

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



December 22, 2015

Energen Resources Corporation
Attn: Mr. Scott Hall

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7245-A
Administrative Application Reference No. pLEL1534945363

Energen Resources Corporation
OGRID 162928
Chaco 23-08-3 Well No. 1 H
API No. 30-045-35647

Proposed Location:

	<u>Footages</u>	<u>Unit/lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1994` FNL & 187` FEL	H	3	23N	8W	San Juan
Penetration Point	380` FNL & 700` FEL	1	3	23N	8W	San Juan
Final penetration (Terminus)	380` FNL & 330` FWL	4	3	23N	8W	San Juan

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 Section 3	323.3	Basin Mancos	97232

Reference is made to your application received on November 18, 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 Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. 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 oil wells located in accordance with the setbacks for gas wells for this pool will not efficiently recover all the reserves in the unit.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

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.

This Order supersedes Administrative Order NSL – 7245, issued on March 5, 2015.

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 December 22, 2015.



DAVID R. CATANACH
Director

DRC/mam

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