



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 5, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401

Attention: **Richard Corcoran**

Administrative Order NSL-4975

Dear Mr. Corcoran:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on November 10, 2003 (*administrative application reference No. pMES0-331458032*); (ii) your letter dated November 11, 2003 with supplemental data attached to support this application; and (iii) the records of the Division in Aztec and Santa Fe: all concerning Energen Resources Corporation's ("Energen") 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 existing Elk Horn Well No. 101 (API No. 30-039-27450) recently drilled (spud date, September 23, 2003) at an unorthodox coal gas well location 755 feet from the North line and 2375 feet from the East line (Unit B) of Section 29, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

The E/2 of Section 29, being a standard 320-acre stand-up gas spacing unit in the Basin-Fruitland Coal (Gas) Pool (71629), is to be dedicated to this well.

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,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
U. S. Forest Service - Bloomfield