



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
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November 10, 2015

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

**TO: ALL OFFSETTING OPERATORS AND AFFECTED PARTIES ON THE
ATTACHED LIST**

**Re: NMOCD CASE NO. 15410: IN THE MATTER OF THE APPLICATION
OF ENERGEN RESOURCES CORPORATION FOR APPROVAL OF
THE AMARILLO CANYON UNIT, CREATION OF A NEW POOL FOR
HORIZONTAL DEVELOPMENT, AND ESTABLISHING 330 FOOT
EXTERIOR BOUNDARY SETBACKS FOR COMPLETED INTERVALS
FOR HORIZONTAL WELLS WITHIN THE UNIT, SAN JUAN COUNTY,
NEW MEXICO**

Ladies and Gentlemen:

This letter is to advise you that Energen Resources Corporation Inc. has filed the enclosed application with the New Mexico Oil Conservation Division (the "Division") and requested that this matter be scheduled for hearing before an Examiner at 8:15 a.m. on December 3, 2015. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony in accordance with the provisions of Division Rule 19.15.4.10B. and C. NMAC. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties desiring to appear in this case and present evidence are required by Division Rule 19.15.4.13 NMAC to file a pre-hearing statement on or before 5:00 p.m. on the Thursday preceding the scheduled hearing date. The pre-hearing statement must be filed at the Division's Santa Fe office at the above specified address and an additional copy provided to my office. The pre-hearing statement must include: the name of the party and their attorneys; a concise statement of the party's position in the matter; the names of all witnesses the party will call to testify at the hearing; the approximate time

REPLY TO:

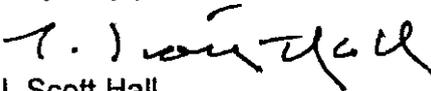
325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

All Offsetting Operators and Affected Parties
November 10, 2015
Page 2

the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



J. Scott Hall

Enclosures: Notice List
Application

EXHIBIT A

(See attached list)

XTO Energy Inc.
Attn: D. Jackson Dean
Land Department
714 Main Street
Ft. Worth, TX 76102

BP American Production Company
Attn: Debra Bacon
Land Department
501 Westlake Blvd.
Houston, TX 77079

Bennett Interests, L.P.
Attn: Land Department
6211 W. Northwest Hwy, Apt. 901W
Dallas, TX 75225-3424

John R. Royall
710 Vaughn Building
Dallas, TX 75201

Dugan Production Company
Attn: Land Department
P.O. Box 420
Farmington, NM 87499-0420

Patrick Hegarty
P.O. Box 1317
Aztec, NM 87410

Estate of William G. Webb
John G. Taylor, Independent Executor
4330 N. Central Expressway, Suite 100
Dallas, TX 75206

J. Glenn Turner, Jr.
4809 Cole Avenue, Suite 212
Dallas, TX 75205

Elm Ridge Exploration Co., LLC
Attn: James M. Clark, Jr., President
12225 Greenville Ave., Suite 950
Dallas, TX 75243

GNC Energy Corporation
Attn: Steven Burr, President
8235 Douglas Avenue, Suite 525
Dallas, TX 75225

M. R. Schalk
P.O. Box 25825
Albuquerque, NM 87125

Sylvia F. Little
Little Oil & Gas Company
2346 East 20th Street
Farmington, NM 87401

William J. Phelan
213 Meadows Bldg.
Dallas, TX 75206

Maralex Resources, Inc.
Attn: A.M. O'Hare
P.O. Box 338
Ignacio, CO 81137

Philip L. White
P.O. Box 25968
Albuquerque, NM 87125

Burlington Resources Oil & Gas Co.
aka Conoco Phillip
Attn: Land Department
P.O. Box 4289
Farmington, NM 87499-4289

Benson-Montin-Greer
4900 College Blvd.
Farmington, NM 87401

Diamond Minerals LLC
4900 College Blvd.
Farmington, NM 87401

Greer-Griffin
4900 College Blvd.
Farmington, NM 87401

Rocanville Corporation
Attn: Steven Burr, President
8235 Douglas Avenue
Dallas, TX 75225

Chester F. Dolley
523 6th Street
Los Angeles, CA 90015

S. C. Cappel
523 W. 6th Street
Los Angeles, CA 90015

H. W. Reynolds
137 El Camino
Beverly Hills, CA 90212

Thomas G. Dorough Trust
P.O. Box 1196
Englewood, CO 80151

W. James Saul
391 Denver Club Building
Denver, CO 80202

Stuart Hut
2425 One Main Plaza
Dallas, TX 75250

Federal Indian Minerals Office
6251 College Blvd., Suite B
Farmington, NM 87402

Farmington Field Office
Bureau of Land Management
6251 College Blvd., Suite A
Farmington, NM 87402

Indian Affairs Bureau
304 N. Auburn Ave.
Farmington, NM 87401

New Mexico State Land Office
Attn: Pete Martinez
Oil and Gas Division
310 Old Santa Fe Trail
Santa Fe, NM 87501

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERAL AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

2015 OCT 30 PM 1:18
IN THE MATTER OF THE APPLICATION OF ENERGEN RESOURCES CORPORATION FOR APPROVAL OF THE AMARILLO CANYON UNIT, CREATION OF A NEW POOL FOR HORIZONTAL DEVELOPMENT, AND ESTABLISHING 330 FOOT EXTERIOR BOUNDARY SETBACKS FOR COMPLETED INTERVALS FOR HORIZONTAL WELLS WITHIN THE UNIT, SAN JUAN COUNTY, NEW MEXICO

CASE NO. _____

APPLICATION

ENERGEN RESOURCES CORPORATION, ("Energen"), by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter-alia* Rule 19.15.20.14 NMAC of the Division's Rules and regulations for an order providing as follows: (A) Approving Energen's Amarillo Canyon Unit; (B) Creating a new pool for horizontal development within the Unit Area; and (C) Providing that the completed intervals of horizontal wells within the Unit Area may be setback no closer than 330 feet from the exterior boundaries of the Unit.

In support, Energen states:

1. Energen's proposed Amarillo Canyon Unit is comprised of 3,838.08 acres of federal, state and Indian allotted lands. A plat of the Unit Area is attached as Exhibit A and these lands are described by tract as follows:

Township 27 North, Range 13 West N.M.P.M., San Juan County

Sec. 11: NE/4 NE/4
Sec. 2: Lots 1, 2, 3, 4; S/2 NE/4 & SW/4
Sec. 3: Lots 1, 2, 3, 4, S/2 N/2 & S/2
Sec. 10: ALL
Sec. 11: W/2, W2 E/2, E/2 SE/4, NE/4
Sec. 2: W/2 SE/4
Sec. 2: E/2 SE/4

Sec. 1: Lots 1, 2, S/2 NE/4, N/2 SE/4, SW/4 SE/4
Sec. 1: SE/4 SE/4
Sec. 2: S/2 NW/4
Sec. 1: Lots 3, 4, S/2 NW/4, SW/4 (W/2)
Sec. 12: E/2
Sec. 12: SW/4
Sec. 12: NW/4

2. Energen has prepared a Unit Agreement and a Unit Operating Agreement providing for the supervision and management of the Unit, as well as the allocation and payment of the costs of unit operations. Energen is designated Unit Operator in the Unit Agreement for the Amarillo Canyon Unit. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. Energen has presented the proposed unit to the Bureau of Land Management, the Federal Indian Minerals Office and the New Mexico State Land Office. Energen expects to receive preliminary approval of the Unit Agreement from these agencies.

4. Energen proposes to drill one or more horizontal wells within the Unit Area with completed intervals located no closer than 330 feet of the outer boundaries of the unit. The entire Unit Area will be developed and operated as a single Participating Area.

5. The vertical limits of the Unitized Formation within the proposed Unit Area include the intervals which extend from the stratigraphic equivalent of the top of the Mancos Formation located at a depth of 4,270' to the base of the Greenhorn (i.e. Graneros) Formation at a depth of 5,797 feet as encountered in the Energen Resources Navajo-D No. 1-E Well (API No. 30-045-254040000) located in NW/4 SW/4 of Section 1, Township 27 North, Range 13 West, N.M.P.M. in San Juan County.

6. The entirety of the Unit Area lands are located within the Basin-Mancos Gas Pool (97232; Order No. R-12984). The special pool rules for the Basin-Mancos Gas pool do not

specify acreage dedication and well location requirements for oil wells, but make applicable those rules for certain pools located within two miles of an oil or associated pool identified in Paragraphs 3 or 4 of Order R-12984. Portions of the Unit Area lands are located adjacent to the boundary areas of the Amarillo-Gallup Associated Pool (22619; Order No. R-5353); but that pool is not among those pools identified in Paragraphs 3 or 4 of Order No. R-12984 and consequently, the rules for that pool may not be extended to the Unit Area lands. Most of the oil wells that were drilled in these pools after their establishment were vertical wells. The inconsistent well location and acreage dedication requirements for these pools are incompatible with the establishment of a rational and efficient development pattern for horizontal wells.

7. To allow for the most efficient horizontal well development pattern and to effectively drain the reserves in the Unitized Formation in the Unit Area, Energen requests that the Division establish a new pool for horizontal development within the Amarillo Canyon Unit that is coterminous with the Unitized Formation and provides for the drilling of horizontal wells within the Unit Area with completed intervals located no closer than 330 feet of the outer boundaries of the unit in accordance with statewide rules for oil wells. The new pool should be designated as the Amarillo Canyon Unit Hz Oil Pool.

8. Notice of this Application will be provided to the affected parties in the spacing units offsetting the proposed Unit Area, as well as the working interest owners and Indian Allottees within the unitized area. Energen will also publish notice of this Application in a local newspaper of general circulation in both San Juan County and the Navajo Nation.

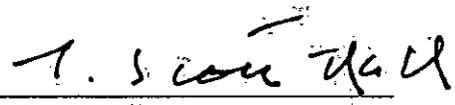
9. Approval of this Application and creation of a new pool for horizontal development in the unitized area will afford the Applicant appropriate flexibility in the

placement and operation of wells, will increase the ultimate recovery of hydrocarbon reserves and will not impair correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed hearing examiner of the Oil Conservation Division on December 3, 2015 and that after notice and hearing as required by law, the Division enter its Order granting this Application and providing such further relief as the Division deems appropriate.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 

J. Scott Hall

Seth C. McMillan

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 – Telephone

(505) 982-4289 – Fax

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smcmillan@montand.com

Attorneys for

Energen Resources Corporation

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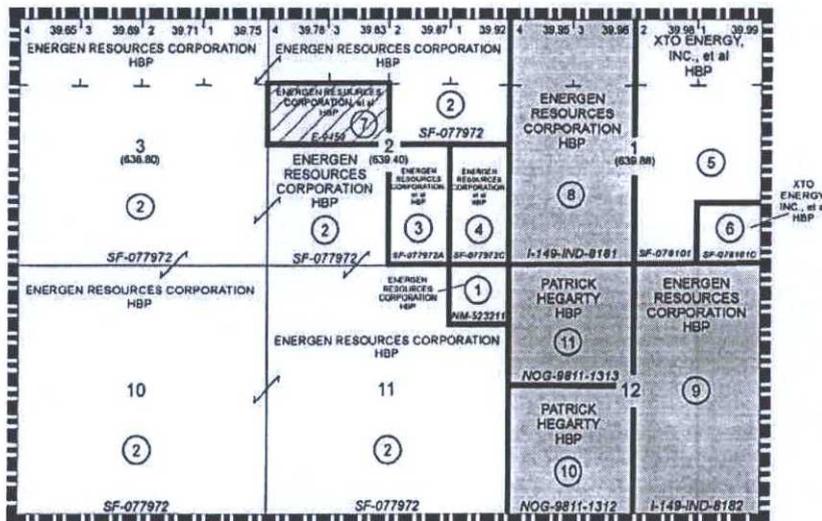
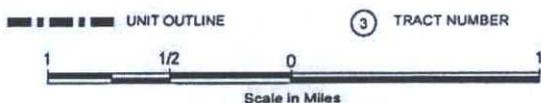


EXHIBIT "A"

AMARILLO CANYON UNIT AREA

SAN JUAN COUNTY, NEW MEXICO

	ACREAGE	PERCENTAGE
 FEDERAL LANDS	2,798.17	72.91%
 STATE LANDS	80.00	2.08%
 ALLOTTED LANDS	959.91	25.01%
TOTALS	3,838.08	100.00%



NOTE: UNLESS OTHERWISE NOTED HEREIN THE SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES

ENERGEN RESOURCES CORPORATION
FARMINGTON, NEW MEXICO

9-17-2015

NOTICE LIST - 11/10/15 LETTER TO ALL OFFSETTING OPERATORS AND AFFECTED PARTIES

<p>XTO Energy Inc. 11/17/2015 Attn: D. Jackson Dean Land Department 714 Main Street Ft. Worth, TX 76102</p>	<p>BP American Production Company Attn: Debra Bacon 11/18/2015 Land Department 501 Westlake Blvd. Houston, TX 77079</p>	<p>Bennett Interests, L.P. Attn: Land Department 6211 W. Northwest Hwy, Apt. 901W Dallas, TX 75225-3424</p>
<p>John R. Royall 710 Vaughn Building Dallas, TX 75201</p>	<p>11/16/2015 Dugan Production Company Attn: Land Department P.O. Box 420 Farmington, NM 87499-0420</p>	<p>MAA Patrick Hegarty 11/18/2015 P.O. Box 1317 Aztec, NM 87410</p>
<p>MAA Received 11/23/15 Estate of William G. Webb John G. Taylor, Independent Executor 4330 N. Central Expressway, Suite 100 Dallas, TX 75206</p>	<p>11/17/2015 J. Glenn Turner, Jr. 4809 Cole Avenue, Suite 212 Dallas, TX 75205</p>	<p>11/16/2015 Elm Ridge Exploration Co., LLC Attn: James M. Clark, Jr., President 12225 Greenville Ave., Suite 950 Dallas, TX 75243</p>
<p>11/17/2015 GNC Energy Corporation Attn: Steven Burr, President 8235 Douglas Avenue, Suite 525 Dallas, TX 75225</p>	<p>11/24/2015 M. R. Schalk P.O. Box 25825 Albuquerque, NM 87125</p>	<p>11/16/2015 Sylvia F. Little Little Oil & Gas Company 2346 East 20th Street Farmington, NM 87401</p>
<p>William J. Phelan 213 Meadows Bldg. Dallas, TX 75206</p>	<p>11/17/2015 Maralex Resources, Inc. Attn: A.M. O'Hare P.O. Box 338 Ignacio, CO 81137</p>	<p>11/17/2015 Philip L. White P.O. Box 25968 Albuquerque, NM 87125</p>
<p>Burlington Resources Oil & Gas Co. aka Conoco Phillip 11/16/2015 Attn: Land Department P.O. Box 4289 Farmington, NM 87499-4289</p>	<p>11/16/2015 Benson-Montin-Greer 4900 College Blvd. Farmington, NM 87401</p>	<p>11/16/2015 Diamond Minerals LLC 4900 College Blvd. Farmington, NM 87401</p>
<p>11/16/2015 Greer-Griffin 4900 College Blvd. Farmington, NM 87401</p>	<p>Undeliverable received Rocanville Corporation 11/21/15 Attn: Steven Burr, President 8235 Douglas Avenue Dallas, TX 75225</p>	<p>Chester F. Dolley 523 6th Street Los Angeles, CA 90015</p>
<p>S. C. Cappel 523 W. 6th Street Los Angeles, CA 90015</p>	<p>H. W. Reynolds 137 El Camino Beverly Hills, CA 90212</p>	<p>Thomas G. Dorough Trust P.O. Box 1196 Englewood, CO 80151</p>
<p>Undeliverable received W. James Saul 11/18/2015 391 Denver Club Building Denver, CO 80202</p>	<p>Stuart Hut 2425 One Main Plaza Dallas, TX 75250</p>	<p>11/16/2015 Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402</p>
<p>11/16/2015 Farmington Field Office Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402</p>	<p>11/17/2016 Indian Affairs Bureau 304 N. Auburn Ave. Farmington, NM 87401</p>	<p>11/16/15 New Mexico State Land Office Attn: Pete Martinez Oil and Gas Division 310 Old Santa Fe Trail Santa Fe, NM 87501</p>