



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 3, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87501**

**Attention: Paul Rote
General Manager - Land**

Administrative Order NSL-5064

Dear Mr. Rote:

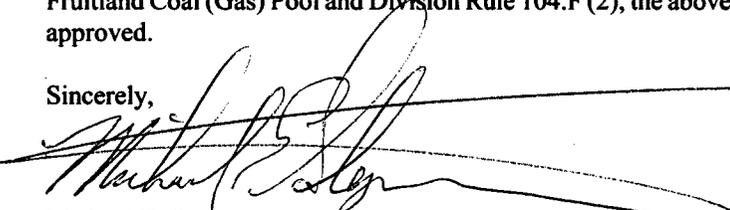
Reference is made to the following: (i) Energen Resources Corporation's ("Energen") initial application (*administrative application reference No. pMES0-413331219*) filed by Mr. Richard Corcoran, District Landman, on April 15, 2004; (ii) my letter of May 12, 2004 denying this application; (iii) your resubmittal of this application on May 24, 2004; and (iv) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning Energen's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for Energen's proposed Carson Well No. 203 to be drilled 705 feet from the South line and 1755 feet from the West line (Unit N) of Irregular Section 6, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

The W/2 equivalent of Irregular Section 6 is to be dedicated to this well in order to form a 232.90-acre stand-up gas spacing unit within the Basin-Fruitland Coal (Gas) Pool (71629).

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*;" (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the above-described unorthodox coal gas well location is hereby approved.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
J. Scott Hall, Legal Counsel for Energen Resources Corporation – Santa Fe
U. S. Forest Service – Bloomfield, NM