



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

May 23, 2007

Energen Resources Corporation
Attn: David M. Poage
2198 Bloomfield Hwy
Farmington, NM 87401

Administrative Order NSL-5628

Re: San Juan 30-4 Well No. 48
API No. 30-039-27698
O-17-30N-4W
Rio Arriba County

Dear Mr. Poage:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-10027673**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 8, 2007, and

(b) the Division's records pertinent to this request.

Energen Resources Corporation (Energen) has requested to complete its San Juan 30-4 Well No. 48 (API No. 30-039-27698) at an unorthodox Pictured Cliffs gas well location. This is a horizontal well drilled from an unorthodox surface location 645 feet from the South line and 2425 feet from the East line (Unit O) of Section 17, Township 30 North, Range 4 West, N.M.P.M., in Rio Arriba County, New Mexico, to an unorthodox terminus, or bottom-hole location 760 feet from the South line and 110 feet from the East line of said Section 17. The SE/4 of Section 17 will be dedicated to this well in order to form a standard 160-acre spacing unit and project area (Rule 111) in the East Blanco Pictured Cliffs Pool (72400).

This pool is governed by statewide Rule 104.C(3), which provides for 160-acre units, with wells located at least 660 feet from a unit outer boundary. Portions of the producing interval of this well will be less than 660 feet from the eastern and western boundaries of the spacing unit/ project area. Hence the location is considered unorthodox pursuant to Rule 111.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Energen is seeking this location for geologic reasons, in order to penetrate the maximum amount of the target formation in this spacing unit with the horizontal shaft of this well.

It is also understood that due notice of this application has been given to working interest owners in the offsetting spacing units to the east and to the west.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division -
New Mexico State Land Office - Santa Fe
United States Bureau of Land Management -