



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

July 11, 2006

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

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

**Attention: David M. Poage, District Landman**  
*David.Poage@energen.com*

**Administrative Order NSL-5419**

Dear Mr. Poage:

Reference is made to the following: (i) Energen Resources Corporation's ("Energen") initial application filed by Mr. James C. Sullins and submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 17, 2006 (*administrative application reference No. pTDS0-610759517*); (ii) your voice mail message to Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, of Tuesday morning, May 16, 2006, checking on the status of this application; (iii) Mr. Stogner's voice mail message to you on Friday afternoon, May 19, 2006 for verification on the proposed location for the well that is the subject of Energen's request; (iv) your telephone conversation with Mr. Stogner on Monday morning, June 12, 2006; (v) your letter dated June 12, 2006 and submitted to the Division on June 14, 2006 with the necessary information attached to complete Energen's application; (vi) your two e-mails to Mr. Stogner on June 20 and 30, 2006 with supplemental information for this application; and (vii) the Division's records in Aztec and Santa Fe: all concerning Energen's 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 W/2 of Section 12, Township 29 North, Range 9 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 "29-9-12" Well No. 1 (API No. 30-045-28135), located at a standard coal gas well location 2150 feet from the South line and 1100 feet from the West line (Unit L) of Section 12.

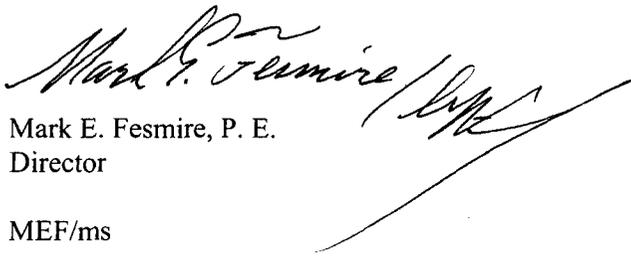
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described unorthodox infill coal gas well location to be drilled within the above-described 320-acre gas spacing unit is hereby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

**Federal "29-9-12" Well No. 1-S**  
**610' FNL & 670' FWL (Unit D)**  
**(API No. 30-045-33407).**

Further, Energen is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from both the above-described Federal "29-9-12" Wells No. 1 and 1-S.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.  
Director

MEF/ms

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

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