



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

February 5, 2001

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

Administrative Order NSL-475-A

Dear Mr. Corcoran:

Reference is made to the following: (i) your application dated December 13, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated January 2, 2001 from Mr. Michael E. Stogner, Engineer in Santa Fe; (iii) your response by letter dated January 10, 2001 with additional data; and (iv) the records of the Division in Santa Fe and Aztec: all concerning Energen Resources Corporation's request for a replacement Pictured Cliffs gas well to be drilled at an unorthodox location within a standard 167.85-acre gas spacing and proration unit comprising Lots 5 and 7 and the W/2 NE/4 (NE/4 equivalent) of Section 19, Township 29 North, Range 9 West, NMPM, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico.

Initial development of Aztec-Pictured Cliffs Pool gas production within the subject 167.85-acre gas spacing and proration unit commenced in 1971 when El Paso Natural Gas Company drilled its Lackey Well No. 4 (API No. 30-045-20727) at an unorthodox gas well location (approved by Division Administrative Order NSL-475, dated December 7, 1970) 2134 feet from the North line and 1190 feet from the West line (Lot 7/Unit H) of Section 19.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that the Lackey Well No. 4 has been producing gas from the Pictured Cliffs interval since from 1971 to 1998 when a casing leak occurred. It is further understood that Energen intends to plug and abandon the Lackey Well No. 4 once the proposed replacement well has been successfully drilled and completed.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled as a replacement Fruitland Sand/Pictured Cliffs gas well on this 167.85-

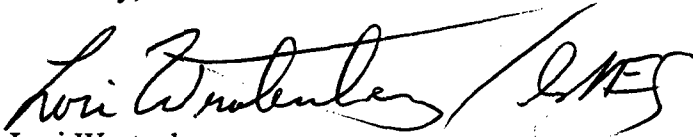
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acre gas spacing and proration unit at an unorthodox location is hereby approved:

**Lackey Well No. 4-R
2430' FNL & 1765' FEL (Unit G)
(API No. 30-045-30436)**

Further, Division Administrative Order NSL-475 shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or mark that resembles "LWES".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-475 /