

**IN THE MATTER OF THE APPLICATION  
OF ENERGEN RESOURCES CORPORATION  
FOR COMPULSORY POOLING AND UNORTHODOX  
WELL LOCATION, RIO ARRIBA AND  
SAN JUAN COUNTIES, NEW MEXICO**

# AFFIDAVIT

J. SCOTT HALL, attorney and authorized representative of Energen Resources Corporation, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1210 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1210, notice has been given at the correct addresses or last known addresses provided by such rule.

SUBSCRIBED AND SWORN to before me this 28th day of May, 2008.

My Commission Expires:

March 3<sup>rd</sup> 2012

Energen Resources Corp. Ex. No. 2

Palmetto Partners, L.P.  
535 5<sup>th</sup> Avenue, 25<sup>th</sup> Floor  
New York, NY 10017

Notice Affidavit Ex. A

**MONTGOMERY & ANDREWS**  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW  
POST OFFICE BOX 2307  
SANTA FE, NEW MEXICO 87504-2307

FORWARDING & ADDRESS CORRECTION REQUESTED

7005 1820 0006 3405 2960



049062041276  
\$05.380  
05/02/2008  
Mailed From 87501  
US POSTAGE

☐ A ☐ S  
☐ INSUFFICIENT ADDRESS  
☐ ATTEMPTED NOT KNOWN  
☐ NO SUCH NUMBER / STREET  
☐ NOT DELIVERABLE AS ADDRESSED  
☐ UNABLE TO FORWARD  
☐ OTHER

**RTS**  
RETURN TO SENDER

Split 5/5/08

1001732620 0011

**SENDER: COMPLETE THIS SECTION**

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

- ☐ A ☐ INSUFFICIENT ADDRESS  
☐ C ☐ ATTEMPTED NOT KNOWN  
☐ S ☐ NO SUCH NUMBER/STREET  
☒ ~~NOT DELIVERABLE AS ADDRESSED~~  
 - UNABLE TO FORWARD

**RTS**  
 RETURN TO SENDER

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

☒ Agent  
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes  
 If YES, enter delivery address below: ☐ No

e Type

☐ Registered Mail ☐ Express Mail  
☐ Registered Mail ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

7005 1620 0006 3405 2960

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COUNSEL EMERITUS  
William R. Federici

## MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION  
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A.K. Montgomery (1903-1987)  
Frank Andrews (1914-1981)  
Seth D. Montgomery (1937-1998)

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OF COUNSEL  
Joe A. Sturges  
J. Scott Hall  
Suzanne C. Odom  
Earl Potter, P.A.

May 1, 2008

[www.montand.com](http://www.montand.com)

Reply to Santa Fe Office

### **CERTIFIED MAIL/RETURN RECEIPT REQUESTED**

Palmetto Partners L.P.  
535 Fifth Avenue, 25<sup>th</sup> Floor  
New York, NY 10017

Re: NMOCD Case No. 14130; Application of Energen Resources Corporation for  
Compulsory Pooling and Unorthodox Well Location, Rio Arriba and San Juan  
Counties, New Mexico

Dear Sir or Madam:

Please be advised that Energen Resources Corporation has filed an Application with the New Mexico Oil Conservation Division (NMOCD) 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 in Rio Arriba and San Juan Counties, New Mexico, to form a standard 320-acre spacing and proration unit consisting of the following lands:

### **Township 32 North, Range 6 West**

Section 22: W/2

The applicant also seeks approval of an unorthodox well location at those locations set forth in its application.

This application will be set for hearing before a Division Examiner on May 29, 2008 at 8:15 am at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive in Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at the hearing will preclude

Palmetto Partners, L.P.

May 1, 2008

Page 2

you from contesting this matter at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 1211.

A copy of the Application is enclosed.

Very truly yours,

Montgomery & Andrews, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH/dk

Enclosure

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

IN THE MATTER OF THE APPLICATION  
OF ENERGEN RESOURCES CORPORATION  
FOR COMPULSORY POOLING AND  
UNORTHODOX WELL LOCATION, RIO ARRIBA  
AND SAN JUAN COUNTIES, NEW MEXICO

CASE NO. \_\_\_\_\_

**APPLICATION**

ENERGEN RESOURCES CORPORATION by its undersigned attorneys, Montgomery and Andrews, 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 22, Township 32 North, Range 6 West, NMPM, Rio Arriba and San Juan Counties, 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 22 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its 32-5 Unit Well No. 115 drilled to a depth sufficient to test the Fruitland Coal Formation, Basin-Fruitland Coal Gas Pool (71629), underlying the W/2 of Section 22. The well will be directionally drilled from an unorthodox surface location 120 feet from the South line and 50 feet from the East line in Section 22 in Rio Arriba County, penetrating the Fruitland Coal formation at an unorthodox point 50 feet from the South line and 2630 feet from the West line of Section 22, with a standard bottom hole location 660 feet from the North and West lines of Section 22, in Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico.

3. Almost all of Section 22 T32N R6W is submerged by the Navajo Reservoir.
4. 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.
5. 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.
6. 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 May 29, 2008 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.

MONTGOMERY & ANDREWS, P.A.

By:



J. Scott Hall  
Attorneys for Energen Resources Corporation  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873



Name (Primary) : MONTGOMERY & ANDREWS  
Con. (Primary) :  
Ad # : 1000994044  
Width : 3  
Depth : 54  
Surface : 162.00  
Ad Sales Rep. : 729 - Patricia Blackwater  
Class Code : 0152 - Legal Notices  
Ad Type :  
Account # : 1189297  
Start Date : 05/28/08  
Stop Date : 05/28/08  
Rate : FMLEGREG - FARMINGTON LEGAL REGULAR  
Box Number : 0 - (None)  
Ad Rated Cost : \$132.00  
Extra : \$16.74  
Total : \$148.74  
Run Status : H

13303 - 08 - 13

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NOTICE

To: Palmetto Partners L.P., or its successors or assigns.

Energen Resources Corporation has made application to the New Mexico Oil Conservation Division for relief in the following matter:

*Case No. 14130: Application of Energen Resources Corporation for Compulsory Pooling and Unorthodox Well Location, Rio Arriba and San Juan Counties, 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 22, Township 32 North, Range 6 West, NMPM, Rio Arriba and San Juan Counties, New Mexico, forming a standard 320-acre spacing and proration unit to be dedicated to the 32-5 Unit Well No. 115. The well will be directionally drilled from an unorthodox surface location 120 feet from the South line and 50 feet from the East line of Section 22 in Rio Arriba County, penetrating the Fruitland Coal formation at an unorthodox point 50 feet from the South line and 2630 feet from the West line of Section 22, to a standard bottom hole location 660 feet from the North and West lines of Section 22 in Township 32 North, Range 6 West, NMPM in San Juan County, New Mexico.

This Application is brought pursuant to the provisions of 19.15.14.1210 A.(1)(b) NMAC. Applicant has been unable to locate the following owners of mineral rights referenced above, whose last known address is:

Palmetto Partners L.P.  
535 Fifth Avenue, 25th Floor  
New York, NY 10017

Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator and a charge for risk involved in drilling the well. The lands that are the subject of the application are located approximately 6 miles south of Arboles, Colorado. This application will be set for hearing before a Division Examiner at 8:15 a.m. on May 29, 2008 at the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico. Any owner of an interest that may be affected may appear and present testimony. Failure to appear at that time and become a party of record will preclude such party from challenging this application at a later time.

For further information, contact the applicant's attorney, J. Scott Hall, Montgomery and Andrews, P.A., P.O. Box 2307 Santa Fe, New Mexico 87504. (505) 982-3873.

Legal No. 60236 published in The Daily Times, Farmington, New Mexico on Wednesday May 28, 2008

OK

# Advertising Invoice

Rio Grande Sun  
PO Box 790  
Española, NM 87532  
Phone: (505)753-2126  
Fax: (505)753-2140

MONTGOMERY & ANDREWS, P.A.  
PO BOX 2307  
SANTA FE, NM 87504

Cust#: 02106350-000  
Ad#: 02529155  
Phone: (505)986-2624  
Date: 05/22/08

Ad taker: EV Salesperson: Classification: 899

Description	Start	Stop	Ins.	Cost/Day	Surcharges	Total
01 RIO GRANDE SUN	05/29/08	05/29/08	1	62.30		62.30
AFFIDAVIT						5.00

**Payment Reference:**

Total: 67.30  
Tax: 5.05  
Net: 72.35  
Prepaid: 0.00

**Total Due 72.35**

**NOTICE**

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