



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

October 4, 2005

Mark Fesmire
Director
Oil Conservation Division

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401

Case 13588

Attention: **James C. Sullins**
District Landman

Re: Administrative application (Division administrative application reference No. pSEM0-523452115) initially filed on August 22, 2005, as amended with supplemental information received by the Division on October 3, 2005, for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool (71629) for Energen Resources Corporation's ("Energen") proposed Keyes "29-10-29" Well No. 2-S (API No. 30-045-33315) to be drilled as an infill coal gas well at an unorthodox location 160 feet from the South line and 525 feet from the East line (Unit O) of Section 29, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, within the existing standard 320-acre lay-down gas spacing unit comprising the S/2 of Section 29, which is currently dedicated to Energen's Keyes "29-10-29" Well No. 2 (API No. 30-045-28713), located at a standard coal gas well 1210 feet from the South line and 1670 feet from the West line (Unit N) of Section 29.

Dear Mr. Sullins:

On Thursday, September 29, 2005 the Division received a timely objection from the New Mexico State Land Office to the subject application, see copy of a letter from Mr. Jeff Albers attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for November 3, 2005. In order to expatiate this matter I have prepared the following advertisement in this matter:

Application of Energen Resources Corporation for an unorthodox infill coal gas well location, San Juan County, New Mexico. Applicant seeks an exception to the well location requirements provided the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," set forth in Division Order No. R-8768, as amended, for an unorthodox infill coal gas well location within an existing 320-acre lay-down gas spacing unit comprising the S/2 of Section 29, Township 29 North, Range 10 West, which is located approximately 4.5 miles east by south of Bloomfield, New Mexico. The applicant's proposed Keyes "29-10-29" Well No. 2-S (API No. 30-045-33315) is to be drilled at an unorthodox coal gas well location 160 feet from the South line and 525 feet from the East line (Unit O) of Section 29. This unit is currently dedicated to Applicant's Keyes "29-10-29" Well No. 2 (API No. 30-045-28713), located at a standard coal gas well 1210 feet from the South line and 1670 feet from the West line (Unit N) of Section 29.



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SEP 28 2005

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

OIL CONSERVATION DIVISION
COMMISSIONER'S OFFICE

Phone (505) 827-5760
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September 28, 2005

New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, New Mexico 87505

Attn: Michael Stogner

Re: Proposed Non Standard Location: Energen Resources
Keyes 29-10-29 Well #2S
160' FSL & 525' FEL, Section 29, Township 29 North, Range 10 West
San Juan County, New Mexico

Dear Mr. Stogner:

Please accept this statement as an objection to the above proposed well by Energen Resources from the Commissioner of Public Lands.

The proposed unorthodox location, and subsequent production from the Basin Fruitland Coal formation, would not be in the best interest of the New Mexico State Land Office with respect to its acreage ownership and participation in Section 32, Township 29 North, Range 10 West.

If you have any questions or care to discuss this further, please feel free to contact me.

Sincerely,

Jeff Albers, Petroleum Engineer
Oil, Gas & Minerals Division
(505) 827-5759
JA/ja

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University