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PLEASE REPLY TO SANTA FE

March 23, 1999

12166

HAND-DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application of Energen Resources Corporation for Compulsory Pooling,
Rio Arriba County, New Mexico (Carson No. 4)

Dear Florene:

Enclosed are the original and two copies of the Application of Energen Resources Corporation for Compulsory Pooling, Rio Arriba County, New Mexico. We request that this matter be scheduled for hearing on the April 15, 1999 examiner hearing docket.

Enclosed is a proposed advertisement for the referenced Application.

Thank you for your assistance.

Very Truly Yours,

J. Scott Hall

J. Scott Hall

OIL CONSERVATION DIV.
99 MAR 23 AM 11:06

Ms. Florene Davidson

March 23, 1999

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JSH:cw

Enclosure:

cc: Rich Corcoran

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

IN THE MATTER OF THE APPLICATION OF
ENERGEN RESOURCES CORPORATION FOR
COMPULSORY POOLING FOR AN INITIAL
WELL AND FOR AN INFILL WELL, RIO ARRIBA
COUNTY, NEW MEXICO

CASE NO. 12166

99 MAR 23 AM 11:06

OIL CONSERVATION DIV.

APPLICATION

ENERGEN RESOURCES CORPORATION, by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., hereby makes application pursuant to NMSA 1978 Section 70-2-17 for an order pooling all of the mineral interests in the Mesa Verde formation and the Dakota formation in and under the W/2 of Section 19, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, and in support thereof would show the Division:

1. Applicant owns certain working interests in and under the W/2 of Section 19, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled units to its Carson No. 4 well to be drilled at a standard location 1,561 feet from the north line and 946 feet from the west line (Unit E) of said Section 19.
3. Applicant also seeks approval to dedicate the above-referenced pooled units to its Carson No. 4-M infill well to be drilled at a standard infill location 794 feet from the south line and 1,551 feet from the west line (Unit L) of said Section 19, following the successful completion of the initial Carson No. 4 well referenced above.

4. Applicant has been unable to obtain voluntary agreement for pooling or farmout from certain other interest owners in the W/2 of said Section 19.

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 wells.

6. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant prays that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on April 15, 1999 and that after notice and hearing as required by law, the Division enter its Order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing each of the wells, its costs of supervision while drilling and after completion, including overhead charges, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the wells, and making such other and further provisions as maybe proper in the premises.

Submitted by,

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall
J. Scott Hall
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614

Attorneys for Energen Resources Corporation

Case 12166

Application of Energen Resources Corporation for Compulsory Pooling,
Rio Arriba County, New Mexico. (Carson No. 4)

Applicant seeks an order pooling all mineral interests in the Mesa Verde and Dakota formations the W/2 of Section 19, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, forming standard 320 acre spacing and proration units respectively. Said units are to be dedicated to Applicant's Carson No. 4 well which is to be located in Unit E of said Section 19. Applicant also seeks approval to dedicate the pooled units to its Carson No. 4-M infill well to be drilled at a standard infill location in unit L of said Section 19, following the completion of the Carson No. 4 well. Also to be considered will be cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. Said wells are located approximately 6 miles northeast of Gobernador, New Mexico.

OIL CONSERVATION DIV.
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