

BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
ENERGEN RESOURCES CORPORATION FOR)
AN ORDER ALLOWING THE SECOND WELL)
IN AN ESTABLISHED 320-ACRE DRILLING) CAUSE NO. 112
AND SPACING UNIT TO BE A HORIZONTAL)
WELL MODIFYING ESTABLISHED SETBACKS) Docket No. _____
AND FOR THE RIGHT TO PRODUCE TWO)
FRUITLAND COAL WELLS PARTIALLY)
LOCATED WITHIN THE SAME QUARTER)
SECTION COVERING THE FRUITLAND COAL)
SEAM FORMATION, IGNACIO-BLANCO)
FIELD, ARCHULETA COUNTY, COLORADO)

APPLICATION

COMES NOW Energen Resources Corporation (referred to herein as “Applicant”), by and through its undersigned attorneys, makes application to the Oil and Gas Conservation Commission of the State of Colorado, for an order to permit the second authorized well in an established drilling and spacing unit for the Fruitland Coal Seam formation to be a horizontal well requiring a modification to existing setbacks. In support thereof, the Applicant states and alleges as follows:

1. That the Applicant is the owner of leasehold interests in Archuleta County, Colorado, located within the area requested for spacing.
2. That the Applicant is requesting that the second authorized well be a horizontal well in an existing 320-acre drilling and spacing unit for the Fruitland Coal Seam formation covering lands in Archuleta County, Colorado, described as follows:

Township 32 North, Range 5 West
Section 5: W/2

3. That there currently exists one Fruitland Coal Seam well in the 320-acre drilling and spacing unit at issue, to wit: the Dungan 32-5 #5-1 a vertical well located in the SW/4 (955’ FSL and 1422’ FWL). Applicant proposes to drill the second well in this established drilling and spacing unit, the Dungan 32-5 #5-2 well, at a surface location in the NW/4 (1640’ FWL and 1135’ FNL). However, Applicant requests that this proposed well be a horizontal well, the producing leg of which shall be drilled in a southerly direction with a proposed bottomhole location in the SW/4 of Section 5 no closer than 1800’ FSL and 660’ FWL. Applicant requests the right to produce from both wellbores located partially in the SW/4. All owners in the 320-acre spacing unit are common and no violation of correlative rights exists by allowing both permitted wells to be produced from the SW/4 of Section 5.
4. On June 15, 1988, the Commission issued Order No. 112-60 which established 320-acre drilling and spacing units for production of gas from the Fruitland Coal Seam formations. Said units shall remain as previously established. Moreover, on May 15, 2000 the Commission issued Order No. 112-157 which permitted a second Fruitland Coal Seam Formation well in each 320-acre drilling and spacing unit with such additional wells being located no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line. Applicant proposes that the second authorized well in the 320-acre unit be drilled and completed as proposed above no closer than 660 feet to any outer boundary of the unit and that the 130 feet setback to an interior quarter section line be eliminated in the W/2 of Section 5.
5. In support of the requested order, Applicant asserts that two vertical wells will not efficiently and economically drain the 320-acre drilling and spacing unit described herein, and that the proposed horizontal well is necessary to prevent waste, protect correlative rights and to recover gas and associated hydrocarbons from the Fruitland coal formation all in accordance with the Colorado statutes, the rules and regulations of this Commission.

6. That the Director may without further notice and hearing approve exceptions to permitted well locations due to topography or surface hazards at permitted locations, provided that the Director is satisfied that appropriate notice of such exception location is afforded to offset owners as required by Commission rules.

7. Applicant further states that the requested well can be developed in a manner consistent with protection of public health, safety and welfare and in a manner consistent with protection of the environment.

8. Exhibit A attached hereto and made part hereof is the list of the names of "Owners" required to be notified in accord with Commission Rule 508(a), including within the areas covered by this Application. To the best of Applicant's knowledge and belief, Exhibit A contains the names of all such owners.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order:

A. Allowing the second Fruitland Coal well to be completed in the 320-acre drilling and spacing unit for gas and associated hydrocarbons from the Fruitland Coal Seam formation underlying the W/2 of Section 5, T32N, R5W located as described in paragraph 3 and 4 above subject to the Director approving exceptions for the permitted well location as provided in paragraph 6 above.

B. That the proposed horizontal well maintain a 660' set back from the outer boundary of the drilling and spacing unit and that the 130' interior line setback be waived with respect to this proposed horizontal well.

C. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this _____ day of October, 2005.

Respectfully submitted,

ENERGEN RESOURCES CORPORATION

By:

Michael J. Wozniak
BEATTY & WOZNIAK, P.C.
216 16th Street, Suite 1100
Denver, CO 80202
(303) 407-4499

Applicants' Address:

605 Richard Arrington, Jr. Blvd North
Birmingham, AL 35203

VERIFICATION

STATE OF ALABAMA)
) ss.
COUNTY OF JEFFERSON)

Robert W. Plumb, of lawful age, being first duly sworn upon oath, deposes and says that he is the District Landman for Energen Resources Corporation and that he has read the foregoing Application and that the matters therein contained are true to the best of my knowledge, information and belief.

Robert W. Plumb

Subscribed and sworn to before this ____ day of October, 2005.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A

Interested Parties

Ben Malone
Burlington Resources Oil & Gas Company LP
P.O. Box 4289
Farmington, New Mexico 87499-4289

Rex H. Richardson, Jr.
Red Willow Production Co.
P.O. Box 369
Ignacio, Colorado 81137

David K. Roberts
William M. Roberts
James L. Roberts
P.O. Box 2203
Ruidoso, New Mexico 88355

Mary A. Tatum
P.O. Box 7392
North Kansas City, Missouri 64116

Bank of America Corp., Trustee U/A
for Mary Ann Tatum Grantor Trust No. 1016-10
P.O. Box 2546
Fort Worth, Texas 76113

James R. Tatum
P.O. Box 2113
South Padre Island, Texas 78597

Bank of America Corp., Trustee U/A
for Mary Ann Tatum Grantor Trust No. 1016-10
P.O. Box 2546
Fort Worth, Texas 76113

Cyril R. Porthouse
1243 Lake Roger Drive
Kent, Ohio 44240

BP America Production Company
380 Airport Road
Durango, Colorado 81303
Attention: Mr. Gary A. Weitz

Evelyn E. Brennan and
William J. Brennan, J/T
6209 East McKellips Road, Space #21
Mesa, Arizona 85215-2835

Elvira Esquibel
1242 Valle Alto CT NW
Albuquerque, New Mexico 87107

Dick E. Heifner
1604 3rd Street
Woodward, Oklahoma 73801

Murlin Dale Heifner
5499 E. 113 Avenue
Thornton, Colorado 80233

Bert R. Kirk
10524 US HWY 60
Fordland, Missouri 65652

Pete F. Quintana and
Grace Quintana, J/T
1585 County Road 973
Ignacio, Colorado 81137

Robert L. Swanemyr and
Betty L. Swanemyr, J/T
3015 CR 975
Ignacio, Colorado 81137-9640

Connie J. Walker
18555 E. CO 4th Street
Yuma, Arizona 85365

Robert C. Peck, Jr. and
Victoria Mosley Peck
1954 North Mitkof Loop
Eagle River, Alaska 99577