



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

June 5, 2002

Lori Wrotenbery
Director

Oil Conservation Division

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

*Administrative Order NSP-1855 (I.)*

Dear Mr. Corcoran:

Reference is made to the following: (i) your application dated May 14, 2002 (*application reference No. pKRV0-213735032*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Aztec and Santa Fe, including the file on Energen Resources Corporation's previous administrative application dated February 12, 2002 (*application reference No. pKRV0-204552548*) for its proposed San Juan "30-4" Unit Well No. 102; all concerning Energen's amended request for a non-standard 219.04-acre gas spacing and proration unit consisting of the following acreage in the Basin-Fruitland Coal (Gas) Pool (71629):

RIO ARriba COUNTY, NEW MEXICO
TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM

Irregular Section 18: Lots 1 through 4 and the E/2 W/2 (W/2 equivalent).

It is our understanding that this unit is now to be dedicated to Energen's proposed San Juan "30-4" Unit Well No. 103, to be drilled at an unorthodox coal gas well location 1235 feet from the South line and 1690 feet from the West line (Unit N) of Irregular Section 18.

By the authority granted me under the provisions of Rules 6 and 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location for the proposed San Juan "30-4" Unit Well No. 103 and non-standard 219.04-acre gas spacing and proration unit are hereby approved.

Sincerely,

Lori Wrotenbery
Director

L.W/MJS/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington



May 14, 2002

Michael E. Stogner
New Mexico Oil Conservation Division
1220 South Saint Frances Drive
Santa Fe, NM 87505

RE: ADMINISTRATIVE APPROVAL OF UNORTHODOX
AND NON-STANDARD PRORATION UNIT
SAN JUAN 30-4 UNIT #103 WELL,
1,310' FSL & 1,690' FWL
SECTION 18-T30N-R4W
RIO ARriba COUNTY, NEW MEXICO
BASIN FRUITLAND COAL

Dear Mr. Stogner:

Energen Resources Corporation requests administrative approval of an unorthodox location and non-standard proration unit for its San Juan 30-4 Unit #103 well under the provisions of NMOCID R-8768-B.

The proposed well is to be located 1,310' FSL & 1,690' FWL of Section 18-T30N-R4W, Rio Arriba County, New Mexico and dedicated to a non-standard gas spacing unit consisting of the W/2 of said section 18, in the Basin Fruitland Coal gas pool.

All of section 18-T30N-R4W is dedicated to the San Juan 30-4 Unit (approved by the NMOCID), which provides in part that wells drilled to the Mesaverde and shallower formations shall be dedicated to E/2 or W/2 drilling blocks. Section 18 is irregular in size (being 1808.4' wide) with the W/2 being made up of Lot 1 (NW NW) 14.73 acres, Lot 2 (SW NW) 14.75 acres, Lot 3 (NW SW) 14.77 acres, Lot 4 (SW SW) 14.79 acres, and E/2 W/2 totaling 219.04 acres which is less than 70% of 320 acres ($219.04/320=68.45\%$) as required in the Basin Fruitland Coal Pool Rule 5.

As pointed out in your letter dated February 18, 2002, (denying Energen's request for an off pattern Fruitland Coal location in the NW/4 of this Section 18) there is a well pad in unit letter "N" for the Energen operated San Juan 30-4 Unit #1 well. Due to extremely steep terrain at a legal location and to minimize disturbance to wildlife and vegetation we are requesting approval to locate our proposed well on an enlargement of the San Juan 30-4 Unit #1 well pad.

Energen Resources Corporation as operator of the San Juan 30-4 Unit intends to drill seven unit wells during the 2001 season (April 1 through November 1, 2001) and three (3) non unit wells within this area. (see plan of development enclosed)

A copy of this application is being submitted to offset operators by certified mail with a request that they furnish your office in Santa Fe with a Waiver of Objection.

Attached is a well location plat showing dedicated acreage, a topographic plat of the area and a map showing all offsetting operators.

Sincerely,

A handwritten signature in cursive script that reads "Richard Corcoran".

Richard Corcoran
District Landman

KC/ga

Enclosures