



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
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Mark Fesmire
Division Director
Oil Conservation Division



May 5, 2008

Mr. J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307

Administrative Order NSL-5816

**Re: Energen Resources Corporation
C.J. Holder Well No. 600
API No. 30-045-
Unit N, Section 30-29N-13W
San Juan County**

Dear Mr. Hall:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-07828111**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Energen Resources Corporation (Energen), on March 18, 2008, and

(b) the Division's records pertinent to this request.

Energen has requested to drill the above-referenced well at an unorthodox gas well location, 387 feet from the South line and 499 feet from the West line (Unit N) of irregular Section 30, Township 29 North, Range 13 West, N.M.P.M., in San Juan County, New Mexico. The S/2 of irregular Section 30 will be dedicated to this well in order to form a non-standard (greater than 70% of standard) 252.1-acre, more-or-less, spacing unit in the Basin Fruitland Gas Pool (71629). This location is governed by Rule 7.A(1) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provides generally that a well shall be located at least 660 feet from any unit boundary. This location is less than 660 feet from the western unit boundary.

Your application on behalf of Energen has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).



It is our understanding that you are seeking this location for topographic reasons and in order to comply with United States Bureau of Land Management surface siting requirements.

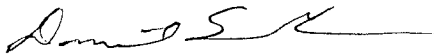
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,



re Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington