



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

March 6, 2003

Energen Resources Corporation
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87501

Telefax No. (505) 982-2047

Re: *Administrative Amendment to Division Order No. R-11848*

Dear Mr. Kellahin:

Reference is made to your letter of application dated February 28, 2003 for an exception to the well location requirements of the "*Special Rules for the Tapacito-Pictured Cliffs Pool*," as promulgated by Division Order No. R-10987, issued in Case No. 11705 on May 7, 1998.

Division Order No. R-11848, issued in Case No. 12857 on October 25, 2002, authorized Burlington Resources Oil & Gas Company L.P., BP-Amoco, and Energen Resources Corporation ("Energen") to conduct a 30-well 80-acre pilot infill study program in the Pictured Cliffs formation within 30 existing 160-acre, more or less, gas spacing units located in Rio Arriba, San Juan, and Sandoval Counties, New Mexico. One such unit included in the study program identified in Paragraph (25) of Exhibit "A" attached to Division Order No. R-11848 was Energen's existing standard 160-acre gas spacing unit in the Tapacito-Pictured Cliffs Pool (85920) comprising the SW/4 of Section 18, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, which is currently dedicated to Energen's Jicarilla "98" Well No. 7 (API No. 30-039-06433), located at a standard gas well location 790 feet from the South and West lines (Unit M) of Section 18. Whereby Energen proposed to drill its Jicarilla "98" Well No. 12-A at a standard infill gas well location 1160 feet from the South line and 1920 feet from the West line (Unit N) of Section 18.

Energen has identified Section 18 as being an irregular sized section due to the convergence of meridians and the "SW/4 of Section 18" consist of Lots 3 and 4 along the western one-half of the quarter section and the NE/4 SW/4 and SE/4 SW/4. The SW/4 equivalent of Section 18 comprises only 145.07 acres. This irregularity results in the location of Energen's proposed Jicarilla "98" Well No. 12-A being only 478 feet off of the eastern boundary of the unit.

This application has been duly filed under the applicable provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, Division Rule 605, and the special rules for the Tapacito-Pictured Cliffs Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the Tapacito-Pictured Cliffs Pool, Energen's proposed Jicarilla "98" Well No. 12-A, to be drilled at an unorthodox infill gas well location 1160 feet from the South line and 1920 feet from the West line (Unit N) of irregular Section 18 is hereby approved.

Both aforementioned wells and existing 145.07-acre gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico. Further, the provisions of Division Order No. R-11848 shall remain in full force and affect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenberg / LWF". The signature is fluid and cursive.

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Case No. 12857