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Reply to Santa Fe Office

April 28, 2008

**Hand-Delivered**

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

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 Ms. Davidson:


Enclosed for filing are the original and two copies of the Application in the above-referenced matter. On behalf of Energen Resources Corporation we request that this Application be set for hearing on the May 29, 2008 examiner hearing docket.

We previously e-mailed the proposed advertisement for the case.

Thank you.

Very truly yours,

Montgomery & Andrews, P. A.

  
J. Scott Hall

JSH/dk  
Enclosures: As stated

RECEIVED  
STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS, AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION  
2008 APR 28 PM 4:00

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. 14130

**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:



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**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. 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 6 miles south of Arboles, Colorado.