



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



September 13, 2010

Energen Resources Corporation
Attn: David M. Poage
2010 Afton Place
Farmington, NM 87401

Administrative Order NSL-6258

Re: San Juan 30-4 Unit Well No. 64H
API No. 30-039-30897
Rio Arriba County, New Mexico

Dear Mr. Poage:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-23046155**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 18, 2010, and

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

Energen Resources Corporation [OGRID 162928] (Energen) has requested to complete the above-referenced well as a horizontal well in the Pictured Cliffs formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 750 feet from the South line and 1403 feet from the West line
(Unit N) of Section 21, Township 30N, Range 4W, NMPM,
Rio Arriba County, New Mexico

Point of Penetration: 801 feet from the South line and 2430 feet from the West line
(Unit N) of said section

Terminus 800 feet from the South line and 2540 feet from the West line
(Unit N) of Section 21, Township 30N, Range 4W, NMPM, in said county
Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



The SE/4 of Section 21 and the SW/4 of Section 22 will be dedicated to the proposed well to form a project area comprising two standard 160-acre gas spacing units in the East Blanco-Pictured Cliffs Gas Pool (72400). This pool is governed by statewide Rule 15.10.C, which provides for 160-acre units, with wells located at least 660 feet from a unit outer boundary. This location is unorthodox because a portions of the producing interval will be less than 660 feet from the outer boundaries of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location due to difficulties encountered in attempting to complete the well in the producing area.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

Jurisdiction of this case 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', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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