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May 22, 2007

## HAND-DELIVERED

Florene Davidson  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: *NMOCD Case No. 13944: Application of Energen Resources Corporation for Compulsory Pooling and Unorthodox Well Location, Rio Arriba County, New Mexico*

Dear Ms. Davidson:

Enclosed is the original and two copies of the Application for Compulsory Pooling and Unorthodox Well Location in the referenced matter. On behalf of Energen Resources Corporation, we request that this Application be set for hearing on the June 21, 2007 examiner hearing docket.

Enclosed in hard-copy and on disk is a proposed advertisement for this case.

Thank you.

Very truly yours,

MILLER STRATVERT P.A.

*J. Scott Hall / glb*  
J. Scott Hall

JSH/glb

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Case No. 13944; Application of Energen Resources Corporation for Compulsory Pooling and Unorthodox Well Location, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fruitland Coal formation, (Basin-Fruitland Coal Gas Pool) underlying the W/2 of Section 13, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre spacing and proration unit to be dedicated to the Navajo Lake Well No. 103 well. The well will be drilled from an unorthodox surface location 780 feet from the North line and 2,600 feet from the East line of Section 24, penetrating the Fruitland Coal formation at a point no closer than 660 feet from the South line and 1,980 feet from the West line of adjoining Section 13, with a standard bottom hole location in Section 13, 2,300 feet from the North line and 1,200 feet from the West line, all in Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Energen Resources Corporation as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 4 miles south of Arboles, Colorado.

2007 MAY 22 PM 4:30

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

2007 MAY 22 PM 4:30

IN THE MATTER OF THE APPLICATION  
OF ENERGEN RESOURCES CORPORATION  
FOR COMPULSORY POOLING AND  
UNORTHODOX WELL LOCATION  
RIO ARriba COUNTY, NEW MEXICO

CASE NO. 13944

**APPLICATION**

ENERGEN RESOURCES CORPORATION by its undersigned attorneys, Miller, Stratvert P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests in the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool, underlying the W/2 of Section 13, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, to form a standard 320-acre spacing and proration unit. Applicant would show the Division:

1. Applicant owns certain working interests in and under the W/2 of Section 13 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Navajo Lake Well No. 103 drilled to a depth sufficient to test the Fruitland Coal Formation, Basin-Fruitland Coal Gas Pool, underlying the W/2 of Section 13. The well will be directionally drilled from an unorthodox surface location 780 feet from the North line and 2,600 feet from the East line in Section 24, penetrating the Fruitland Coal formation at a point no closer than 660 feet from the South line and 1,980 feet from the West line of adjoining Section 13, with a standard bottom hole location in Section 13 2,300 feet from the North line and 1,200 feet from the West line, all in Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the W/2 of said Section 13.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on June 21, 2007 and that after notice and hearing as required by law, the Division enter its Order approving the unorthodox well location and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

MILLER STRATVERT P.A.

By:



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