



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 8, 2005

**Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401**

Attention: James C. Sullins

Administrative Order NSL-5163

Dear Mr. Sullins:

Reference is made to the following: (i) your application (***administrative application reference No. pMES0-504551551***) filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on February 2, 2005; 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 [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 a non-standard infill gas well location within an existing 320-acre standard lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**) comprising the S/2 of Section 28, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

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.

This unit is currently dedicated to Energen's Federal 28-8-28 Well No. 2 (**API No. 30-045-28922**), located at a standard coal gas well location 1500 feet from the South and West lines (Unit K) of Section 28.

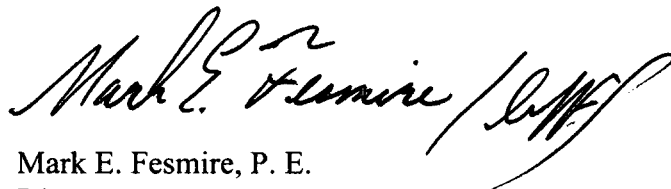
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described unorthodox infill coal gas well location to be drilled within this 320-acre gas spacing unit is hereby approved:

Federal 28-8-28 Well No. 2-S
1075' FSL & 490' FEL (Unit P)
(API No. 30-045-32821).

Further, Energen is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Federal 28-8-28 Well No. 2 with the proposed Federal 28-8-28 Well No. 8-S.

Jurisdiction of this cause 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 "Mark E. Fesmire" followed by a stylized flourish or set of initials.

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington