



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

March 4, 2002

Lori Wrotenbery

Director

Oil Conservation Division

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

Administrative Order NSL-4703

Dear Mr. Corcoran:

Reference is made to the following: (i) your application (*application reference No. pKRV0-204328824*) that was submitted to the New Mexico Oil Conservation Division ("Division") on February 11, 2002; and (ii) the records of the Division in Aztec and Santa Fe: all concerning Energen Resources Corporation's ("Energen") request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, for a non-standard Blanco-Mesaverde replacement gas well location within a former standard 320-acre stand-up gas spacing and proration unit for the Blanco-Mesaverde Pool (72319) comprising the E/2 of Section 1, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

It is our understanding that initial development of Blanco-Mesaverde gas production within this 320-acre unit commenced in 1957 when Magnolia Petroleum Company drilled the Jicarilla "96" Well No. 4 (API No. 30-039-06749), formerly the Jicarilla "H" Well No. 4, at a standard gas well location 990 feet from the North and East lines (Unit A) of Section 1. Blanco-Mesaverde gas production ceased in this well in March, 1995 and in October, 1995 this well was plugged and abandoned.

Further, all of Sections 1, 2, 11, and 12, all in Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico is within a single Jicarilla Apache tribal oil and gas lease (Jicarilla Contract No. 96); therefore, there are no adversely affected offset mineral interests to the proposed well.

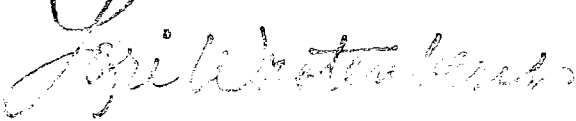
By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled as a replacement Blanco-Mesaverde gas well within this former 320-acre unit at an unorthodox gas well location is hereby approved:

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**Jicarilla "96" Well No. 4-R
1350' FNL & 2450' FEL (Unit G)
(API No. 30-039-26855).**

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque