2/12/2015	SUSPENSE	MA-M ENGINEER	12/2015	NS C	PHAM APP NO.	15043 48855

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:

	[DHC-Dowr [PC-Po	idard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] hole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ol Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] ified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	[A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication x NSL \square NSP \square SD-~NS L 72-3/ E Nengew Resources Componenties 162928One Only for [B] or [C] Commingling - Storage - Measurement \square DHC \square CTB \square PLC \square PC \square OLS \square OLM $U \leq U$ Injection - Disposal - Pressure Increase - Enhanced Oil Recovery \square WFX \square PMX \square SWD \square IPI \square EOR \square PPR $\#6024$
[2]		Other: Specify $30-043-2123y$ ON REQUIRED TO: - Check Those Which Apply, or \Box Does Not Apply $Liw dn_1+l_2$
	[A] [B] [C]	 Working, Royalty or Overriding Royalty Interest Owners x Offset Operators, Leaseholders or Surface Owner 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] [F]	 x For all of the above, Proof of Notification or Publication is Attached, and/or, 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.

J. Scott Hall	7. 1 000 -4411	Attorney for Applicant	2-11-2015
Print or Type Name	Signature	Title	Date
		shall@montand.com	
		e-mail Address	



MONTGOMERY & ANDREWS

J. Scott Hall

Office: (505) 982-3873 Email: ; shall@montand.com Reply To:- Santa Fe Office www.montand.com

2015 FEB 12 A 10: 56

February 12, 2015

Hand Delivered

Mr. David Catanach, Director New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

Re: Energen Resources Corporation Request for Administrative Approval Unorthodox Well Location West Lindrith Gallup-Dakota Oil Pool (39189)

> Chacon Jicarilla Well No. 602-H (Horizontal) API No. 30-043-21234 S/2 Section 22, T23N, R3W (Project Area) 861' FSL and 802' FWL (M), Section 23 (Surface) 790' FSL and 200' FWL (M), Section 22 (Bottom Hole) Completed Interval: 790' FSL and 200' FEL (entry point) to 790' FSL and 200' FWL, Section 22 T23N, R3W, NMPM Sandoval County, New Mexico

Dear Mr. Catanach:

On behalf of Energen Resources Corporation ("Energen") and pursuant to Division Rule 19.15.15.13 and the applicable rules governing the acreage and well location requirements for the West Lindrith Gallup-Dakota Oil Pool (39189; Order No. R-4314-A), we request administrative approval for the unorthodox well location for the Chacon Jicarilla Well No. 602-H to be drilled at the surface and bottom hole locations indicated above in a standard 320 acre horizontal well oil spacing and proration unit comprised of the S/2 of Section 22, Township 23 North, Range 3 West, NMPM, Sandoval County.

325 Paseo de Peralta Santa Fe, New Mexico 87501

T: 505.982.3873 F: 505.982.4289

P.O. Box 2307 Santa Fe, New Mexico 87504-2307 Energen seeks an exception from the applicable well location rules for the following reasons: Order No. R-4214-A established amended special pool rules for the West Lindrith Gallup-Dakota Oil Pool with 160 acre spacing units to be comprised of a quarter section with well locations at least 330' from the outer boundary of the proration unit and no nearer than 660' to a well drilling or capable of producing from the same pool.

Operator experience has established that horizontal oil wells with maximum lateral length will be necessary to efficiently recover all the reserves in the unit. (See Exhibit A.) In this case the well's Completed Interval will be approximately 200' from the outer boundaries of the west and east sides of the S/2 unit, making this application for an exception necessary. There is no other well located within 660' that is being drilled or capable of producing from the same pool. The C-102 plat showing the S/2 Project Area comprised of two standard 160 acre proration units and the proposed location for the Chacon Jicarilla Well No. 602-H is attached as Exhibit B.

In accordance with Division Rules 19.15.4.12 A(2) notification is being provided to those offset interest owners or operators in adjoining spacing units reflected on Exhibit C. Energen Resources Corporation owns and operates the adjoining units in the S/2 N/2 of Section 22, the SE/4 SE/4 of Section 21 and the N/2 N/2 of Section 27 under a single BIA lease. The SW/4 SW/4 of Section 23 is a separate Jicarilla Nation lease, also 100% owned and operated by Energen. The Bureau of Indian Affairs, Jicarilla Nation Oil and Gas Administration and the Bureau of Land Management are being notified of this application.

The Division's Administrative Application Checklist is enclosed.

Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Very truly yours,

7. Josep yak

J. Scott Hall

JSH:lb

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Enclosures

cc: Bryan Lewis, Energen Resources Corporation

646924

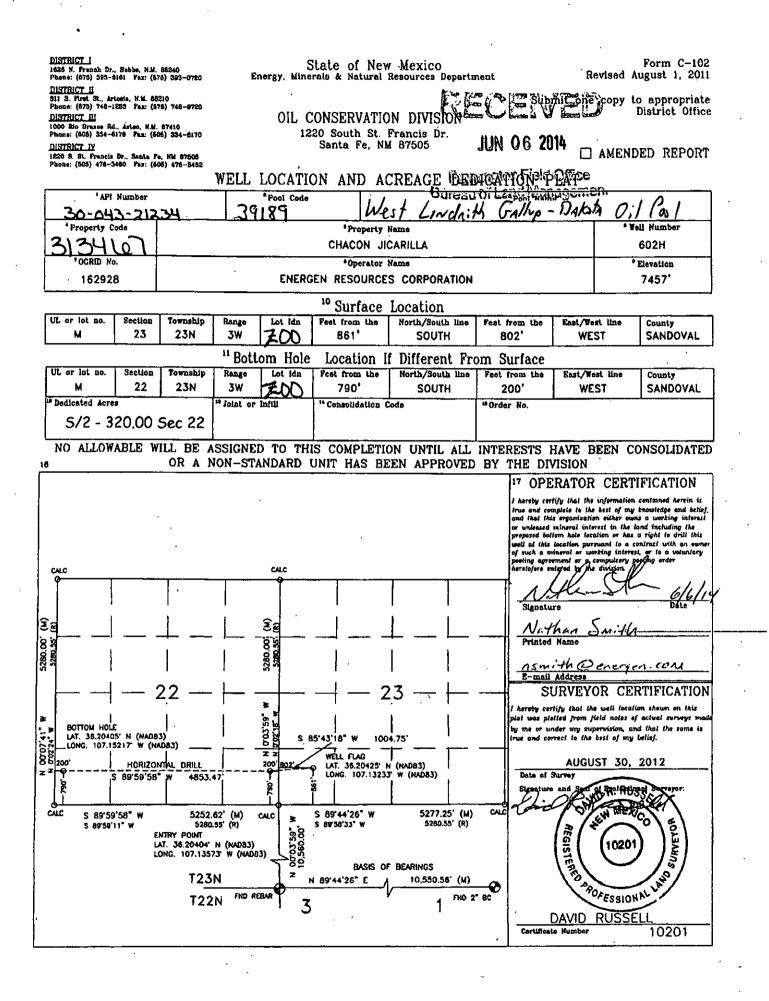


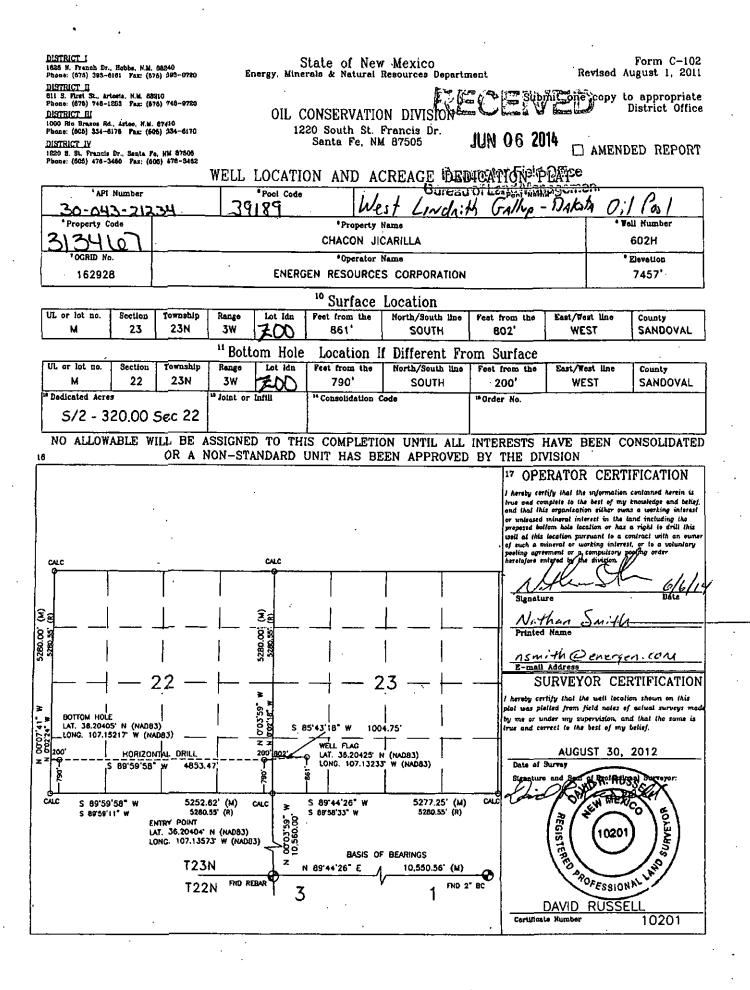
DATE:	February 09, 2015
FROM:	Gary Brink Vice President – San Juan Basin Operations
TO:	Bryan Lewis

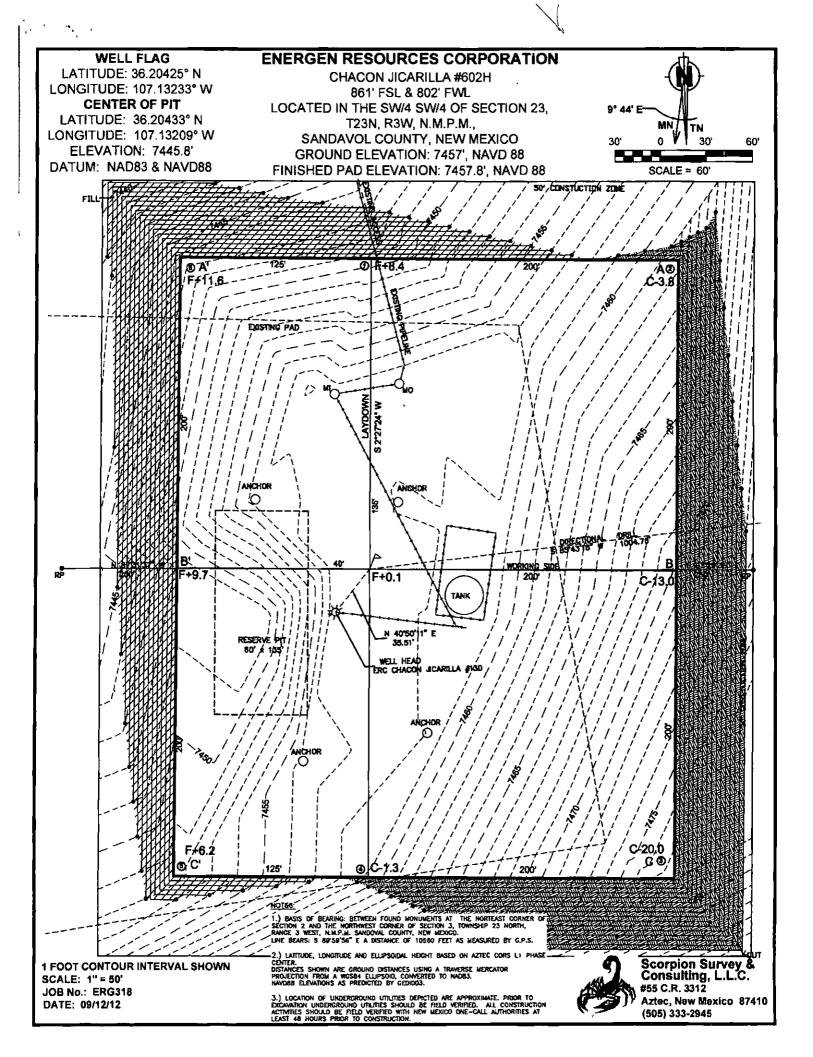
RE: REDUCED SET BACK REQUEST Chacon Jicarilla # 602H 30-043-21234 Sec 22-T23N-R03W Sandoval County, New Mexico

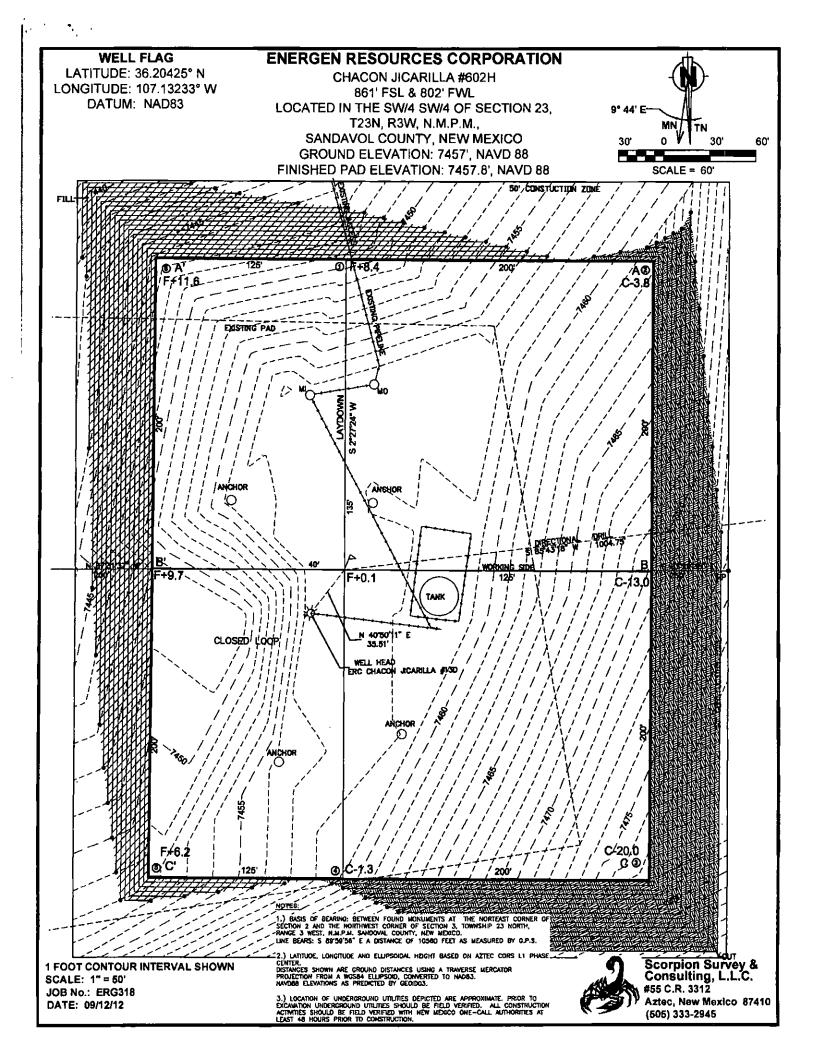
Reduced setbacks of 200 feet versus the current legal 660 feet are requested for this well in order to gain optimal production from the Mancos / Gallup reservoir. Horizontal drilling has proved that maximum lateral length is the most efficient method in draining a reservoir and thus the request for the 200 foot setbacks. Offset acreage to the East and West of the proposed lateral and 200 foot setbacks is owned 100% by Energen Resources Corporation.

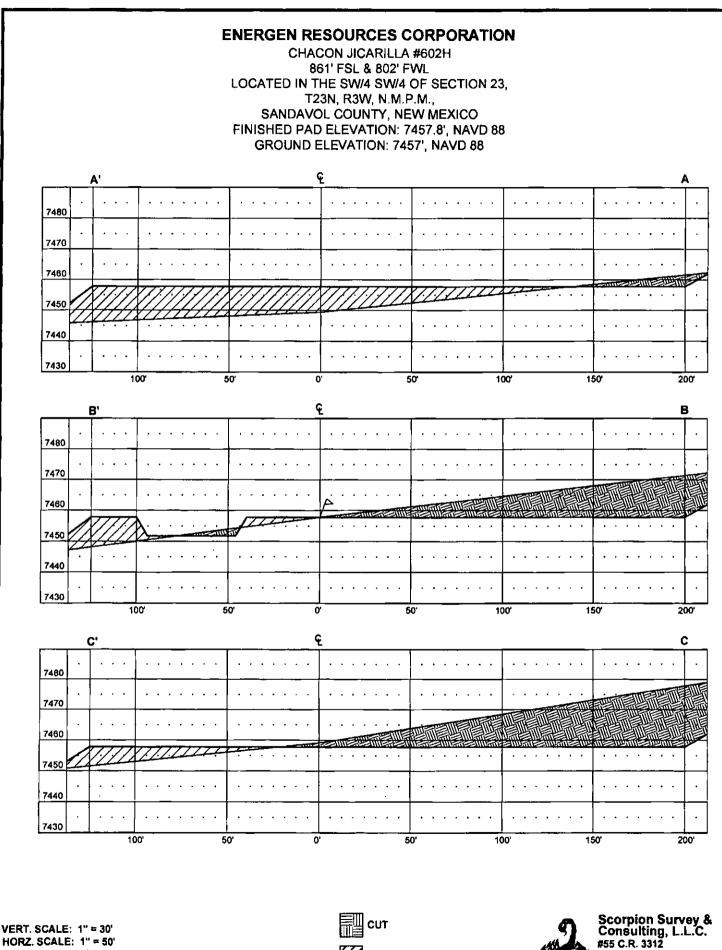
Exhibit A











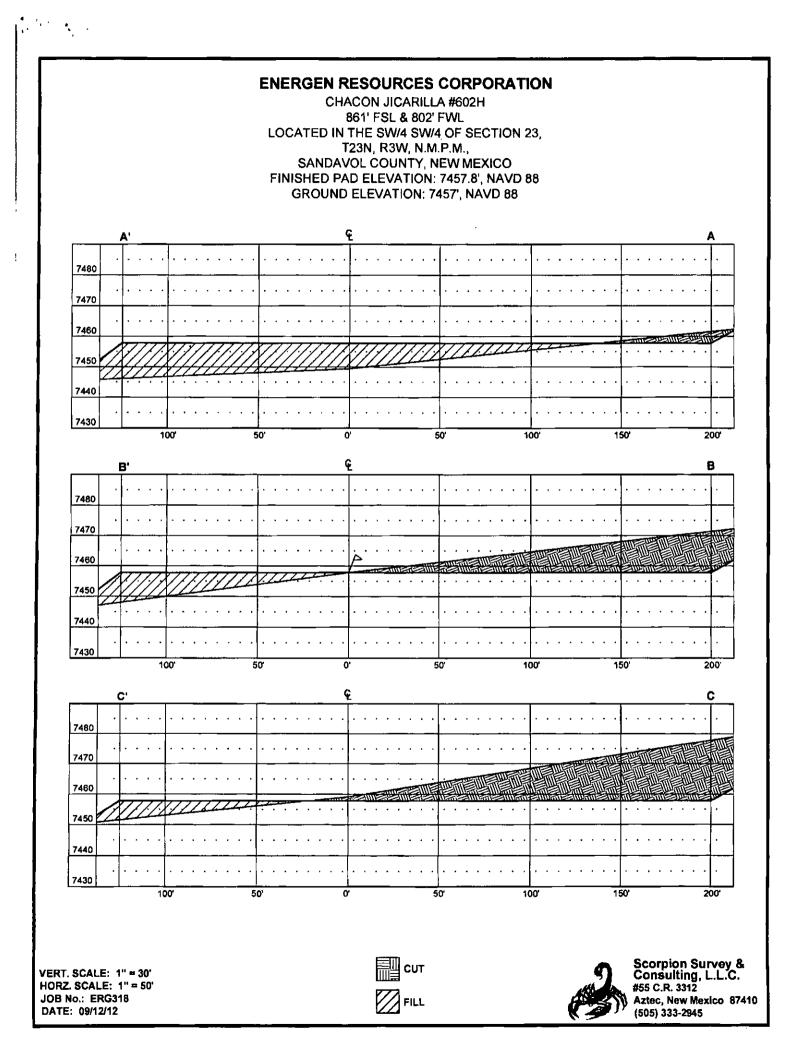
JOB No.: ERG318 DATE: 09/12/12

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Aztec, New Mexico 87410 (505) 333-2945



ENERGEN RESOURCES CORPORATION

CHACON JICARILLA #602H 861' FSL & 802' FWL LOCATED IN THE SW/4 SW/4 OF SECTION 23, T23N, R3W, N.M.P.M., SANDAVOL COUNTY, NEW MEXICO GROUND ELEVATION: 7457', NAVD 88

ARRIBA CO

NDOV TO SECO

10

RID

EP

ERC ~ CHACON JICARILLA #602H NO NEW ACCESS NEEDED

26 3 5

THO WRRIBA

SANDOVAL

DIRECTIONS:

5 **5** - 5

1) FROM THE INT. OF HWY 537 AND HWY 550 TURN LEFT ONTO HWY 537 AND GO 1.4 MILES TO J-22.

- 2) TURN RIGFHT ONTO J-22, AND GO 5.1 MILES TO "Y" INT ..
- 3) BEAR LEFT ON J-22, AND GO 0.2 MILES TO "Y" INT ..
- 4) BEAR LEFT ON TO J-22, AND GO 0.2 MILE TO A "Y" INT ..
- 5) BEAR LEFT ONTO J-22, AND GO 1.4 MILES TO A "T" INT..
- 6) TURN LEFT ON J-22, AND GO 0.6 MILES.
- 7) TURN LEFT AND GO 0.5 MILES TO "Y" INT ..
- 8) BEAR RIGHT AND GO 1.1 MILES.

RH

- 9) TURN LEFT AND GO 0.1 MILES.
- 10) TURN RIGHT AND GO 0.3. MILES TO EXISTING WELL LOCATION.

U.S.G.S. QUAD: FIVE LAKES CANYON, NW SCALE: 1" = 2000' (1:24,000) JOB No.: ERG318 DATE: 09/12/12

NEW OR RECONSTRUCTED ROADS MUST MEET SMA DESIGN STANDARDS INSTALL CULVERTS AS NEEDED



Scorpion Survey & Consulting, L.L.C. #55 C.CR 3312 Aztec, New Mexico 87410 (505) 333-2945

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

Re: Energen Resources Corporation Request for Administrative Approval Unorthodox Well Location West Lindrith Gallup-Dakota Oil Pool (39189)

Chacon Jicarilla Well No. 602-H (Horizontal) API No. 30-043-21234 S/2 Section 22, T23N, R3W (Project Area) 861' FSL and 802' FWL (M), Section 23 (Surface) 790' FSL and 200' FWL (M), Section 22 (Bottom Hole) Completed Interval: 790' FSL and 200' FEL (entry point) to 790' FSL and 200' FWL, Section 22 T23N, R3W, NMPM Sandoval County, New Mexico

AFFIDAVIT

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

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J. SCOTT HALL, attorney and authorized representative of Energen Resources Corporation,

the Applicant herein, being first duly sworn, upon oath, states that he sent copies of this Application to

the parties as specified on the attached Exhibit C.

1. Sum dall

J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this \mathcal{I} day of February, 2015. OFFICIAL SEAL Loretta Baca NOTARY PUBLIC Notary Public My Commission Expires: My Commission Expires:

Chacon Jicarilla Well No. 602-H

Bureau of Indian Affairs 304 North Auburn Avenue Farmington, NM 87401

· ' • ·

Bureau of Land Management 6251 College Boulevard Farmington, NM 87402

Jicarilla Apache Oil and Gas Administration P.O. Box 507 Dulce, NM 87528

EXHIBIT C

Page 6 Case No. 9226 and Case No. 9227 Order No. R-4214-A

SPECIAL RULES FOR THE WEST LINDRITH GALLUP-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the West Lindrith Gallup-Dakota Oil Pool or within one mile thereof and not closer to another Gallup-Dakota pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter-section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool; provided however,

a. A boundary area is hereby created consisting of a band one-half mile wide extending from the pool boundary to a line one-half mile inside said boundary.

b. No well completed or recompleted in said boundary area shall be drilled closer than 790 feet to the pool boundary nor closer than 130 feet to the interior quarter-quarter section line unless a direct

McMillan, Michael, EMNRD

From:	J. Scott Hall <shall@montand.com></shall@montand.com>
Sent:	Wednesday, February 25, 2015 1:44 PM
То:	McMillan, Michael, EMNRD
Subject:	FW: Chacon Jicarilla 602-H NSL S/2 22 T23N R3W

Mike, please see the email string below.

J. Scott Hall Montgomery & Andrews, P.A. P. O. Box 2307 Santa Fe, NM 87504-2307 shall@montand.com (505) 986-2646



THIS MESSAGE CONTAINS INFORMATION WHICH MAY BE CONFIDENTIAL AND PRIVILEGED. UNLESS YOU ARE THE ADDRESSEE (OR AUTHORIZED TO RECEIVE FOR THE ADDRESSEE), YOU MAY NOT USE, COPY OR DISCLOSE TO ANYONE THE MESSAGE OR ANY INFORMATION CONTAINED IN THE MESSAGE. IF YOU HAVE RECEIVED THIS MESSAGE IN ERROR, PLEASE ADVISE THE SENDER BY REPLY E-MAIL TO <u>shall@montand.com</u> AND DELETE THE MESSAGE. THANK YOU.

From: Bryan Lewis [mailto:Bryan.Lewis@energen.com] Sent: Wednesday, February 25, 2015 1:42 PM To: J. Scott Hall Subject: RE: Chacon Jicarilla 602-H NSL S/2 22 T23N R3W

Yes we own both of those offsets and the Jicarilla owns the minerals.

Bryan Lewis Landman Phone 505.324.4169 Cell 505.330.0803 <u>Bryan.Lewis@energen.com</u>



From: J. Scott Hall [mailto:SHall@montand.com] Sent: Wednesday, February 18, 2015 3:38 PM

To: Bryan Lewis Subject: FW: Chacon Jicarilla 602-H NSL S/2 22 T23N R3W

Bryan, I think you confirmed this in a phone call, but could you re-confirm by responding to this e-mail? NMOCD wants written verification and an e-mail response will suffice. Thanks.

From: J. Scott Hall Sent: Thursday, February 12, 2015 2:13 PM To: Bryan Lewis (<u>Bryan Lewis@energen.com</u>) Subject: Chacon Jicarilla 602-H NSL S/2 22 T23N R3W

Mike McMillan called again. He wants to know if ERC owns all of the SE/4 of 21 and all of the SW/4 of Section 23 for the NSL's. I told him I thought ERC owns those, but would check.

J. Scott Hall Montgomery & Andrews, P.A. P. O. Box 2307 Santa Fe, NM 87504-2307 <u>shall@montand.com</u> (505) 986-2646



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