

PT6-W 1106656991

DATE IN 3-7-11	SUSPENSE	ENGINEER DB	LOGGED 3.7.11	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

San Juan 32-5 #111 Well

ADMINISTRATIVE APPLICATION COVERSHEET

RECEIVED OCD

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

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
 [X] NSL [] NSP [] DD [] 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] [] 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
Print or Type Name

David M. Poage
Signature

District Landman
Title

3/1/11
Date



March 1, 2011

Certified-Return Receipt
7009 2820 0000 5801 5070

Mr. David Brooks
New Mexico Oil Conservation Division
1220 South St. Francis Drive.
Santa Fe, NM 87505

RE: Administrative Approval of Unorthodox Location-Sidetrack
San Juan 32-5 # 111Well
1005' FNL, 680' FWL-Section 31-T32N-R5W--Surface Location
760'FSL, 1100' FWL-Section 31-T32N-R5W—Bottom Hole location (proposed)
Rio Arriba County, New Mexico

Gentlemen:

Energen Resources Corporation (Energen) hereby requests Administrative Approval for an Unorthodox Location of its San Juan 32-5 # 111 Fruitland Coal formation well under the provisions of New Mexico Oil Conservation Division, Basin Fruitland Coal Pool rules.

This well is located in the NW portion of Section 31-T32N-R5W, Rio Arriba County, New Mexico and is dedicated to a special proration unit consisting of Lots 1-4 of Section 30 and Lots 1-4 of Section 31-T32N-R5W in the Basin Fruitland Coal Pool gas pool.

This well is located closer than 660' from the eastern boundary in the north portion of the lateral by 400'. This well is within the boundaries of the San Juan 32-5 Unit. There are two (2) offsetting spacing units to the east of this special proration unit. The N/2 Spacing unit is non-unit acreage and this setback to Section 31 is 660' and is affected. The S/2 spacing unit is within the San Juan 32-5 Unit and as such has a 10' setback. This S/2 spacing unit is not being violated.

This well is being sidetracked as a horizontal well bore and is situated so that the longest lateral can be accessed. This additional length is required to provide for the potential for the production of the most reserves and the best possible economics for this well. The direction of this lateral is situated so that a collision will be avoided with an existing Mesaverde formation well in the SW portion of the spacing unit. To avoid this wellbore we had to shift to the east and thus this created the violation of setback.

Energen Resources Corporation is the operator of both of the affected spacing units. There s another working interest owner who has been notified and have been requested to approve waivers within 20 days from receipt if they have any objections. A list of this owners and copies of the waiver letter is attached to this proposal. Also attached is a well location plat showing a portion of the dedicated acreage (C102) and also shows the affected spacing unit and owners.

Your favorable consideration of this request is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Poage", written in a cursive style.

David M. Poage
District Landman

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 July 16, 2010
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-26637		² Pool Code 71629		³ Pool Name Basin Fruitland Coal	
⁴ Property Code 21996		⁵ Property Name San Juan 32-5 Unit			⁶ Well Number 111
⁷ OGRID No. 162928		⁸ Operator Name Energen Resources Corporation			⁹ Elevation 6654'

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
A	31	32N	5W		1005	North	680	East	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
P	31	32N	5W		760	South	1100	West	Rio Arriba

¹² Dedicated Acres 345.59	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.

<p>¹⁶ Location @ point which the wellbore crosses 660' setback line: 1196' FNL, 660' FEL.</p>	<p>¹⁷ 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 style="text-align: right;">10/26/2010</p> <p>Signature _____ Date _____</p> <p>Stephen Byers</p> <p>Printed Name _____</p> <p>sbyers@energen.com</p> <p>E-mail Address _____</p>
	<p>¹⁸ 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 style="text-align: right;">September 12, 2000</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Neale C. Edwards</p> <p>Certificate Number _____ 6857</p>
	<p>State Bancos N/2 32-T32N-R5W ERC-98.50% Riggs O&G-1.50% 660' setback</p>
	<p>San Juan 32-5 Unit ERC - 100% 10' setbacks</p>



RE: San Juan 32-5 Unit #111 ST, Proposed BHL 760' FSL, 100' FEL sect 31, T32N-R5W

To whom it may concern,

Energen would like to apply for an exception location for the San Juan 32-5 Unit #111 ST (horizontal sidetrack) for Fruitland coal development. Note this is a narrow section; in order to avoid collision with a Mesaverde well in the south half (San Juan 32-5 Unit #9B) the lateral must be angled to the SE and will pass ~ 400' from the NW/4 of sect 32. Energen has 100% WI in the adjacent drillblock (N/2 of sect 32).

If granted, this will allow us to potentially develop the entire 160 acre area with no additional wells, thus minimizing surface impact and reducing waste.

If you need additional information please let me know.

Paul Ferguson
Energen Resources



March 1, 2011

Certified Mail
7009 8280 0000 5801 5087

Mr. Elliot Riggs
Riggs Oil and Gas Corporation
P.O. Box 711
Farmington, NM 87499-0711

Re: Administrative Approval of Unorthodox Location-Sidetrack
San Juan 32-5 # 111 Well
1005' FNL, 680' FWL-Section 31-T32N-R5W--Surface Location
760'FSL, 1100' FWL-Section 31-T32N-R5W--Bottom Hole location (proposed)
Rio Arriba County, New Mexico

Dear Mr. Riggs:

In reference to letter dated March 1, 2011, Energen Resources Corporation (Energen) filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox location for its San Juan 32-5 Unit # 111 well. A copy of the application has been attached for your review.

Energen's letter requests that if you have any objection to this unorthodox location, you needed to sign the three copies of the attached waiver and within twenty (20) days of receipt of the letter, return one (1) executed copy to the NMOCD at 1220 South Francis Drive, Santa Fe, New Mexico 87505, one (1) copy to our office and retain one (1) copy for your files. If you object you must also file your objection with the NMOCD within twenty (20) days of receipt of this letter.

Your cooperation in this matter is appreciated.

Sincerely,

David M. Poage
District Landman

/gb

WAIVER

_____ hereby **waives objection** to the above referenced Application for Unorthodox Location for Energen Resources Corporation's San Juan 32-5 Unit # 111 well.

_____ **objects** to the above referenced Application for Unorthodox Location for Energen Resources Corporation's San Juan San Juan 32-5 Unit # 111 Well.

Date: _____ By: _____

Cc: OCD-Aztec Office, BLM-Farmington office, Offset operators

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, April 05, 2011 9:00 AM
To: 'David Poage'
Subject: San Juan 32-5 Unit #111 - NSL Application

Dear Mr. Poage

I have two issues with this NSL application, which the Division received on March 7:

1. The C-102 indicates a 160-acre unit. This would be non-standard for the Fruitland which is spaced on 320 acre units. I assume this is an irregular section. If it is an existing non-standard unit created by a hearing order or administrative non-standard unit (NSP) order, I need a reference to the applicable order. Otherwise a non-standard unit application is required.
2. The application does not state the footage location of the "penetration point" *i.e.* the point where the wellbore intersects the top of the Fruitland formation.

Please provide the requested information so that we can complete processing of this application.

Sincerely

David K. Brooks
Legal Examiner



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 22, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401
Attention: Richard P. Corcoran

Administrative Order NSP-1847

Dear Mr. Corcoran:

Reference is made to the following: (i) your application dated July 31, 2001 (*application reference No. pKRV0-121853507*); and (ii) to the records of the New Mexico Oil Conservation Division in Santa Fe ("Division") in Aztec and Santa Fe: concerning Energen Resources Corporation's ("Energen") request for a non-standard 345.59-acre gas spacing and proration unit consisting of the following acreage in the Basin-Fruitland Coal (Gas) Pool (71629):

RIO ARriba COUNTY, NEW MEXICO
TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM

Irregular Section 30:	All
Irregular Section 31:	All.

It is our understanding that this unit is to be dedicated to Energen's proposed San Juan "32-5" Unit Well No. 111 (**API No. 30-039-26637**), to be drilled at a location in irregular Section 31 considered by the special Basin-Fruitland coal gas pool rules to be standard 1005 feet from the North line and 680 feet from the East line (Lot 1/Unit A).

The above-described acreage conforms to an existing non-standard gas spacing and proration unit in both the: (i) Blanco-Mesaverde Pool approved under the authority of Division Order No. R-1714, issued in Case No. 2004 on July 7, 1960; and (ii) Basin-Dakota Pool approved under the authority of Division Order No. R-1722, issued in Case No. 2013 on July 21, 1960.

By the authority granted me under the provisions of Rule 6 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described non-standard 345.59-acre gas spacing and proration unit is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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

Brooks, David K., EMNRD

From: David Poage [David.Poage@energen.com]
Sent: Tuesday, April 05, 2011 10:04 AM
To: Brooks, David K., EMNRD
Cc: Stephen Byers
Subject: RE: San Juan 32-5 Unit #111 - NSL Application

This is a NSP approved on August 22, 2001 as Administrative Order NSP-1847 and is a 345.59 acre spacing unit. The penetration point into the top of the coal is 1187' FNL and 661' FEL. In Section 31-T32N-R5W.

Please let me know if you require anything else.

David Poage
District Landman

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Tuesday, April 05, 2011 9:00 AM
To: David Poage
Subject: San Juan 32-5 Unit #111 - NSL Application

Dear Mr. Poage

I have two issues with this NSL application, which the Division received on March 7:

1. The C-102 indicates a 160-acre unit. This would be non-standard for the Fruitland which is spaced on 320 acre units. I assume this is an irregular section. If it is an existing non-standard unit created by a hearing order or administrative non-standard unit (NSP) order, I need a reference to the applicable order. Otherwise a non-standard unit application is required.
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Sincerely

David K. Brooks
Legal Examiner