



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

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Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire
Division Director

Oil Conservation Division



December 27, 2010

Energen Resources Corporation
Attn: David M. Poage
2010 Afton Place
Farmington, NM 87401

Administrative Order NSL-6311

**Re: Jicarilla 96 Well No. 600H
API No. 30-039
595 feet FNL and 700 feet FEL
Lot 1, Section 3-26N-3W
Rio Arriba County, New Mexico**

Dear Mr. Poage:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-34928502**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 14, 2010, and

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

Energen Resources Corporation (Energen) has requested to drill the above-referenced well as a horizontal well in the Mancos formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 595 feet from the North line and 700 feet from the East line
(Lot 1) of Section 3, Township 26N, Range 3W, NMPM,
Rio Arriba County, New Mexico

Point of Penetration: 700 feet from the North line and 200 feet from the West line
(Lot 4) of Section 2, said township and range

Terminus 900 feet from the North line and 200 feet from the East line
(Lot 1) of said Section 2

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
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The N/2 of Section 2 will be dedicated to the proposed well to form a standard 320-acre, more or less, gas spacing unit and project area in the Basin Mancos Gas Pool (97232). Spacing in this pool is governed by the Special Rules for the Basin-Mancos Gas Pool, as promulgated in Order R-12984, issued on September 3, 2008, which provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary.

This location is unorthodox because portions of the producing interval will be less than 660 feet from the outer boundaries of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

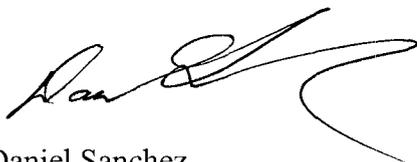
It is our understanding that you are seeking this location for engineering reasons, in order to achieve maximum drainage of resources within the project area. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case 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 "Daniel Sanchez", with a stylized flourish extending to the right.

Daniel Sanchez
Acting Director

DS/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management