



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 27, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Energen Resources Corporation
Attention: Richard P. Corcoran
2198 Bloomfield Highway
Farmington, New Mexico 87501

Case 12728

RE: *Administrative application (reference No. pKRV0-121853708) of Energen Resources Corporation ("Energen") for a non-standard 355.25-acre gas spacing and proration unit comprising all of irregular Sections 18 and 19, Township 32 North, Range 5 West, NMPM, Basin-Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico, to be dedicated to Energen's proposed San Juan "32-5" Unit Well No. 112 (API No. 30-039-26720) to be drilled at an unorthodox coal gas well location 410 feet from the South line and 150 feet from the West line (Lot 4/Unit P) of irregular Section 19.*

Dear Mr. Corcoran:

On Thursday, August 23, 2001 the Division received objections from John C. Candelaria, Thomas J. Candelaria, and David J. Candelaria, all of Salt Lake City, Utah, to the subject application (see copies of letters attached). Energen filed this application with the Division's Santa Fe office on August 2, 2001. The Division realizes and notes that the time period from the receipt date of the application to the date the objections were filed is 21 days. However, closer review of the application, notice letters, and post marks reveals that: (i) Energen's notice letter to all affected parties provides the incorrect address for the Division, which changed locations in Santa Fe in January, 2001 from the old address shown to its new location at 1220 South St. Francis Drive, Santa Fe, NM 87504; and (ii) the single envelope containing these three objections was post marked August 18, 2001 and had posted a computer generated address correction notice from the Santa Fe's post office dated August 22, 2001.

The Division will honor these objections and hereby orders this matter be set for hearing before a Division Hearing Examiner on the next available docket scheduled for September 20, 2001. I have prepared the following advertisement in this matter:

"Application of Energen Resources Corporation for a non-standard gas spacing and proration unit and an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant seeks to establish a non-standard 355.25-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool comprising all of irregular Sections 18 and 19, Township 32 North, Range 5 West, which is located approximately one to three miles south of the New Mexico/Colorado state line at Mile Corner No. 240. This unit is to be dedicated to Energen's proposed San Juan "32-5" Unit Well No. 112 (API No. 30-039-26729) to be drilled at an unorthodox coal gas well location 410 feet from the South line and 1320 feet from the East line, or 150 feet from the West line (Lot 4/Unit P) of irregular Section 19".

Energen Resources Corporation
August 27, 2001
Page 2

Should there be any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", is written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
David J. Candelaria - Salt Lake City
Thomas J. Candelaria - Salt Lake City
John C. Candelaria - Salt Lake City
J. Scott Hall, Legal Counsel for Energen Resources Corporation - Santa Fe
Kathy Valdes - OCD, Santa Fe