



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

October 3, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401
Attention: Richard Corcoran

Administrative Order NSL-4789

Dear Mr. Corcoran:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 13, 2002 (**application reference No. pKRV0-225653323**); and (ii) the Division's records in Santa Fe and Aztec: all concerning Energen Resources Corporation's ("Energen") request for an off-pattern non-standard Basin-Fruitland coal gas well location for its existing Burroughs State Well No. 1 (**API No. 30-045-20945**), located 840 feet from the North line and 1500 feet from the West line (Unit C) of Section 36, Township 26 North, Range 11 West, NMPM, Basin-Fruitland Coal (Gas) Pool (**71629**), San Juan County, New Mexico.

According to the Division's well records the Burroughs State Well No. 1 was initially drilled in 1971 by Odessa Natural Corporation and completed at a standard gas well location in the Basin-Dakota Pool within a standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 36. The records indicate this well last produced in November, 1992 and has been shut-in since that time.

It is our understanding that Energen intends to abandon the Dakota interval and recompleted this well up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the location of this well is considered to be unorthodox. Further, the W/2 of Section 36 is also to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of these special pool rules the above-described unorthodox coal gas well location for the Burroughs State Well No. 1 is hereby approved.

Sincerely,

Lori Wrotenbery

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe