DOYLE HARTMAN
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David

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Via Hand Delivery and Certified Mail, Return Receipt Requested

March 5, 2001

CASE FILE - 12614

Energen Resources Corporation
3300 N. A St., Bldg. 4, Suite 100
Midland, TX 79705

Attn: Mike McLennan, General Manager of Operations
Ken Gray, Landman

Re: Energen Resources Corporation
Langlie Lynn Unit No. 3 Water Injection Well
Langlie Lynn Unit Waterflood Project
T-23-S, R-36-E
Lea County, New Mexico

Gentlemen:

We are currently in the process of performing a study of our 160-acre New Mexico "AA" State lease (**State of New Mexico Lease No. B-934**) consisting of the NE/4 Section 22, T-23-S, R-36-E, Lea County, New Mexico. Our study has also encompassed a review of offset wells.

In this regard, a review of recently-acquired records reveals that Energen performed a rework of its Langlie Lynn Unit No. 3 Langlie Mattix water injection well (L-23-23S-36E), in February, 2000, which included the addition of 184 new perforations, from 3490' to 3536', with the top of the newly perforated interval being at the boundary between the Langlie Mattix pool and the low-pressure Jalmat gas pool.

In recognition of the fact that (1) Energen's new Langlie Lynn Unit No. 3 perforations, which are to be subjected to high-pressure water injection, are immediately adjacent to the above-lying low-pressure Jalmat gas interval, and (2) we own diagonal Jalmat gas rights, in the NE/4 Section 22, T-23-S, R-36-E, this letter is our **notice** that we will expect Energen (at all times) to closely monitor its injection pressures and rates, and not lose high-pressure injection water out of zone, and into the adjacent low-pressure Jalmat interval, by exceeding the New Mexico Oil Conservation Division's

0.2 psi/ft surface injection pressure rule (New Mexico Oil Conservation Division Memo No. 3-77); i.e., by not injecting above the frac gradient, or above a surface pressure of 698 psi (0.2 psi/ft x 3490 ft = 698 psi).

Fortunately, as to the NE/4 Section 22, T-23-S, R-36-E, the low-pressure Jalmat interval does not appear, to date, to have been adversely impacted by any out-of-zone water injection. However, as an offset Jalmat gas owner, to Energen's Langlie Lynn Unit No. 3 water injection well, we want to ensure that Energen's high-pressure Langlie Mattix water injection is kept totally within the Langlie Mattix interval, and is not allowed to escape into the above-lying low-pressure Jalmat interval.

Therefore, we ask that Energen both closely monitor and properly regulate its water injection rates and surface injection pressures, to ensure that no injection water is lost out of zone, to the low-pressure Jalmat gas interval, as has previously occurred corresponding to the nearby Lanexco-operated El Paso State No. 1 Jalmat gas well situated in J-22-23S-36E, which is within the boundaries of the Langlie Lynn Unit waterflood.

Very truly yours,

DOYLE HARTMAN, Oil Operator

Doyle Hartman

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cc: Energen Resources Corporation
3300 N. A St., Bldg. 4, Suite 100
Midland, TX 79705
Attn: Terry Lawler, Production Superintendent
Sammy Reed, Production Superintendent
Denise Menoud, Production Tech

Lori Wrotenbury
New Mexico Oil Conservation Division
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Santa Fe, NM 87505-4000

Chris Williams, Supervisor
New Mexico Oil Conservation Division
1625 French Dr.
Hobbs, NM 88240

New Mexico State Land Office
310 Old Santa Fe Trail (85701)
P.O. Box 1148
Santa Fe, NM 87504-1148
Attn: Ray B. Powell, Commissioner
Jamie Bailey, Director, Oil, Gas and Minerals

Robert W. Lansford, President
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1105 W. Kansas
Jal, NM 88252

Raptor Resources, Inc.
P.O. Box 160430
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Attn: Russell Douglass, President
Mike Nell, Vice President

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Attn: Richard R. Frazier, President and COO
Zeno Farris, Manager of Operation Administration

Reggie Reston, Production Supervisor
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OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

...ECTOR
OE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO

STATE GEOLOGIST
EMERY C. ARNOLD

Memo No. 3-77
August 24, 1977

M E M O R A N D U M

TO: OPERATORS AND ATTORNEYS

FROM: JOE D. RAMEY, SECRETARY-DIRECTOR

SUBJECT: APPLICATIONS FOR APPROVAL OF SECONDARY RECOVERY OR SALT WATER DISPOSAL INJECTION WELLS

The Commission has delayed revising its Rules and Regulations relative to injection wells because of the impending U. S. Environmental Protection Agency Underground Injection Control Regulations. During the interim before those regulations may be finalized, the following policy shall apply to applications for approval of injection wells whether by hearing or by administrative order:

(1) No surface injection pressure greater than 0.2 psi per foot of depth to the top of the injection zone will be permitted unless there is strong evidence that the strata confining the injection fluid has a fracture gradient which would support a higher pressure.

(2) That applications must include a tabular summary of all wells within one-half mile of the injection well(s) and which penetrate the injection zone showing all casing strings, setting depths, sacks of cement used, cement tops, total depth, producing interval, well identification, and location. Applications for expansion of projects need not include the tabulation if the same is on file and no additional wells are included.

(3) Application must include a schematic of all plugged and abandoned wells within the one-half mile radius and which have penetrated the injection zone showing all information required under (2) above plus the size and location of all plugs and the date of abandonment. Applications for expansion of projects need not include the schematics if the same is on file and no additional wells are included.