



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

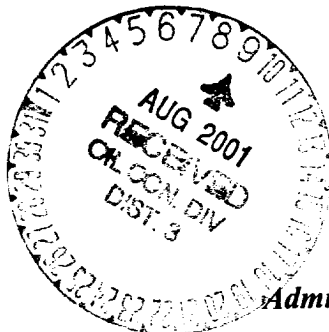
July 30, 2001

Lori Wrotenbery

Director

Oil Conservation Division

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



Administrative Order NSL-4277-B

Dear Mr. Corcoran:

Reference is made to your application dated June 28, 2001 (*Division application reference No. pKRV0-118339078*) for a non-standard Pictured Cliffs gas well location for Energen Resources Corporation's ("Energen") existing Carson Well No. 6 (API No. 30-039-26145), located 150 feet from the South line and 835 feet from the West line (Unit M) of Section 29, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico. The SW/4 of Section 29 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the East Blanco-Pictured Cliffs Pool (72400).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case 12119 on August 12, 1999.

By Division Administrative Order NSL-4277, dated May 10, 1999, Energen received authorization, in part, to drill to and complete the Carson Well No. 6 in the Basin-Dakota and Blanco-Mesaverde Pools within a standard 320-acre stand-up gas spacing and proration unit for both pools comprising the W/2 of Section 29 at the above-described unorthodox gas well location.

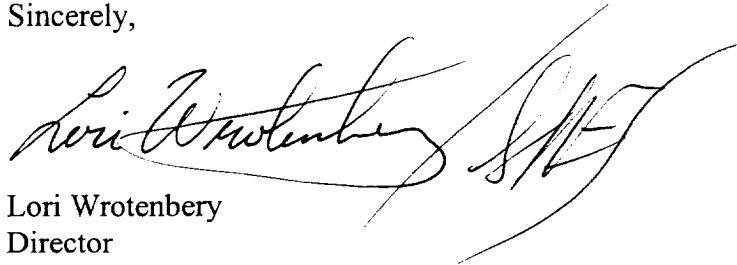
It is our understanding that in September, 1999 Energen drilled this well to the base of the Mesaverde formation at a depth of 7,000 feet whereby only the Mesaverde interval was completed. It is our understanding that Energen now intends to perforate the Pictured Cliffs interval in the Carson Well No. 6 in an attempt to establish gas production from the East Blanco-Pictured Cliffs Pool and recomplete the well such that production from both intervals will be commingled downhole. Pursuant to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case 12119 on August 12, 1999, this Pictured Cliffs location is also unorthodox.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Pictured Cliffs gas well location is hereby approved.

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That portion of Division Administrative Order NSL-4277 not in conflict with the provisions of this order, shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or initial.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
U. S. Forest Service - Bloomfield
File: NSL-4277
NSL-4277-A