

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

2006 DECEMBER 19 AM 8 09

**IN THE MATTER OF THE APPLICATION  
OF ENERGEN RESOURCES CORPORATION  
FOR COMPULSORY POOLING,  
SAN JUAN COUNTY, NEW MEXICO.**

Case No. 13860

**APPLICATION**

Energen Resources Corporation applies for an order pooling all mineral interests in the Fruitland Coal formation underlying Lots 1, 2, S/2NE/4, SE/4 (E/2 equivalent) of Section 2, Township 27 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E/2 of Section 2, and has the right to drill thereon.
2. Applicant proposes to drill its Richardson No. 10 well to be located at a standard gas well location 660 feet from the south line and 795 feet from the east line of said Section 2. Applicant seeks to dedicate the E/2 of Section 2 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Basin Fruitland Coal Gas Pool (71629).
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 2 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

Therefore, applicant seeks an order pooling all mineral interest owners in the E/2 of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Fruitland Coal formation underlying the E/2 of Section 2 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in Section 2 in the Fruitland Coal formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in re-entering and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

Miller Stratvert, P.A.



J. Scott Hall  
Post Office Box 1986  
Santa Fe, New Mexico 87504  
(505) 989-9614

Attorneys for Energen Resources Corporation

**NMOCD Case No. 13866; Application of Energen Resources Corporation for compulsory pooling, San Juan County, New Mexico;** Applicant seeks an order pooling all mineral interests in the Fruitland Coal formation underlying Lots 1, 2, S/2NE/4, SE/4 (E/2 equivalent) of Section 2, Township 27 North, Range 13 West, N.M.P.M., San Juan County, New Mexico. Applicant proposes to drill its Richardson No. 10 well to be located at a standard gas well location 660 feet from the south line and 795 feet from the east line of said Section 2. Applicant seeks to dedicate the E/2 of Section 2 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Basin Fruitland Coal Gas Pool (71629). The subject lands are located approximately 12 miles south of Farmington, New Mexico.

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