



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

RECEIVED OCD

2010 JAN -4 P 4:41

January 4, 2010

Florene Davidson  
New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Re: In the Matter of the Application of Energen Resources Corporation for  
Compulsory Pooling, Rio Arriba County, New Mexico, NMOCD Case No. 14421**

Dear Ms. Davidson:

Enclosed for filing is the original and two copies of Application of Energen Resources Corporation for Compulsory Pooling. I have enclosed an extra copy for return to our office.

Please set this matter for hearing on February 4, 2010. Thank you.

Very truly yours,

Karen Williams  
Assistant to J. Scott Hall

JSH:kw  
Enclosures

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

---

6301 Indian School Road NE, Suite 400  
Albuquerque, New Mexico 87110  
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

RECEIVED OCD  
2010 JAN -4 P 4:41

IN THE MATTER OF THE APPLICATION  
OF ENERGEN RESOURCES CORPORATION  
FOR COMPULSORY POOLING,  
RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 14424

**APPLICATION**

ENERGEN RESOURCES CORPORATION by its undersigned attorneys, Montgomery and Andrews, P.A., (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests in the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool, underlying all of irregular Section 9, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, to form a 273.12-acre  $\pm$  spacing and proration unit. Applicant would show the Division:

1. Applicant owns certain working interests in and under Section 9 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Carracas 9 B Well No. 16-H drilled to a depth sufficient to test the Fruitland Coal Formation, Basin-Fruitland Coal Gas Pool (71629), underlying Section 9. Pursuant to the provisions of Order No. R-13119, the well will be directionally drilled from an unorthodox surface location 2043 feet from the South line and 220 feet from the West line in Section 9, penetrating the Fruitland Coal formation at a point 1,400 feet from the South line and 760 feet from the West line of Section 9, with a standard bottom hole location 1,400 feet from the South line and 760' from the East line of Section 9, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying Section 9.


5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

6. The pooling of interests and approval of the unorthodox well location will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on February 4, 2010 and that after notice and hearing as required by law, the Division enter its Order approving the unorthodox well location and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

MONTGOMERY & ANDREWS, P.A.

By:

  
J. Scott Hall  
Attorneys for Energen Resources Corporation  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873

**Case No. ~~14424~~;** *Application of Energen Resources Corporation for Compulsory Pooling, Rio Arriba County, New Mexico.* Applicant seeks an order pooling all mineral interests in the Fruitland Coal formation, (Basin-Fruitland Coal Gas Pool) underlying irregular Section 9, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, forming a 273.12 acre  $\pm$  spacing and proration unit to be dedicated to the Carracas 9 B Well No. 16-H. Pursuant to the provisions of Order No. R-13119, the well will be directionally drilled from a surface location 2043 feet from the South line and 220 feet from the West line in Section 9, penetrating the Fruitland Coal formation at a point 1,400 feet from the South line and 760 feet from the West line of Section 9, with a standard bottom hole location 1,400 feet from the South line and 760' from the East line of Section 9, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Energen Resources Corporation as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 6 miles south of Arboles, Colorado.