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June 20, 2006

HAND DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

2006 JUN 20 PM 3 44

Re: Case No. 13751; Application of Energen Resources Corporation for Pool Extension and Promulgation of Special Pool Rules for the North Burtner Devonian Pool, Lea County, New Mexico

Dear Ms. Davidson:

Enclosed are an original and one copy of the Application in the above-referenced matter. Also enclosed is a disk containing a proposed advertisement for the case.

On behalf of the Applicant, we ask that this Application be set for hearing on the July 20, 2006 examiner hearing docket.

Very truly yours,

J. Scott Hall

JSH/jez

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

2006 JUN 20 PM 3 44

**IN THE MATTER OF THE APPLICATION OF
ENERGEN RESOURCES CORPORATION FOR
POOL EXTENSION AND SPECIAL POOL RULES
FOR THE NORTH BURTNER DEVONIAN POOL,
LEA COUNTY, NEW MEXICO**

CASE NO. 13751

APPLICATION

Applicant, Energen Resources Corporation, through its counsel, Miller Stratvert P.A. (J. Scott Hall), hereby makes application to the Oil Conservation Division for an order extending the pool boundaries of the North Burtner Devonian Oil Pool (97455) and the promulgation of special pool rules for production of oil from the Devonian formation, including provisions for 80 acre spacing units and designated well location requirements. In support of this Application, Energen Resources Corporation states:

1. The North Burtner Devonian Oil Pool was established by the Division following the completion of the Energen Saunders Deep State Well No. 1 (API No. 30-025-36859) located in Unit A (Lot 1) of Section 3, Township 15 South, Range 33 East, NMPM in Lea County, New Mexico. The referenced well was drilled to the Siluro-Devonian formation at a surface and bottom hole location 420' from the north line and 940' from the east line of said Section 3. The well was drilled to a total depth of 13,548' and produces from an open-hole completion from 13,542' to 13,548'.

2. As a result of the discovery of hydrocarbons in the Saunders Deep State Well No. 1, a new pool for the production from the Siluro-Devonian formation was identified and designated as the North Burtner Devonian Oil Pool (97455) consisting of the NE/4 of Section 3,

T 15 S, R 33 E. The North Burtner Devonian Oil Pool is currently produced on statewide rules, including 40 acre spacing and acreage dedication requirements.

3. Geologic and engineering data obtained from the Saunders Deep State Well No. 1 show that the well is located in a new common source of supply and that to efficiently produce the reserves from this new pool, special acreage dedication and well location requirements are appropriate.

4. Siluro-Devonian formation wells in the vicinity are capable of draining areas in excess of the standard 40 acre units assigned to such wells under the Division's Statewide Rules.

5. Applicant seeks the promulgation of special pool rules and regulations which provide for oil spacing units in the Siluro-Devonian formation comprised of 80 acre units with wells to be located no closer than 330' from the outer boundary of the quarter section on which the well is located and no closer than ten feet to any quarter quarter section line or inner subdivision.

6. Applicant also seeks the extension of the current horizontal boundaries of the North Burtner Devonian Oil Pool to include the NW/4 of Section 3, T 15 S, R 33 E.

7. The adoption of special pool rules and regulations for the North Burtner Devonian Oil Pool and the extension of the pool to include the NW/4 of said Section 3 is necessary and appropriate for the orderly and efficient development of Siluro-Devonian formation oil reserves. Siluro-devonian formation oil reserves in the vicinity are best developed and produced on 80 acre units so that the unnecessary dissipation of reservoir energy, the violation of correlative rights, a reduction of the ultimate recovery of reserves and the drilling of unnecessary wells may be avoided.

WHEREFORE, Energen Resources Corporation requests this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 20, 2006 and that after notice and hearing is required by law and the Rules of the Division, the Division enter its order granting this Application and providing such other relief as deemed appropriate.

Respectfully submitted:

MILLER STRATVERT P.A.

By: J. Scott Hall

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