



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 22, 2005

**Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401**

Attention: James C. Sullins

Administrative Order NSL-3173-A

Dear Mr. Sullins:

Reference is made to the following: (i) your application (***administrative application reference No. pMES0-504949434***) filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on February 17, 2005; and (ii) the Division's records in Aztec and Santa Fe, including the file on Division Administrative Orders NSL-1342, NSL-1342-A, and NSL-3173: all concerning Energen Resources Corporation's ("Energen") request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing 320-acre standard lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**) comprising the N/2 of Section 24, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*;" (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to Energen's Archunde 29-10-24 Well No. 1 (**API No. 30-045-28765**), located at an unorthodox coal gas well location (approved by Division Administrative Order NSL-3173, dated October 1, 1992) 1030 feet from the North line and 640 feet from the East line (Unit A) of Section 24.

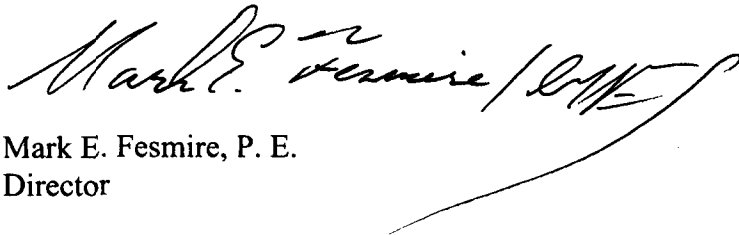
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described unorthodox infill coal gas well location to be drilled within this 320-acre gas spacing unit is hereby approved:

Archunde 29-10-24 Well No. 1-S
505' FNL & 1445' FWL (Unit C).

Further, Energen is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Archunde 29-10-24 Well No. 1 with the proposed Archunde 29-10-24 Well No. 1-S.

Jurisdiction of this cause 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" followed by a stylized flourish or initials.

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Aztec
File: NSL-3173