



**MONTGOMERY
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March 2, 2011

Mr. Terry Warnell
New Mexico Oil & Gas Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

HAND DELIVERED

Re: Case No. 14539; Application of Energen Resources Corporation for Approval of a Pilot Project, Unorthodox Well Locations, And for Exception From Rule 19.15.15.11 NMAC to Determine Proper Well Densities for Picture Cliffs Formation Wells in Portions of the Gavilan, Tapacito and South Blanco Pictured Cliffs Pools, Rio Arriba County, New Mexico

Dear Mr. Warnell:

You will recall that the Division entered Order No. R-13347 on January 11, 2011. Among other things, Order No. R-13347 authorized commingling of production from the Gavilan and Tapacito Pictured Cliffs Gas Pools from eight wells producing from the Blanco Mesaverde pool. Subsequently, Mr. Kellahin provided you with a proposed Amended Order (Order No. R-13347-A) on behalf of Burlington Resources Oil and Gas, LP. The Amended Order was intended to make reference to certain of the protocols contained in Order No. R-11848 which approved an earlier pilot project in the area. Energen agreed to the changes suggested by Burlington.

During the hearing, testimony and exhibits were presented demonstrating that two of the eight Mesaverde producers would also produce from the Basin-Dakota pool. Recently, the Division's Aztec District Office has pointed out that it will become necessary for the Division in Santa Fe to authorize the commingling of production from all three pools in those two wells.

Accordingly, I have prepared another version of the proposed Amended Order of the Division, Order No. R-13347-A, adding language authorizing the triple commingling in the two wells. The change is apparent in decretal paragraph 4 of the draft order.

I have discussed this change with Mr. Kellahin and he advises that the proposed order is acceptable to Burlington Resources. Mr. Kellahin and I both agree that a hearing for the presentment of the amended order is not necessary.

REPLY TO:

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Redline and "final" versions of Amended Order No. R-13347-A are enclosed. I will forward an electronic version to you, as well.

Thank you for your cooperation in this matter. Please let me know if additional information is needed.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is fluid and cursive, with the first name "J." and last name "Hall" being the most legible parts.

J. Scott Hall

JSH:kw
Enclosures

cc: W. Thomas Kellahin, Esq.
Mr. Greg Jennings
Mr. Dave Poage