



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 16, 1998

**Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401
Attention: Richard P. Corcoran**

Administrative Order NSL-293-A

Dear Mr. Corcoran:

Reference is made to your application dated October 21, 1998 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987, for Energen Resources Corporation's ("Energen"), formerly Taurus Exploration U.S.A., Inc.'s, proposed San Juan "32-5" Unit Well No. 8-R to be drilled at an unorthodox gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools 920 feet from the North line and 775 feet from the East line (Unit A) of Section 27, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

Gas production from the Blanco-Mesaverde Pool in the E/2 of Section 27, being a standard 320-acre stand-up gas spacing and proration unit, is currently dedicated to Energen's: (I) San Juan "32-5" Unit Well No. 15 (API No. 30-039-07988), located at an unorthodox gas well location 865 feet from the South line and 1045 feet from the East line (Unit P) of Section 27 (approved by Division Administrative Order NSL-293, dated May 21, 1962); and, (ii) San Juan "32-5" Unit Well No. 15-A (API No. 30-039-60111), located at an unorthodox gas well location 840 feet from the North line and 735 feet from the East line (Unit A) of Section 27 (approved by Division Administrative Order NSL-256, dated June 10, 1962). It is our understanding from your application that the San Juan "32-5" Unit Well No. 15-A is to be plugged and abandoned and that the proposed San Juan "32-5" Unit Well No. 8-R is to be its replacement.

Gas production from the Basin-Dakota Pool is to be dedicated to a standard lay-down 320-acre gas spacing and proration unit comprising the N/2 of Section 27.

The application has been duly filed under the provisions of Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Blanco-Mesaverde infill gas well location and Basin-Dakota gas well location for the San Juan "32-5" Unit Well No. 8-R is hereby approved. Both of the aforementioned San Juan "32-5" Unit Well Nos. 15 and 8-R and both spacing units will be subject to all existing rules,

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regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a stylized set of initials "LW/MES".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
U. S. Bureau of Reclamation - Durango
File: NSL-256 /
NSL-293 /