

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

RECEIVED OCD

**IN THE MATTER OF THE HEARING CALLED BY THE POOL¹⁵
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

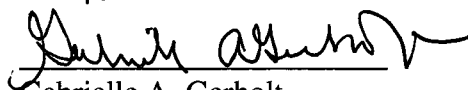
OCD'S CLOSING STATEMENT

Pursuant to the Hearing Examiner(s) request given July 11, 2013, the Oil Conservation Division ("OCD") states in closing the reasons why the OCD opposes the approval of Energen Resources Application (Energen):

1. 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.
2. 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. 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.
4. 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.
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.
6. It is the OCD's duty to prevent waste, protect correlative rights and protect the environment.
7. Requiring 500 feet of cement above the uppermost perforations is the minimum protection the OCD should allow in lieu of cementing the well back to the surface to prevent waste, protect correlative rights and protect the environment.

8. The OCD continues its objection to the substance of the BLM letter to the OCD dated May 10, 2013. The letter only pertains to the BLM acceptance of the 130 foot of cement already in place, and the BLM interpretation of OCD Rules. Neither the BLM's acceptance nor interpretation of OCD Rules is relevant for the Hearing Examiner's decision in this case.

Respectfully submitted
this 16th day of July 2013 by



Gabrielle A. Gerholt
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463
Fax (505) 476-3462
Email: Gabrielle.Gerholt@state.nm.us
Attorney for the Oil Conservation Division



Gabriel Wade
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463
Fax (505) 476-3462
Email: Gabriel.Wade@state.nm.us
Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following party on July 16th, 2013:

J. Scott Hall
Montgomery and Andrews
Post Office Box 2307
Santa Fe, NM 87504
Phone: (505) 982-3873
Fax: (505) 982-4289
shall@montand.com
Attorney for Energen Resources Corporation



Gabriel Wade