



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 20, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401

Attention: James C. Sullins

Administrative Order NSL-5315

Dear Mr. Sullins:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 28, 2005 (*administrative application reference No. pSEM0-533327082*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Energen Resources Corporation's ("Energen") request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended [Rule 7 (a) (1)], for a non-standard infill gas well location within an existing 320-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629) comprising the E/2 of Section 31, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

Your 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*," and (ii) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2); see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

This unit is currently dedicated to Energen's Federal "28-8-31" Well No. 1 (API No. 30-045-28844), located at a standard coal gas well location 1865 feet from the North line and 1555 feet from the East line (Unit G) of Section 31.

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 following described unorthodox infill coal gas well location to be drilled within the above-described 320-acre gas spacing unit is hereby approved:

Federal "28-8-31" Well No. 1-S - 30-045-33396
1510' PSL & 420' FEL (Unit I).