

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

**IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING
ENERGEN RESOURCES CORPORATION'S APPLICATION TO DETERMINE
CEMENT ADEQUACY IN PROXIMITY TO PROPOSED WELL
PERFORATIONS**

CASE NO. 15017

OCD'S AMENDED PRE-HEARING STATEMENT

Applicant Energen Resources Corporation ("Energen") is seeking an order pursuant to *inter alia* Rules 19.15.16.9 and 19.15.16.10 to determine the adequacy of well cement for strata isolation and authorizing the placement of new perforations in the Niobrara formation, West Lindrith Gallup-Dakota Pool (39189) within 500 feet of the top of existing cement in the Chacon Jicarilla D Well No. 7 located in the NE/4 NW/4 of Section 21, Township 23 North, Range 3 West, on Jicarilla Apache Nation lands in Sandoval County.

The Oil Conservation Division ("OCD") opposes the approval because of the following:

1. This Amended Pre-Hearing Statement replaces the pre-hearing statement the OCD filed July 1, 2013.
2. 19.15.16.9(A) requires that during the drilling of an oil well, injection well or other service well, the operator shall seal and separate the oil, gas and water strata above the producing or injection horizon to prevent their contents from passing into other strata. 19.15.16.10(A) requires that the operator shall equip a well completed for oil or gas production with a string of properly cemented production casing at sufficient depth to ensure protection of oil and gas bearing strata encountered in the well, including the strata to be produced.
3. To ensure strata isolation as required by the above cited rules, OCD District Supervisor Charlie Perrin required Energen to place conventional-type hard-setting cement extending upward a minimum of 500 feet above the uppermost perforation.
4. OCD Rule 19.15.16.10(E) requires 500 feet of cement above the uppermost perforation when an operator uses oil-base casing packing material in lieu of hard-setting cements. Energen is not seeking to use oil-base material; however, Rule 19.15.16.10(E) provides guidance as to a minimal acceptable amount of cement for protection of oil and gas bearing strata.

5. This minimum standard is crucial in this case as the well has a cement block that does not allow for Bradenhead testing to monitor and ensure strata isolation.

RESPONDENT'S PROPOSED EVIDENCE

WITNESS:

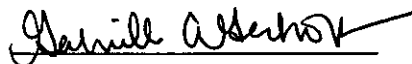
Charlie Perrin, District Supervisor, Aztec District
Expertise in OCD regulatory process.

ESTIMATED TIME: 30minutes


PROCEDURAL MATTERS

None.

Respectfully submitted
this 22nd day of July 2013 by



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following party on July 2, 2013:

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