

DATE IN 1/15/2016	SUSPENSE	ENGINEER MAM	LOGGED IN 1/15/2016	TYPE NSL	APP NO. PMAM1601540354
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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:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
 X NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify \_\_\_\_\_

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] X Offset Operators, Leaseholders or Surface Owner

[C] ☐ 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] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] X 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  
 Montgomery & Andrews, P. A.

*J. Scott Hall*  
 Signature

Attorney  
 Title

1/15/2016  
 Date

Print or Type Name

shall@montand.com  
 e-mail Address



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL  
Cell: (505) 670-7362  
Email: [shall@montand.com](mailto:shall@montand.com)  
[www.montand.com](http://www.montand.com)

January 15, 2016

David Catanach, Director  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87501

**Hand-Delivered**

**Re: Energen Resources Corporation  
Second Request for Amendment  
Administrative Order NSL-7245, NSL-7245-A  
Approving Unorthodox Well Location  
Basin-Mancos Gas Pool (97565)**

**Chaco 23-08-3 Well No. 1H (Horizontal)  
API No. 30-045-35647  
N/2 Section 3, T23N, R8W (Project Area)  
1994' FNL and 187' FEL (H), Section 3 (Surface)  
380' FNL and 330' FWL (D), Section 3 (Bottom Hole)  
Completed Interval (Amended): 380' FNL and 330' FEL (entry  
point) to 380' FNL and 330' FWL, Section 3  
T23N, R8W, NMPM  
San Juan County, New Mexico**

Dear Mr. Catanach:

On behalf of Energen Resources Corporation ("Energen"), we request an amendment to Administrative Order NSL-7245-A which approved Energen's request dated November 18, 2015 for a non-standard location for the Chaco 23-08-3 No. 1H well. Administrative Order NSL-7245-A issued by the Division on December 22, 2015 approved the following unorthodox location for the well:

**1994' FNL and 187' FEL (H), Section 3 (Surface)  
380' FNL and 330' FWL (4), Section 3 (Bottom Hole)  
Completed Interval: 380' FNL and 700' FEL (1) (entry point) to 380'  
FNL and 330' FWL (4), Section 3, T23N, R8W, NMPM**

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**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

David Catanach  
January 15, 2016  
Page 2

Energen seeks an amendment to NSL-7245-A to reflect a change from the previously approved entry point of 700' FEL to the as-drilled entry point location of 330' FEL of Section 3 for Chaco 23-08-3 No. 1H.

A copy of Energen's Amended C-102 dated January 14, 2016 reflecting the changed entry point is attached. In this case the well's Completed Interval will be no closer than 380' from the north line and 470' from the east line to 330' from the north and west lines of Section 3, T-23-N, R8W. The well otherwise complies with statewide locational rules applicable to oil wells. The non-standard spacing unit and well location are also consistent with the established development pattern for horizontal and vertical Mancos oil wells in the area. Additionally, all of the reasons set forth in our previous requests for approval for the unorthodox locations dated February 12, 2015 and November 18, 2015 continue to apply.

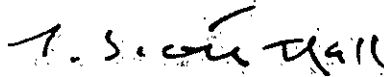
Encana Oil and Gas (USA), Inc. is the operator of the adjoining spacing to the east in Section 2. The adjoining spacing units to the north in Section 34 and to the west in Section 4 are operated by WPX Energy, Inc. Both Encana and WPX have been notified of this request and each has provided written waivers of objection to the amended location and completion interval. The Bureau of Land Management is also being notified of this application, but no further notification is indicated under the Division's rules.

The Division's Administrative Application Checklist is enclosed and a copy of administrative Order NSL-7245-A is also provided for reference.

We respectfully request expedited approval of this administrative application.

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

Very truly yours,



J. Scott Hall

JSH:dl  
Enclosures  
cc (w/encs., via email):

Michael McMillan, NMOCD  
Dean Price, Energen Resources Corporation  
Jim Lovato, Energen Resources Corporation  
Mona Binion, Encana  
Brennan West, WPX  
Bureau of Land Management

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

☒ AMENDED REPORT

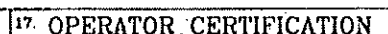
WELL LOCATION AND ACREAGE DEDICATION PLAT

### <sup>10</sup> Surface Location

<sup>11</sup> Bottom Hole Location If Different From Surface

13 Dedicated Acres, PROJECT AREA 323.20 ACRES -- N/2, N/2 LOTS 1 THRU 4 OF SECTION 3	14 Joint or Infill	15 Consolidation Code	16 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest, or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order. Hereafter entered by the Division.

Signature: Laura Stott Date: 1/14/16

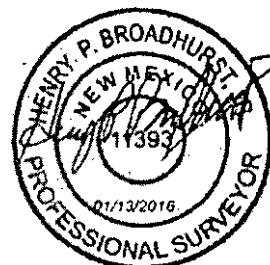
Anna Stotts  
Printed Name  
astotts@energen.com  
E-mail Address

## SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JULY 31, 2014

Date of Survey  
Signature and Seal of Professional Surveyor:



Certificate Number 11393



January 14, 2016

Mr. Brennan West  
Senior Landman  
WPX Energy  
3500 One Williams Center  
Tulsa, OK 74172

RE: Request for WPX's Immediate Approval of Energen's 330' lease offset  
NMOCD's Administrative NSL Amendment to Current Order NSL-7245-A  
Energen's Chaco-23-08-03 #1H well  
N/2N/2 Section 3, T23N, R8W, San Juan County, New Mexico

Dear Brennan:

Energen Resources Corporation has refiled and in the process of refiling an amended NSL amendment for the Mancos Basin Pool for 330 feet offset relief for the east, north and western section lines for the captioned well. This request is being made to WPX Energy, Inc. as a leasehold operator in off-setting lands and matching leasehold setback distances similar to completed offsetting horizontal wells in this same area. The NMOCD has requested Energen refile its Administrative Application at this time.

With this request, Energen respectfully requests Encana waive any objection to the 330' FEL entry point and the 470' FEL completion interval and waive the 20-day offset operator notice/comment period to the NMOCD for Energen to request of the NMOCD in its process to amend its NSL application in a more direct time frame for the benefit of Energen. Encana's written approval of this request in the provided signature block would be significant and greatly appreciated.

If you should have any questions, please contact Dean Price at the below provided contact information. Thank you very much for your help and assistance in this matter.

Sincerely,


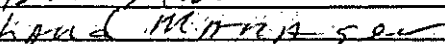
Dean Price - CPL  
Senior Landman

WPX Energy, Inc. hereby gives notice to the NMOCD that it is waiving any objection to the 330' FEL entry point and the 470' FEL completion interval and grants its approval of Energen's requested waiver of the required 20-day offset owner notice for its administrative approval of its 330 foot leasehold offset NMOCD NSL application.

WPX Energy, Inc.

By:

Its:



Ms. Mona L. Binion  
Land Negotiator  
Encana Oil & Gas (USA) Inc.  
370-17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202

RE: Request for Encana's Immediate Approval of Energen's 330' lease offset  
NMOCD's Administrative NSL Amendment to Current Order NSL-7245-A  
Energen's Chaco 23-08-03 #1H well  
N/2N/2 Section 3, T23N, R8W, San Juan County, New Mexico

Dear Mona:

Energen Resources Corporation has refiled and in the process of refiling an amended NSL amendment for the Mancos Basin Pool for 330 feet offset relief for the east, north and western section lines for the captioned well. This request is being made to Encana Oil & Gas (USA) Inc. as a leasehold operator in offsetting lands and matching leasehold setback distances similar to completed offsetting horizontal wells in this same area. The NMOCD has requested Energen refile its Administrative Application at this time.

With this request, Energen respectfully requests Encana waive any objection to the 330' FEL entry point and completion interval and waive the 20-day offset operator notice/comment period to the NMOCD for Energen to request of the NMOCD in its process to amend its NSL application in a more direct time frame for the benefit of Energen. Encana's written approval of this request in the provided signature block would be significant and greatly appreciated.

If you should have any questions, please contact Dean Price at the below provided contact information. Thank you very much for your help and assistance in this matter.

Sincerely,

Dean Price - CPL  
Senior Landman

Encana Oil & Gas (USA) Inc. hereby gives notice to the NMOCD that it is waiving any objection to the 330' FEL entry point and completion interval and grants its approval of Energen's requested waiver of the required 20-day offset owner notice for its administrative approval of its 330 foot leasehold offset NMOCD NSL application.

Encana Oil & Gas (USA), Inc.

By: *Encana Services Company Ltd, Authorized agent*

By: Mona Binion  
Its: LAND NEGOTIATOR, STB



Date: 12/15/2015

From: Don Lehman  
Geologic Manager San Juan Basin

To: Dean Price  
District Landman, San Juan Basin

RE: NSL - 7245 - A; CHACO 23 - 8 - 3 #1H  
San Juan Co., NM

Reduced set-backs of 330 feet versus the current 380 feet are requested for this well in order to gain optimal production from the Mancos/Gallup reservoir. Horizontal drilling has proven that maximum lateral length as well as tighter spacing is the most effective method in draining these reservoirs and thus the request for 330 foot set-backs.

A handwritten signature in cursive script, appearing to read "D. Lehman".

Donald D. Lehman

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



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.

754380



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