N/A	97058 <i>97232</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5637' to 6160'	N/A	7262' to 7808'
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)	1,238 BTU	N/A	1,328BTU
Producing, Shut-In or New Zone	Producing	N/A	Shut-In
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: 12/7/06 Rates: 0.4 BOPD/150 MCFPD/1.0 BWPD	Date: N/A Rates: N/A	Date: 01/29/02 Rates: 0.7 BOPD/60 MCFPD/5.0 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 Gas 36 % 71 %	Oil N/A Gas N/A % %	Oil Gas 64 % 29 %

ADDITIONAL DATA

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 [Signature] TITLE District Engineer DATE 12-8-04

TYPE OR PRINT NAME Justin M. Stolworthy TELEPHONE NO. (505) 325-6800

E-MAIL ADDRESS jstolwor@energen.com

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 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 30-039-26548	² Pool Code 72319/97058	³ Pool Name Blanco Mesaverde/ WC27N3W35; Mancos
⁴ Property Code 21289	⁵ Property Name Jicarilla 95	⁶ Well Number 3C
⁷ OGRID No. 162928	⁸ Operator Name Energen Resources Corporation	⁹ Elevation 7215'

¹⁰ Surface Location

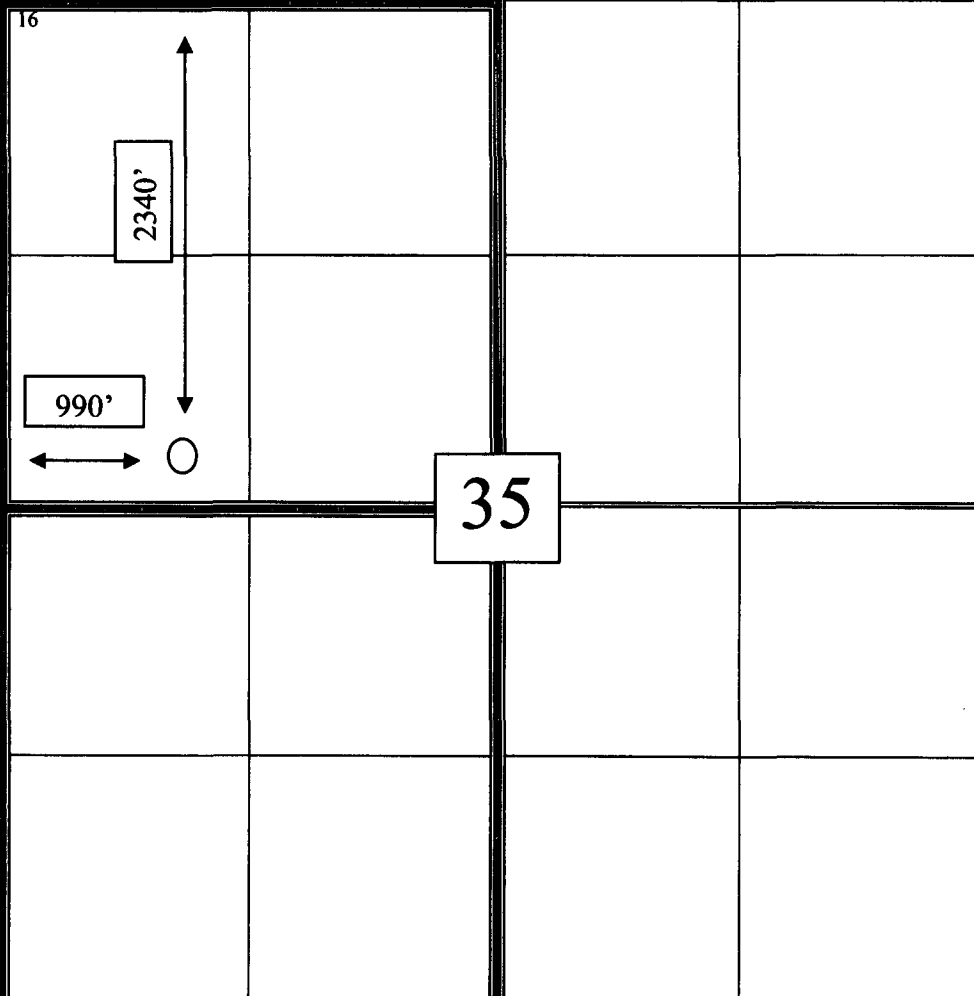
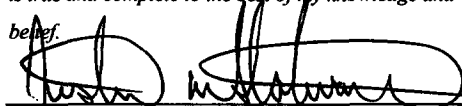
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	35	27N	3W		2340	North	990	West	Rio Arriba

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

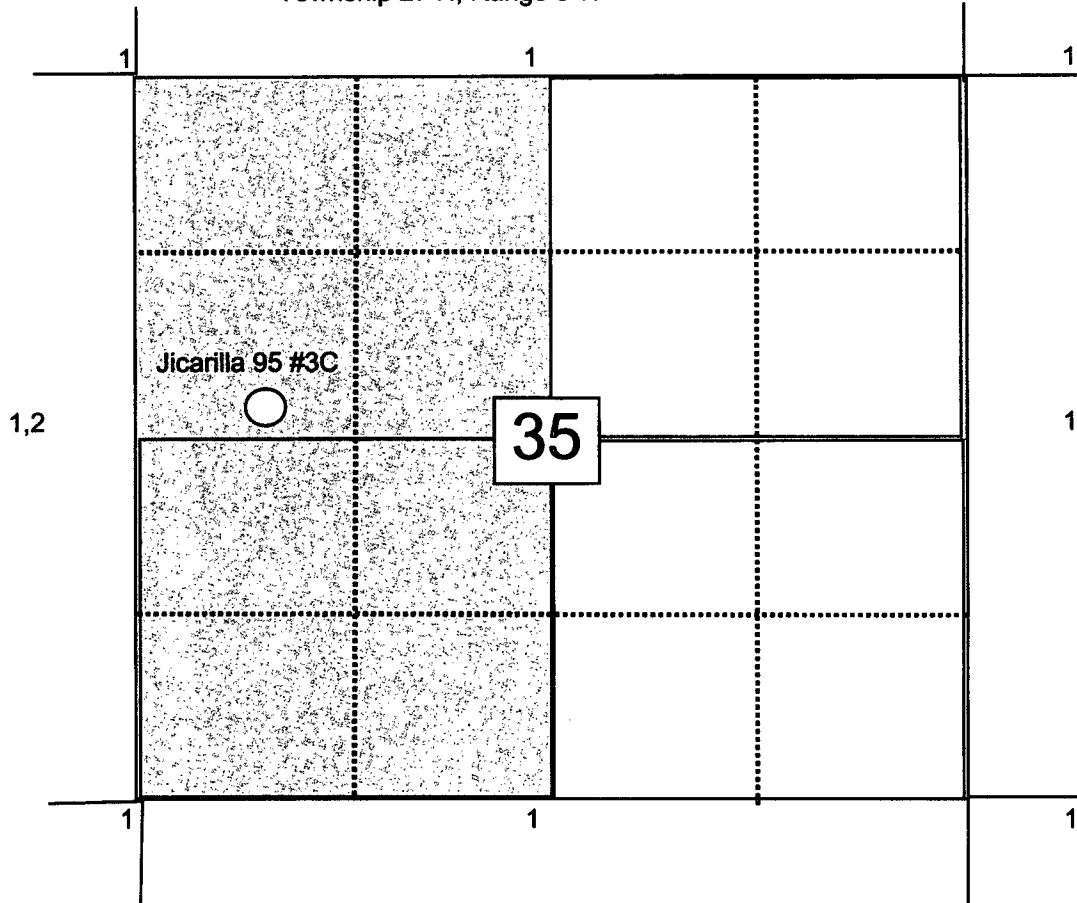
¹² Dedicated Acres 320/160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div><p>16</p></div>	<p>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></p> <p> Signature</p> <p>Justin M. Stolworthy Printed Name</p> <p>District Engineer jstolwor@energen.com Title and E-mail Address</p> <p>12-8-06 Date</p>
	<p>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></p> <p>June 29, 2000 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Neale C. Edwards</p> <p>NM 6857 Certificate Number</p>

Energen Resources Corp.
Jicarilla 95 #3C
Offset Operator/ Ownership Plat
Blanco Mesa Verde/WC27N3W35; Mancos
Downhole Commingling

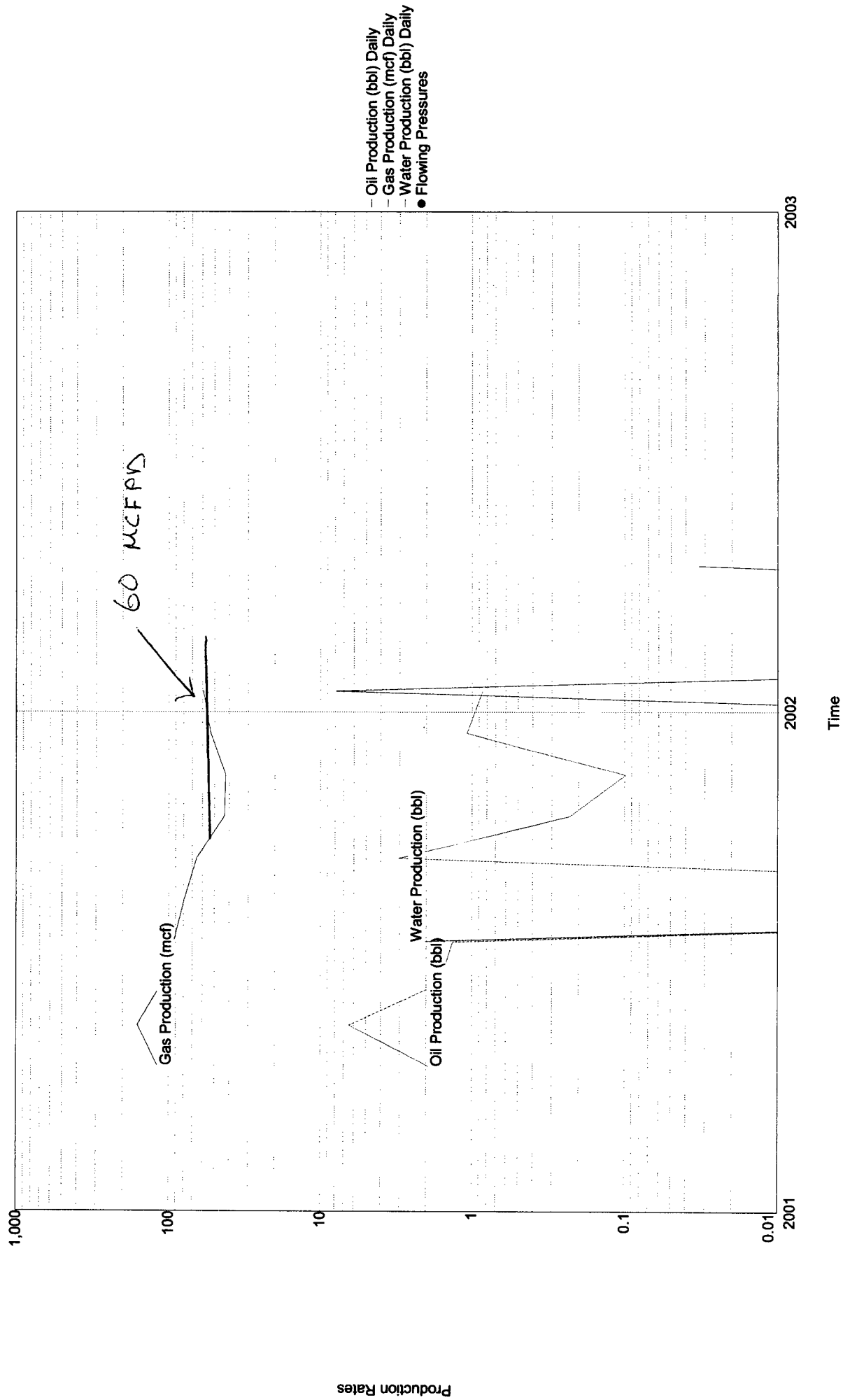
Township 27 N, Range 3 W



- 1) Energen Resources
- 2) Williams Production

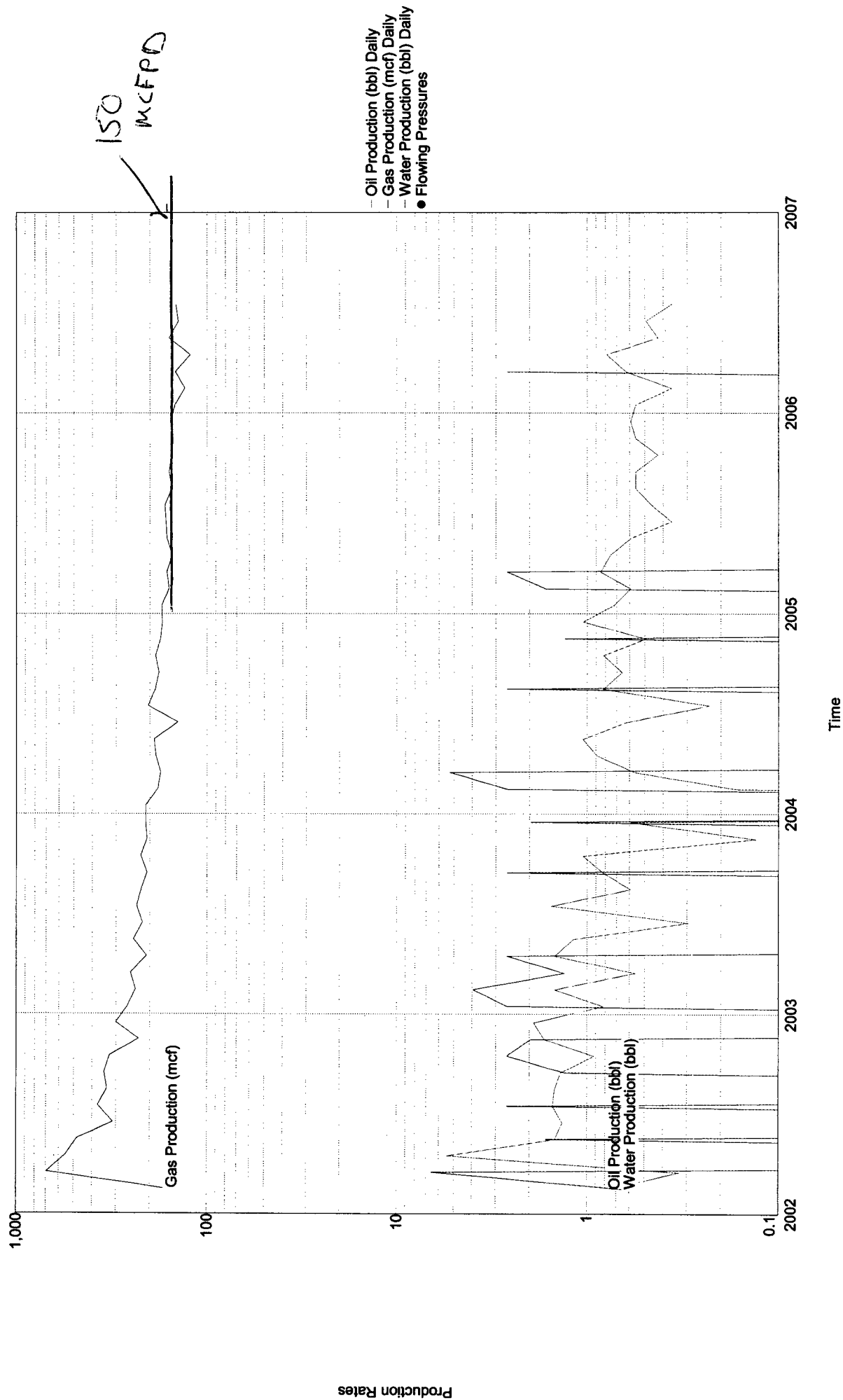
Lease Name: JICARILLA 95
 County, State: RIO ARBA, NM
 Operator: ENERGEN RESOURCES CORPORATION
 Field: WILDCAT
 Reservoir: MANCOS
 Location: 35 27N 3W SE SW NW

JICARILLA 95 - WILDCAT 3C

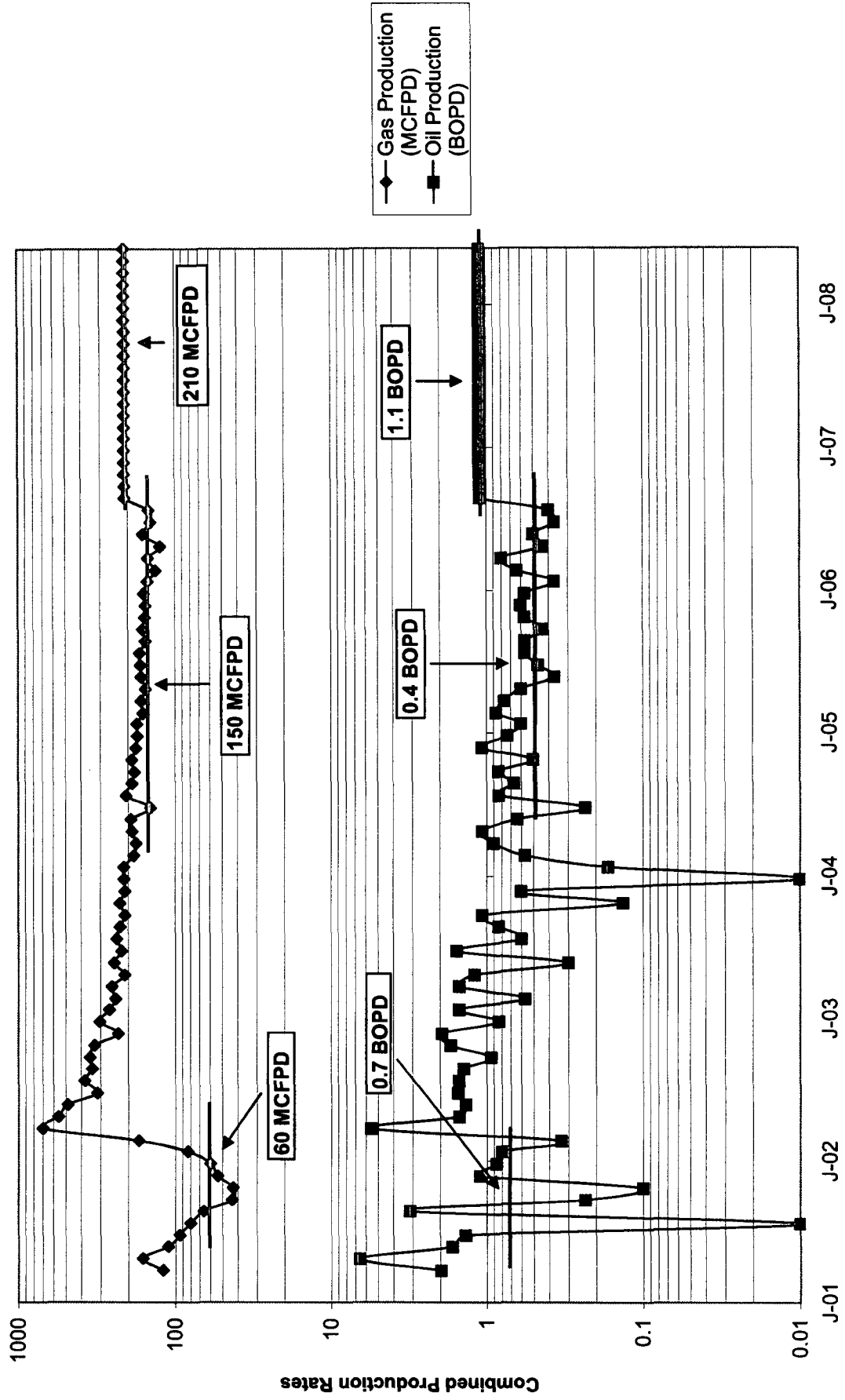


Lease Name: JICARILLA 95
County, State: RIO ARBA, NM
Operator: ENERGEN RESOURCES CORPORATION
Field: BLANCO
Reservoir: MESAVERDE
Location: 35 27N 3W SE SW NW

JICARILLA 95 - BLANCO 3C



Jicarilla 95 #3C Blanco MV/ WC27N3W35; Mancos



Recommended Allocation Method

1. MIRU and POOH with tubing strings.
2. TIH with work string and clean out with mill past CIBP and WC27N3W35; Mancos perforations to lower CIBP.
 - i) CIBP set @ 7200'
 - ii) Perforations set @ 7262'-7808'
 - iii) CIBP set @ 7958'
3. TOH with work string and mill.
4. TIH w/ 2-3/8" production tubing to WC27N3W35; Mancos Mid-perforations or there about.
5. Swab well in and place on artificial lift.
6. Based on historical production allocation for gas is 71% Mesa Verde, 29% WC27N3W35; Mancos. Oil will be allocated 36% Mesa Verde, 64% WC27N3W35; Mancos.

Note: see enclosed production graphs.

Notification list of Working, Royalty, and overriding royalty interests

1) Royalty

**Jicarilla Apache Tribe
P.O. Box 507
Dulce, NM 87528**

Notification list of Offset Operators

1) Williams Production

**Attn: Doug Bird
One Williams Center
PO Box 3102, MS 25-2
Tulsa, Oklahoma 74101**