



# New Mexico Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**John H. Bemis**  
Cabinet Secretary-Designate

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Daniel Sanchez**  
*Acting Division Director*  
**Oil Conservation Division**



April 5, 2011

Energen Resources Corporation  
Attn: Mr. David M. Poage  
2010 Afton Place  
Farmington, NM 87401

## Administrative Order NSL-6358

**Re: San Juan 32-5 Unit Well No. 111**  
**API No. 30-039-26637**  
**1005 feet FNL & 680 feet FEL**  
**Unit A (Lot1), Section 31-32N-5W**  
**Rio Arriba County, New Mexico**

Dear Mr. Poage:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-06656991**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 7, 2011, and

(b) the Division's records pertinent to this request.

Energen Resources Corporation (Energen) [OGRID 162928] has requested to complete the above-referenced well as a horizontal well in the Fruitland Coal formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The surface location and proposed point of penetration and terminus of the well in the Fruitland Coal are as follows:

Surface Location: 1005 feet from the North line and 680 feet from the East line  
(Unit A, Lot 1) of Section 31, Township 32N, Range 5W, NMPM,  
Rio Arriba County, New Mexico

Oil Conservation Division  
1220 South St. Francis Drive • Santa Fe, New Mexico 87505  
Phone (505) 476-3440 • Fax (505) 476-3462 • [www.emnrd.state.nm.us/OCD](http://www.emnrd.state.nm.us/OCD)



Point of Penetration: 1187 feet from the North line and 661 feet from the East line  
(Unit A, Lot 1) of said section

Terminus 760 feet from the South line and 1100 feet from the West line  
(Unit P, Lot 4) of said section

All of irregular Sections 30 and 31 constitute an existing non-standard, 345.59-acre, more or less, gas spacing unit established by Administrative Order NSP-1847, issued on August 22, 2001. This unit will be dedicated to the proposed well to form a project area in the Basin Fruitland Coal Gas Pool (71629). Spacing in this pool is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally for 320-acre units with wells to be located at least 660 feet from any unit boundary.

This location is unorthodox because a portion of the producing interval will be less than 660 feet from the eastern boundary of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for engineering reasons.

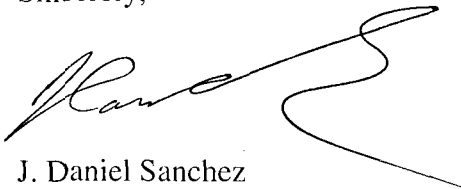
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case 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 'J. Daniel Sanchez', with a long, sweeping horizontal line extending to the right.

J. Daniel Sanchez  
Acting Director

JDS/db

cc: New Mexico Oil Conservation Division -  
United States Bureau of Land Management