

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



February 25, 2015

Energen Resources Corporation
Attn: Mr. Scott Hall

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7231
Administrative Application Reference No. pMAM1504348855

Energen Resources Corporation
OGRID 162928
Chaco Jicarilla Well No. 602H
API No. 30-043-21234

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	861` FSL & 802` FWL	M	23	23N	3W	Sandoval
Penetration Point	790` FSL & 200` FEL	P	22	23N	3W	Sandoval
Terminus	790` FSL & 200` FWL	M	22	23N	3W	Sandoval

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 of Section 22	320	Lindrith Gallup-Dakota, West	39189

Reference is made to your application received on February 12, 2015.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed, by the Special Rules for the Lindrith Gallup-Dakota, West Pool, which provides for 160-acre units, with wells located at least 330 feet from the unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC, 19.15.4.12.A(2) NMAC, and 19.15.4.12.A(9) NMAC.

It is our understanding that you are seeking this location because the operator has established that horizontal oil wells with maximum length will be necessary to efficiently recover all the reserves in the unit.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Done at Santa Fe, New Mexico, on February 25, 2015.

A handwritten signature in dark ink, appearing to read "David R. Catanach", written over a horizontal line.

DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management – Farmington