



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 3, 2002

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

Administrative Order NSL-4815

Dear Mr. Corcoran:

Reference is made to your application (**administrative application reference No. pKRV0-230453299**) received by the New Mexico Oil Conservation Division ("Division") on October 28, 2002 and the Division's records in Santa Fe and Aztec; all concerning Energen Resources Corporation's (Energen) request for:

- (i) an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987, as revised, and;
- (ii) an exception to the well location requirements in Division Rule 104.C.3 for wildcat gas wells spaced on 160 acres and therefore not covered by Rule 104.C.1,2.

Energen's non-standard location request is for the proposed **Jicarilla 96 Well No. 4Y (API No. 30-039-26888)** to be drilled 1560 feet from the South line and 2340 feet from the East line, Unit J of Section 1, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 1. This E/2 GPU previously had Mesaverde production from Energen's Jicarilla 96 Well No. 4 (**API No. 30-039-06749**), located at a standard gas well location 990 feet from the North line and 990 feet from the East line, Unit A of Section 1 (Plugged and Abandoned October 23, 1995). In addition, Energen's Jicarilla 96 Well No. 4R (**API No. 30-039-26855**), located at a non-standard (NSL-4703) gas well location 1350 feet from the North line and 2450 feet from the East line, Unit G of Section 1 has no production from any formation reported in the past three (3) years.

Gas production from the Wildcat-Mancos is to be included within a SW/4 160-acre standard spacing unit – currently no production reported.

This application has been duly filed under the provisions of: (i) Division Rule 104.F, as

revised; and (ii) the applicable provisions of the special rules governing the Blanco-Mesaverde Pool.

This well is to be located 300 feet from the West edge of this standup 320-acre E/2 spacing and proration unit. Division Rule 104.C.3 requires wildcat gas wells not covered by Rule 104.C.1,2 to be located within 660 feet of the boundary of a standard 160 acre spacing unit. Statewide Division Order R-10987-A – pertaining to the Blanco-Mesaverde Pool - requires wells to be located at least 660 feet from the North, South, East, or West lines of the GPU and this order is still in effect for Indian leases.

All of Sections 1, 2, 11, and 12, all in Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico is within a single Jicarilla Apache Nation oil and gas lease (Jicarilla Contract No. 96); therefore, there are no adversely affected offset mineral interests to the proposed well. Energen has provided notice to affected working interest owners in the W/2 of Section 1 and received no objections to this location. It is our understanding that this unorthodox location was chosen to optimize reservoir recovery and prevent waste.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, and the applicable provisions governing the Blanco-Mesaverde Pool; the above-described unorthodox Wildcat-Mancos and/or infill Blanco-Mesaverde gas well location for Energen's Jicarilla 96 Well No. 4Y drilled in Unit J of Section 1 is hereby **approved**.

Further, the aforementioned wells and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in northwest New Mexico.

Sincerely,



Lori Wrotenbery
Director

LW/wvjj

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management – Albuquerque