

MILLER, STRATVERT & TORGERSON, P. A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
JAMES B. COLLINS
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK
TERRI L. SAUER

JOEL T. NEWTON
THOMAS M. DOMME
RUTH O. PREGENZER
JEFFREY E. JONES
MANUEL I. ARRIETA
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH M. FUESS
KYLE M. FINCH
H. BROOK LASKEY
KATHERINE W. HALL
FRED SCHILLER
MICHAEL I. GARCIA
LARA L. WHITE
PAULA G. MAYNES
DEAN B. CROSS
MICHAEL C. ROSS

ALBUQUERQUE

500 MARQUETTE N.W. SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125-0687
TELEPHONE: (505) 842-1950
FACSIMILE: (505) 243-4408

LAS CRUCES

500 S. MAIN ST., SUITE 800
POST OFFICE BOX 1209
LAS CRUCES, NM 88004-1209
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

FARMINGTON

300 WEST ARRINGTON
POST OFFICE BOX 869
FARMINGTON, NM 87499-0869
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

SANTA FE

150 WASHINGTON AVE., SUITE 300
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL
ROSS B. PERKAL, COUNSEL
JAMES J. WIDLAND, COUNSEL

PLEASE REPLY TO SANTA FE

March 23, 1999

12167

HAND-DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

99 MAR 23 AM 11:07
OIL CONSERVATION DIV.

Re: Application of Energen Resources Corporation for Compulsory Pooling,
Rio Arriba County, New Mexico (Carson No. 5)

Dear Florene:

Enclosed are the original and two copies of the Application of Energen Resources Corporation for Compulsory Pooling, Rio Arriba County, New Mexico. We request that this matter be scheduled for hearing on the April 15, 1999 examiner hearing docket.

Enclosed is a proposed advertisement for the referenced Application.

Thank you for your assistance.

Very Truly Yours,

J. Scott Hall

J. Scott Hall

Ms. Florene Davidson
March 23, 1999
Page 2

JSH:cw
Enclosure:

cc: Rich Corcoran

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
ENERGEN RESOURCES CORPORATION FOR
COMPULSORY POOLING FOR AN INITIAL
WELL FOR AN INFILL WELL, AND FOR
UNORTHODOX GAS WELL LOCATIONS
RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 12107

OIL CONSERVATION DIV.
MAR 23 AM 11:08

APPLICATION

ENERGEN RESOURCES CORPORATION, by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., hereby makes application pursuant to NMSA 1978 Section 70-2-17 for an order pooling all of the mineral interests in the Mesa Verde formation and the Dakota formation in and under the E/2 of Section 30, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, and in support thereof would show the Division:

1. Applicant owns certain working interests in and under the E/2 of Section 30, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled units to its Carson No. 5 well to be drilled at an unorthodox location 470 feet from the north line and 1,665 feet from the east line (Unit B) of said Section 30.
3. Applicant also seeks approval to dedicate the above-referenced pooled units to its Carson No. 5-M infill well to be drilled at an unorthodox infill location 700 feet from the south line and 415 feet from the east line (Unit P) of said Section 30, following the successful completion of the initial Carson No. 5 well referenced above.

4. Applicant has been unable to obtain voluntary agreement for pooling or farmout from certain other interest owners in the E/2 of said Section 30.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the wells.

6. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant prays that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on April 15, 1999 and that after notice and hearing as required by law, the Division enter its Order pooling the lands, approving the unorthodox well locations and including provisions for Applicant to recover its costs of drilling, equipping and completing each of the wells, its costs of supervision while drilling and after completion, including overhead charges, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the wells, and making such other and further provisions as maybe proper in the premises.

Submitted by,

MILLER, STRATVERT & TORGERSON, P.A.

By



J. Scott Hall
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614

Attorneys for Energen Resources Corporation

Application of Energen Resources Corporation for Compulsory Pooling, and unorthodox well location Rio Arriba County, New Mexico. (Carson No. 5)

Applicant seeks an order pooling all mineral interests in the Mesa Verde and Dakota formations the E/2 of Section 30, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, forming standard 320 acre spacing and proration units respectively. Said units are to be dedicated to Applicant's Carson No. 5 well which is to be drilled at an unorthodox well location in Unit B of said Section 30. Applicant also seeks approval to dedicate the pooled units to its Carson No. 5-M infill well to be drilled at an orthodox infill location in unit P of said Section 30, following the completion of the Carson No. 5 well. Also to be considered will be cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. Said wells are located approximately 6 miles northeast of Gobernador, New Mexico

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OIL CONSERVATION DIV