



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 28, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Telefax No. (505) 326-6112

Attention: David M. Poage

Administrative Order NSL-5307

Dear Mr. Poage:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 26, 2005 (*administrative application reference No. pSEM0-530028264*); (ii) the Division's initial response by letter dated October 31, 2005 from Mr. Michael E. Stogner, Engineer with the Division in Santa Fe requesting additional data and comments concerning this application; (iii) your response to Mr. Stogner by telefax on November 7, 2005 with the necessary information to complete this application and follow-up "hard copies" submitted to the Division on November 11, 2005; (iv) Mr. Stogner's fax reply on November 10, 2005; and (v) the Division's records in Aztec and Santa Fe: all concerning Energen Resources Corporation's ("Energen") request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended [Rule 7 (a) (1)], for a non-standard infill gas well location within an existing 320-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**) comprising the E/2 of Section 10, Township 27 North, Range 12 West, NMPM, San Juan County, New Mexico.

Your 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*," and (ii) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

This unit is currently dedicated to Energen's Thompson "C" Well No. 6 (**API No. 30-045-06657**), located at a standard coal gas well location 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 10.

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 following described unorthodox infill coal gas well location recently drilled (spud date – August 9, 2005) within this 320-acre gas spacing unit is hereby approved:

**Thompson "C" Well No. 6-S
1270' FNL & 2125' FEL (Unit B)
(API No. 30-045-32207).**

November 28, 2005

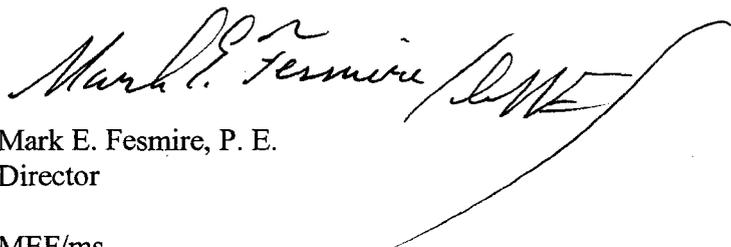
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Further, Energen is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from both the above-described Thompson "C" Wells No. 6 and 6-S.

Please note however that Energen, as a prudent operator, should recognize that a well location is unorthodox prior to its drilling and not wait until the well is completed and ready to produce to seek the necessary regulatory exceptions. Similar requests may be set to hearing.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" followed by a stylized flourish or set of initials.

Mark E. Fesmire, P. E.
Director

MEF/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