

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION COMMISSION**

RECEIVED OCD

**IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING ENERGEN RESOURCES CORPORATION'S APPLICATION TO DETERMINE CEMENT ADEQUACY IN PROXIMITY TO PROPOSED WELL PERFORATIONS**

**CASE NO. 15017**

**OCD'S CLOSING STATEMENT**

Pursuant to the Hearing Examiner(s) request given July 11, 2013, the Oil Conservation Division ("OCD") states in closing the reasons why the OCD opposes the approval of Energen Resources Application (Energen):

1. 19.15.16.9(A) requires that during the drilling of an oil well, injection well or other service well, the operator shall seal and separate the oil, gas and water strata above the producing or injection horizon to prevent their contents from passing into other strata.
2. 19.15.16.10(A) requires that the operator shall equip a well completed for oil or gas production with a string of properly cemented production casing at sufficient depth to ensure protection of oil and gas bearing strata encountered in the well, including the strata to be produced.
3. OCD Rule 19.15.16.10(E) requires 500 feet of cement above the uppermost perforation when an operator uses oil-base casing packing material in lieu of hard-setting cements. Energen is not seeking to use oil-base material; however, Rule 19.15.16.10(E) provides guidance as to a minimal acceptable amount of cement for protection of oil and gas bearing strata.
4. To ensure strata isolation as required by the above cited rules, OCD District Supervisor Charlie Perrin required Energen to place conventional-type hard-setting cement extending upward a minimum of 500 feet above the uppermost perforation.
5. This minimum standard is crucial in this case as the well has a cement block that does not allow for Bradenhead testing to monitor and ensure strata isolation.
6. It is the OCD's duty to prevent waste, protect correlative rights and protect the environment.
7. Requiring 500 feet of cement above the uppermost perforations is the minimum protection the OCD should allow in lieu of cementing the well back to the surface to prevent waste, protect correlative rights and protect the environment.

8. The OCD continues its objection to the substance of the BLM letter to the OCD dated May 10, 2013. The letter only pertains to the BLM acceptance of the 130 foot of cement already in place, and the BLM interpretation of OCD Rules. Neither the BLM's acceptance nor interpretation of OCD Rules is relevant for the Hearing Examiner's decision in this case.

Respectfully submitted  
this 16<sup>th</sup> day of July 2013 by



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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following party on July 16<sup>th</sup>, 2013:

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