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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 25, 2000

HAND DELIVERED

Mr. Mark Ashley, Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: *NMOCD Case No. (pending)*

*Application of Energen Resources Corporation
for administrative approval of additional
injection wells for its Langlie Lynn Queen Unit
Waterflood Project, Lea County, New Mexico*

Case 12614

00 APR 26 AM 7:39

OIL CONSERVATION DIV.

Dear Mr. Ashley:

I represent Lanexco, Inc. ("Lanexco") who has filed an objection to the referenced application.

By letter dated March 15, 2000, Energen Resources Corporation ("Energen") notified Lanexco that it was seeking approval to inject water into the Seven Rivers Queen Grayburg formations through the following nine (9) additional injection wells: Unit Wells 3, 5, 7, 9, 12, 14, 16, 18 and 23. By letter dated March 23, 2000, Lanexco filed its objection to these wells.

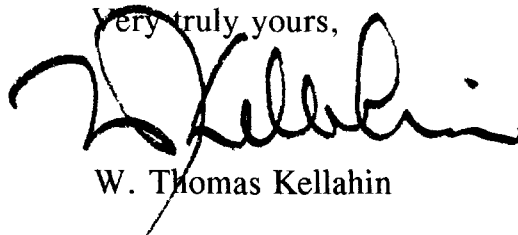
A review of Energen's application shows that Lanexco's El Paso State Well No. 1 located 1880 feet FSL and 1650 feet FEL of Section 22, T23S, R36E (a well producing from the Yates-Seven Rivers formations of the Jalmat Pool) is within the one-half mile radius of review for Energen's proposed injection wells 23, 9 and 3.

Mark Ashley
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Energen's Unit Well No. 23 is only 300 feet west of the Lanexco well and as a result of Lanexco's objection, by letter dated April 20, 2000, Energen withdrew its application for this well but incorrectly stated that Lanexco's objection was limited only to Unit Well No. 23. I wish to inform you that Lanexco continues to be concerned about the probability that water injected by Energen in any injection well in its Langlie Lynn Queen Unit will adversely affect Lanexco's well.

Because Division rules only allow Lanexco an opportunity to object to those injection wells within one-half mile, Lanexco requests that the Division set a hearing concerning Energen's proposed use of Unit Wells 3 and 9 for injection.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cfx: Lanexco, Inc.
Attn: Robert Lansford
(505) 395-3205
Energen Resources, Inc.
Attn: Kenneth Gray
(915) 687-1155