



*Energen 10*

cc

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

August 11, 2004

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

**Energen Resources Corporation  
2198 Bloomfield Highway  
Farmington, New Mexico 87401**

**Attention: David M. Poage  
District Landman**

**Re:** *Administrative application for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool (71629) for Energen Resources Corporation's ("Energen") proposed Turner Hughes Well No. 8-S to be drilled as an infill well at an unorthodox coal gas well location 910 feet from the North line and 2225 feet from the West line (Lot 7/Unit C) of Section 4, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico, within the W/2 equivalent of Section 4, being a 306.98-acre stand-up gas spacing unit that is currently dedicated to Energen's Turner Hughes Well No. 8-E (API No. 30-045-06818), located at a standard coal gas well location 1500 feet from the South line and 1020 feet from the West line (Lot 16/Unit K) of Section 4 (administrative application reference No. pSEM0-420534536).*

Dear Mr. Poage:

My preliminary review of your application filed with the Division on July 22, 2004 indicates that the information provided is not sufficient to process an administrative order at this time. It appears that your application is incomplete with respect. Please refer to the Rules 7 (a) (1) and (b) of the "Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool," as promulgated by Division Order No. R-8768, as amended (see copy attached) and Division Rule 1207.A (2). Please refer to Division Rule 1207.A (2) (a) which reads:

"(2) Unorthodox Well Locations: [1-1-87...2-1-96; Rn, 19 NMAC 15.N.1207.A. (5), 7-15-99; A, 7-15-99]

(a) Definition: "Affected persons" are the following persons owning interests in the adjoining spacing units:

- (i) the Division-designated operator;
- (ii) in the absence of an operator, any lessee whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application is filed; and
- (iii) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application was filed.

**Energen Resources Corporation, Attention: David M. Poage**  
**Division Administrative Application Reference No. pSEM0-420534536**  
**August 11, 2004**  
**Page 2**

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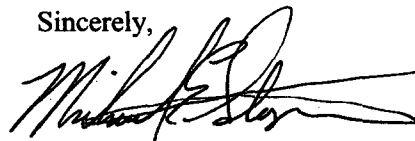
In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit. [1-1-87...2-1-96; N, 7-15-99]"

You state in your application, "[E]nergen is the operator of the E/2 Section 4." From this statement nor the information provided, no conclusion can be made that Energen controls 100 percent of the working interest in this affected offsetting coal gas spacing unit.

Your application for administrative approval for the above-described unorthodox replacement coal gas well location is deemed incomplete; is hereby **denied** and is being returned to you at this time.

Should you have any questions concerning this matter, please contact your legal counsel, Mr. Scott Hall in Santa Fe at (505) 989-9614. Thank you.

Sincerely,



Michael E. Stogner  
Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington  
J. Scott Hall, Legal Counsel for Energen Resources Corporation

DATE IN 7.22.04	RECEIVED 8-11-2004	SUSPENSE	ENGINEER Stagner	LOGGED 7.23.04	TYPE NSL
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JUL 22 2004

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

#P56M04504536  
420534536

- Engineering Bureau -

OIL CONSERVATION

Turner Hughes 88N

## ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

### Application Acronyms:

- ☐ [NSP-Non-Standard Proration Unit]    ☐ [NSL-Non-Standard Location]  
☐ [DD-Directional Drilling]    ☐ [SD-Simultaneous Dedication]  
☐ [DHC-Downhole Commingling]    ☐ [CTB-Lease Commingling]    ☐ [PLC-Pool/Lease Commingling]  
☐ [PC-Pool Commingling]    ☐ [OLS - Off-Lease Storage]    ☐ [OLM-Off-Lease Measurement]  
☐ [WFX-Waterflood Expansion]    ☐ [PMX-Pressure Maintenance Expansion]  
☐ [SWD-Salt Water Disposal]    ☐ [IPI-Injection Pressure Increase]  
☐ [EOR-Qualified Enhanced Oil Recovery Certification]    ☐ [PPR-Positive Production Response]

### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- ☐ [A] Location - Spacing Unit - Directional Drilling  
☒ [X] NSL    ☐ [ ] NSP    ☐ [ ] DD    ☐ [ ] SD

Check One Only for [B] and [C]

- ☐ [B] Commingling - Storage - Measurement  
☐ [ ] DHC    ☐ [ ] CTB    ☐ [ ] PLC    ☐ [ ] PC    ☐ [ ] OLS    ☐ [ ] OLM

- ☐ [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ [ ] WFX    ☐ [ ] PMX    ☐ [ ] SWD    ☐ [ ] IPI    ☐ [ ] EOR    ☐ [ ] PPR

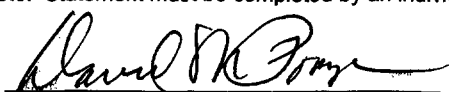
### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- ☐ [A] ☐ [ ] Working, Royalty or Overriding Royalty Interest Owners  
☐ [B] ☒ [X] Offset Operators, Leaseholders or Surface Owner  
☐ [C] ☐ [ ] Application is One Which Requires Published Legal Notice  
☐ [D] ☐ [ ] Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
☐ [E] ☐ [ ] For all of the above, Proof of Notification or Publication is Attached, and/or,  
☐ [F] ☐ [ ] Waivers are Attached

### [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

David M. Poage		District Landman	7/21/04
Print or Type Name	Signature	Title	Date



July 21, 2004

New Mexico Oil conservation Division  
Attn: Mr. Michael E. Stogner  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

RE: Administrative Approval of Unorthodox Location  
Turner Hughes # 8S  
910' FNL, 2225' FWL  
Section 4-T27N-R9W  
San Juan County, New Mexico

Dear Mr. Stogner:

Energen Resources Corporation (Energen) hereby requests Administrative Approval for an Unorthodox Location of its proposed Turner Hughes # 8S Fruitland Coal well under the provisions of New Mexico Oil Conservation Division (NMOCD) Order R-8768.

The well is located 910' FNL & 2225' FWL of Section 4-T27N-R9W, San Juan County, New Mexico and is located on BLM lease SF-078050. It is dedicated to a 306.98 acre gas spacing unit consisting of Lots 7-10, 15-18 (W/2) of said section 4, in the Basin Fruitland Coal gas pool. Energen owns 100% of the working interest in this spacing unit.

This well is closer than 660 feet to the eastern boundary of the proration unit, causing a non-standard location. This well is being proposed on this well pad due to rough topography and to avoid an archeological site.

Energen is the operator of the E/2 Section 4, an offsetting spacing unit and none of the other offsetting spacing units. A copy of this application is therefore being sent to the remaining offsetting spacing unit operators by certified mail-return receipt request with a request that they furnish your office a Waiver of Objection within 20 days of receipt of this application. Attached is a well location plat showing dedicated acreage (C-102), a map showing all offsetting operators and a topographic map.

Your favorable consideration of this request would be appreciated. Please advise should you require additional information in this regard.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Poage".

David M. Poage  
District Landman

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer 00, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name TURNER HUGHES		*Well Number 8S
*GRID No. 162928	*Operator Name ENERGEN RESOURCES CORPORATION		*Elevation 7108'

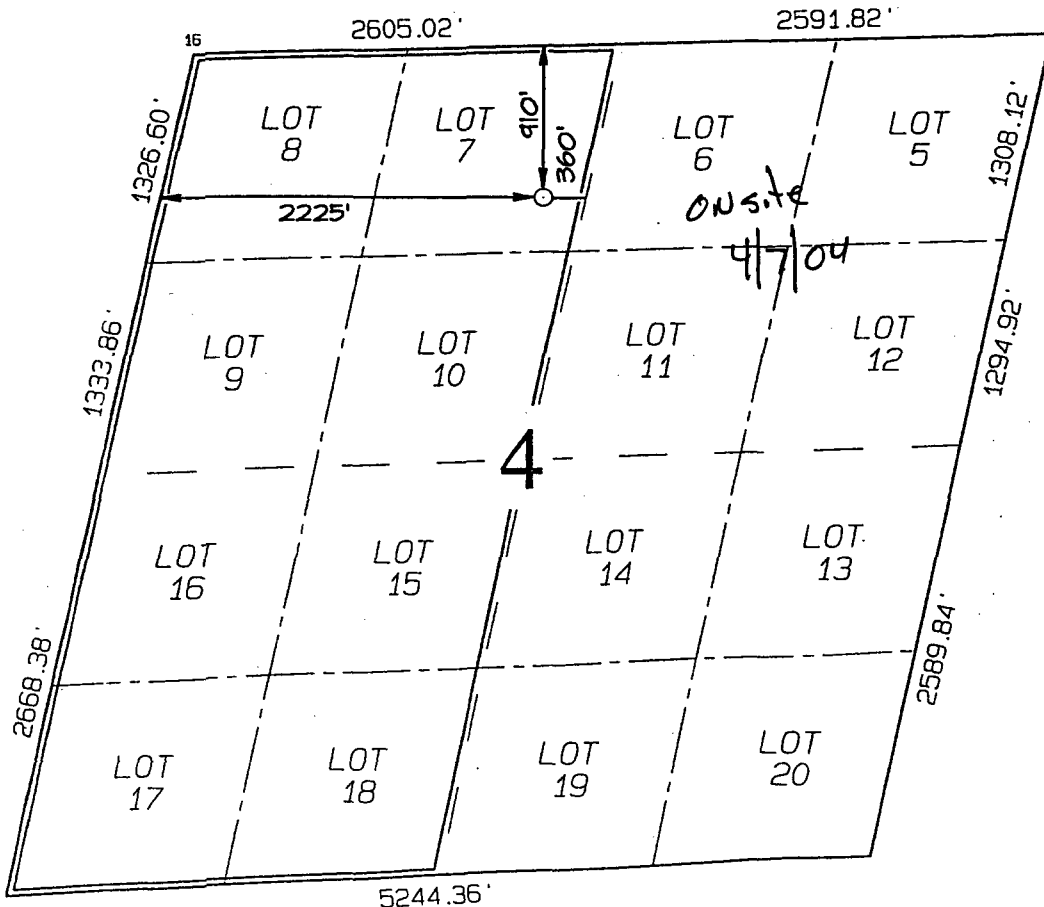
#### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	4	27N	9W		910	NORTH	2225	WEST	SAN JUAN

#### <sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres 306.98 Acres - (W/2)					<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



#### <sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

*David M. Poage*

Signature

DAVID M. POAGE

Printed Name

DISTRICT LANDMAN

Title

7-21-04

Date

#### <sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: MARCH 8, 2004

Signature and Seal of Professional Surveyor



*JASON C. EDWARDS*

Certificate Number

15269

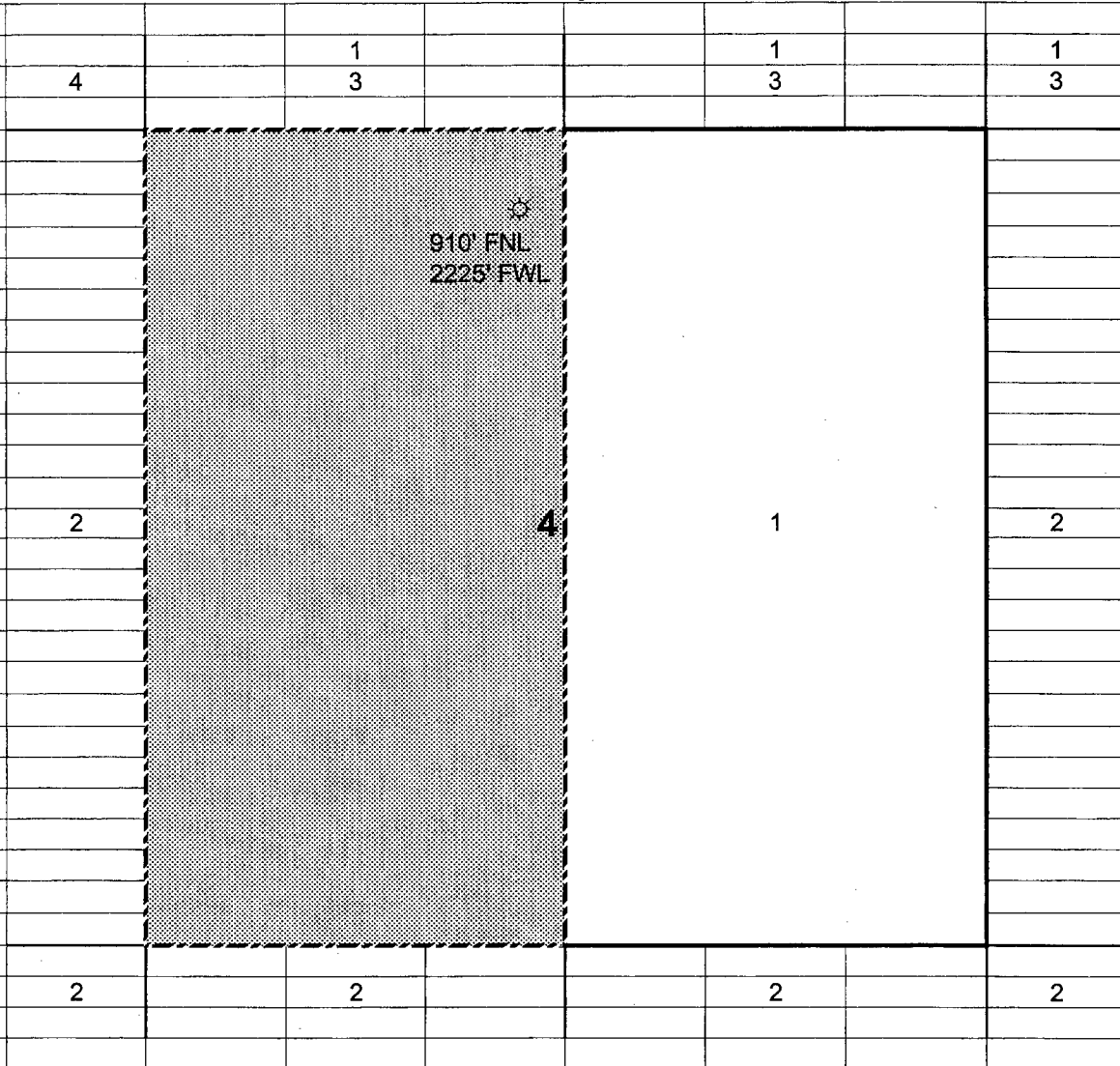
# Energen Resources Corporation

Turner Hughes # 8S

OFFSET OPERATOR \ OWNER PLAT

Fruitland Coal Formation W/2 Sec 4 - T 27 N - R 9 W

San Juan County, New Mexico



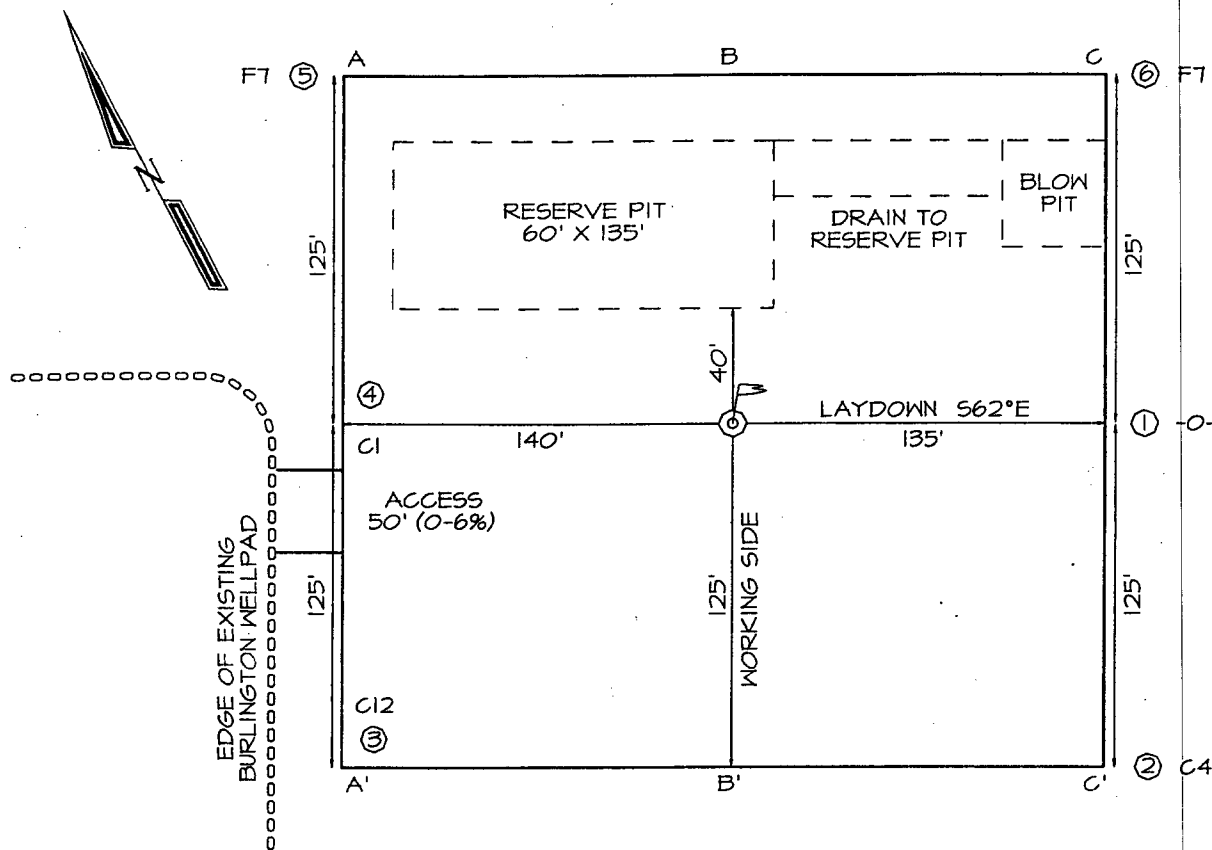
Tract 1 Energen Resources Corp.

Tract 2 Burlington Resources Oil & Gas LP

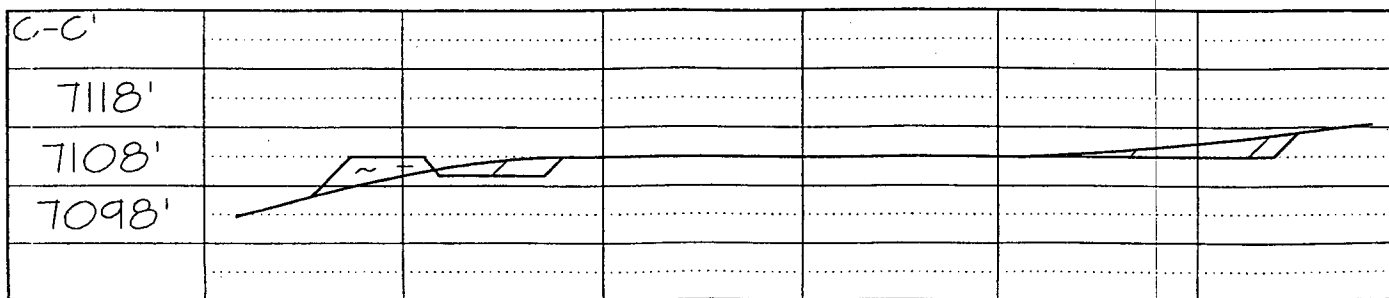
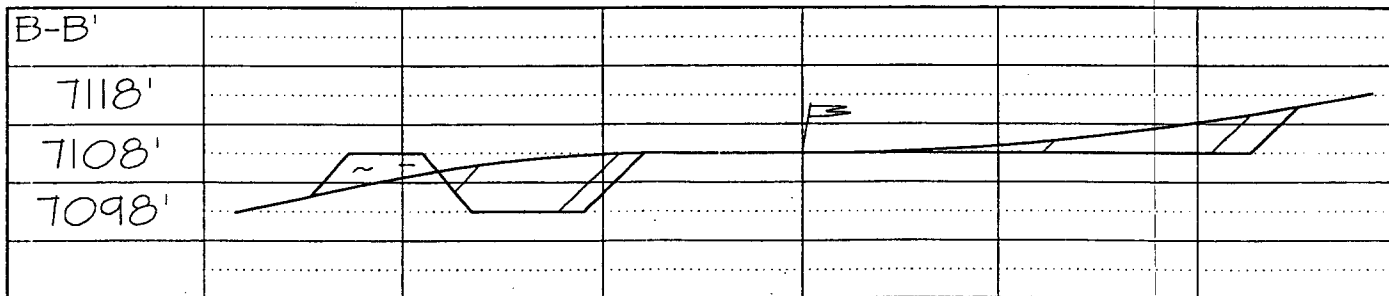
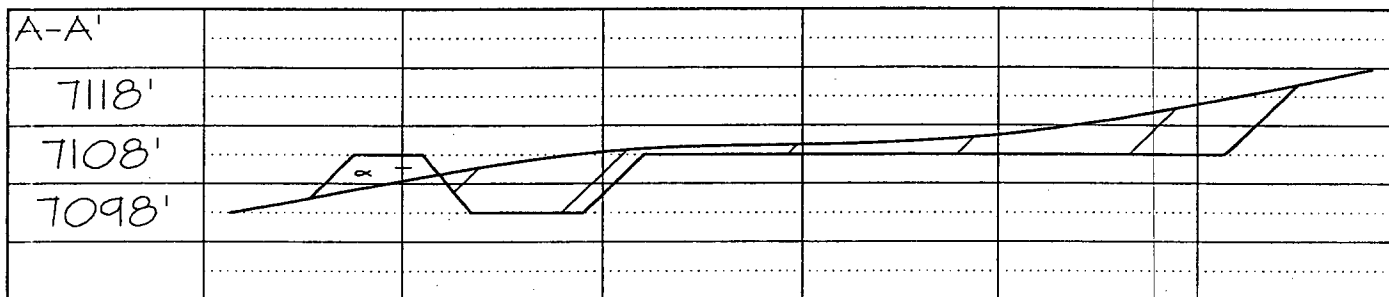
Tract 3 ConocoPhillips Company

Tract 4 Richardson Operating Company

**ENERGEN RESOURCES CORPORATION TURNER HUGHES #8S  
910' FNL & 2225' FWL, SECTION 4, T27N, R9W, NMPM  
SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 7108'**



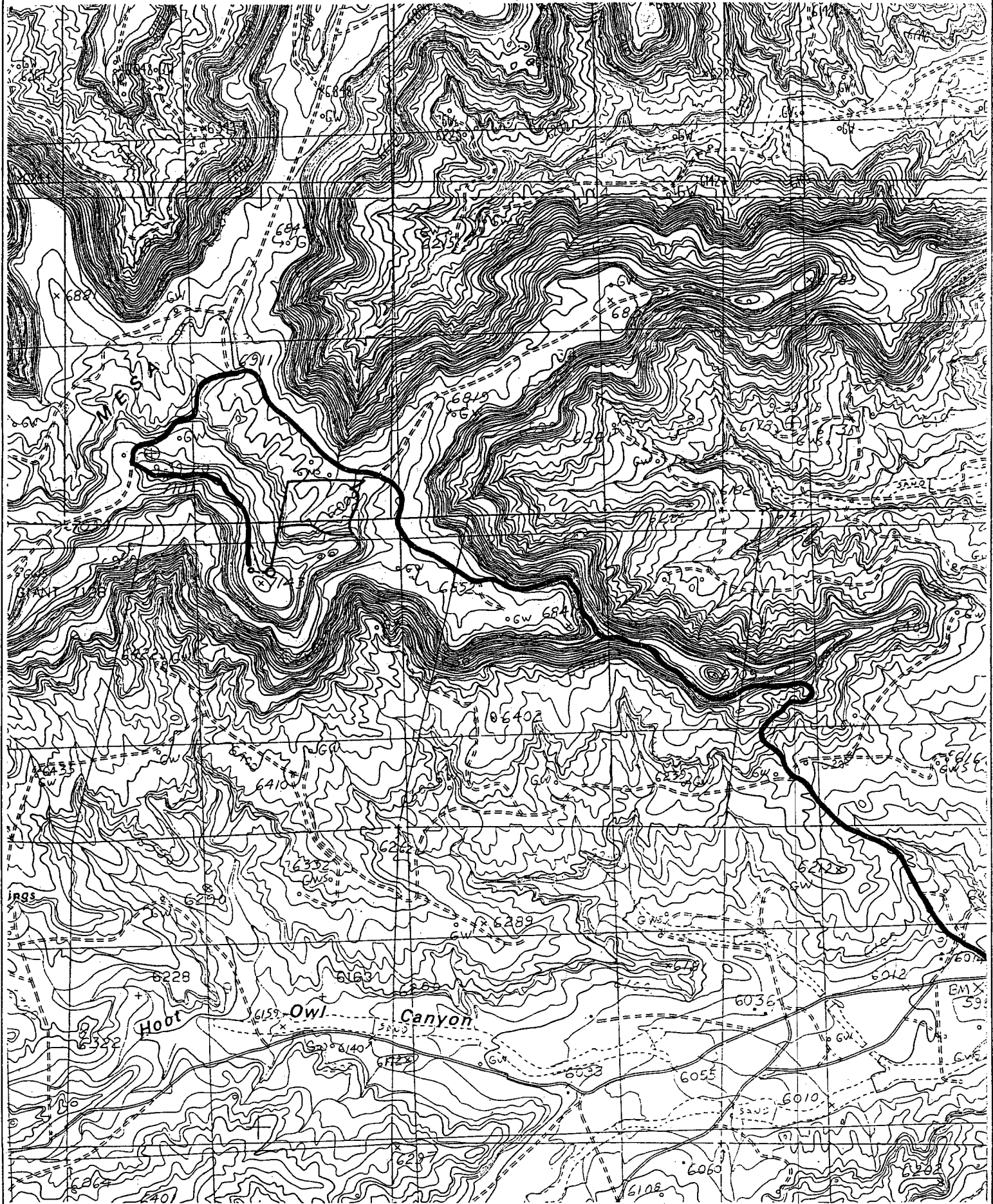
**LATITUDE: 36°36'29"**  
**LONGITUDE: 107°47'27"**  
DATUM: NAD1927



ENERGEN RESOURCES CORPORATION TURNER HUGHES #85

660' FNL & 1825' FWL, SECTION 4, T27N, R9W, N.M.P.M.

SAN JUAN COUNTY, NEW MEXICO





Sec : 04 Twp : 27N Rng : 09W Section Type : NORMAL

366.98

8 38.35 Federal owned	7 38.09 Federal owned	6 37.88 Federal owned	5 37.89 Federal owned
9 38.53 Federal owned	10 38.13 Federal owned	11 37.77 Federal owned	12 37.63 Federal owned
16 38.61 Federal owned	15 38.33 Federal owned	14 37.99 Federal owned	13 37.73 Federal owned
A Federal owned	A Federal owned	A Federal owned	A Federal owned
17 38.61 Federal owned	18 38.33 Federal owned	19 38.04 Federal owned	20 37.79 Federal owned

CMD : ONGARD 08/11/04 08:22:28  
 OG6IWCN INQUIRE WELL COMPLETIONS OGOMES -TPQN

API Well No : 30 45 6818 Eff Date : 08-01-1997 WC Status : A  
 Pool Idn : 71629 BASIN FRUITLAND COAL (GAS)  
 OGRID Idn : 162928 ENERGEN RESOURCES CORPORATION  
 Prop Idn : 21424 TURNER HUGHES

Well No : 008  
 GL Elevation: 6422

U/L Sec Township Range North/South East/West Prop/Act(P/A)  
 -----  
 B.H. Locn : 16 4 27N 09W FTG 1500 F S FTG 1020 F W P  
 Lot Identifier:  
 Dedicated Acre: 320.00  
 Lease Type : F  
 Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll  
 PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
 PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD :  
OG6ACRE

ONGARD  
C102-DEDICATE ACREAGE

08/11/04 08:22:33  
OGOMES -TPQN  
Page No : 1

API Well No : 30 45 6818 Eff Date : 04-30-1991  
Pool Idn : 71629 BASIN FRUITLAND COAL (GAS)  
Prop Idn : 21424 TURNER HUGHES  
Spacing Unit : 4143 OCD Order :  
Sect/Twp/Rng : 4 27N 09W Acreage : 320.00 Revised C102? (Y/N) :  
Dedicated Land:

-----						
S	Base	U/L	Sec	Twp	Rng	Acreage L/W Ownership Lot Idn
-----						
F	10	4	27N	09W	38.13	N FD
K	15	4	27N	09W	38.33	N FD
L	16	4	27N	09W	38.61	N FD
M	17	4	27N	09W	38.61	N FD
N	18	4	27N	09W	38.33	N FD
C	7	4	27N	09W	38.09	N FD
D	8	4	27N	09W	38.35	N FD
E	9	4	27N	09W	38.53	N FD

E0005: Enter data to modify or PF keys to scroll  
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

ONGARD

08/11/04 08:22:41

CMD :  
OG6IPRD

INQUIRE PRODUCTION BY POOL/WELL

OGOMES -TPON

Page No: 1

OGRID Identifier : 162928 ENERGEN RESOURCES CORPORATION  
Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 6818 Report Period - From : 01 2003 To : 06 2004

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 45	6818 TURNER HUGHES	01 03 31	1224	F
30 45	6818 TURNER HUGHES	02 03 28	1166	F
30 45	6818 TURNER HUGHES	03 03 31	1442	F
30 45	6818 TURNER HUGHES	04 03 30	1040	F
30 45	6818 TURNER HUGHES	05 03 31	1193	F
30 45	6818 TURNER HUGHES	06 03 30	997	F
30 45	6818 TURNER HUGHES	07 03 31	1175	F

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

CMD : ONGARD  
 OGI6PRD INQUIRE PRODUCTION BY POOL/WELL

08/11/04 08:22:44  
 OGOMES -TPQN  
 Page No: 2

OGRID Identifier : 162928 ENERGEN RESOURCES CORPORATION  
 Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)

API Well No : 30 45 6818 Report Period - From : 01 2003 To : 06 2004

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 45	6818 TURNER HUGHES	08 03 31	1137	F
30 45	6818 TURNER HUGHES	09 03 30	1150	F
30 45	6818 TURNER HUGHES	10 03 31	1279	F
30 45	6818 TURNER HUGHES	11 03 30	1423	F
30 45	6818 TURNER HUGHES	12 03 31	1553	F
30 45	6818 TURNER HUGHES	01 04 31	1474	F
30 45	6818 TURNER HUGHES	02 04 29	1298	F

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM  
 PF07 BKWD PF08 FWD PF09 PF10 NXTPPOOL PF11 NXTOGD PF12

CMD : ONGARD  
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL

08/11/04 08:22:48  
 OGOMES -TPQN  
 Page No: 3

OGRID Identifier : 162928 ENERGEN RESOURCES CORPORATION  
 Pool Identifier : 71629 BASIN FRUITLAND COAL (GAS)  
 API Well No : 30 45 6818 Report Period - From : 01 2003 To : 06 2004

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 45	6818 TURNER HUGHES	03 04 31	1211	F
30 45	6818 TURNER HUGHES	04 04 30	1318	F
30 45	6818 TURNER HUGHES	05 04 31	1166	F

Reporting Period Total (Gas, Oil) : 21246

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM  
 PF07 BKWD PF08 FWD PF09 PF10 NXTPPOOL PF11 NXTOGD PF12