



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

May 3, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401
Attention: Richard Corcoran

Administrative Order NSL-4031-B

Dear Mr. Corcoran:

Reference is made to your application submitted to the New Mexico Oil Conservation Division ("Division") on December 4, 2000 for an exception to the well location requirements provided within the: (i) the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999; and (ii) the "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Order No. R-10987-B (1), for Energen Resources Corporation's ("Energen") proposed San Juan "32-5" Unit Well No. 9-C (API No. 30-039-26636) to be drilled at an unorthodox gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 825 feet from the South line and 1080 feet from the West line (Lot 4/Unit P) of irregular Section 30, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

This well is to be included in the previously approved non-standard 345.59-acre gas spacing and proration units ("GPU") in the Blanco-Mesaverde Pool (see Division Order No. R-1714, dated July 7, 1960) and the Basin-Dakota Pool (see Division Order No. R-1722, dated July 21, 1960) that comprises all of irregular Sections 30 and 31.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde gas well location for the San Juan "32-5" Unit Well No. 9-C is hereby approved. All existing wells within both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

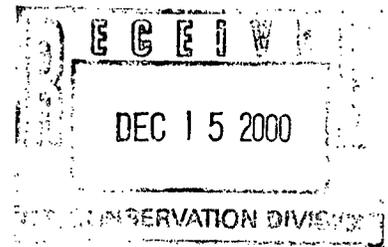
Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-4031(NSP)
NSL-4031-A(NSP)



December 1, 2000

Vern Hansen
Williams Production Company
One Williams Center
P. O. Box 3102
Tulsa, OK 74101

RE: ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATION
SAN JUAN 32-5 UNIT 9C WELL
825' FSL & 1080' FWL
SECTION 30-T32N-R5W
RIO ARRIBA COUNTY, NEW MEXICO

Dear Interest Owner:

Energen Resources Corporation has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox Location, for its San Juan 32-5 Unit 9C well. A copy of the application has been attached for your review.

If you have no objection to this unorthodox location, please sign the three copies of the attached waiver, return one executed copy to the NMOCD in Santa Fe, New Mexico, one copy to our office and retain one copy for your files. Self-addressed envelopes are enclosed.

Your cooperation in this matter is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Richard P. Corcoran".

Richard P. Corcoran
District Landman

RC/ga

WAIVER

Williams Prod. Co. hereby waives objection to the above referenced Application for Unorthodox Location for Energen Resources Corporation's San Juan 32-5 Unit 9C well.

Date: 12/11/00 By: Mike J. Smith