

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 AN OPTIONAL THIRD)
WELL IN AN ESTABLISHED 320-ACRE) CAUSE NO. 112
DRILLING AND SPACING UNIT AND FOR THE)
RIGHT TO PRODUCE TWO FRUITLAND COAL) Docket No. _____
UNITS 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 an optional third well in an established drilling and spacing unit for the Fruitland Coal Seam formation. 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 one (1) option well be permitted 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 6 West
Section 13: N/2

3. That there currently exist two Fruitland Coal Seam wells in the 320-acre drilling and spacing unit at issue, to wit: the Schumacher 32-6 #13-1 a vertical well located in the NE/4 (1145' FNL and 800' FEL) and a horizontal well, the Schumacher 32-6 #13-2 well which has a surface location in the NE/4 (1185' FNL and 815' FEL) which was intended to bottomhole in the NW/4 of Section 13. However, due to experiencing mechanical difficulties, the well reached total depth at a bottomhole in the NE/4 (1573' FNL and 2484' FEL). In order to prevent a waste of this wellbore, Applicant requests the right to produce from both wellbores in the NE/4 and to requests the right to produce another well at a legal location in the NW/4 of Section 13, thereby allowing three (3) Fruitland Coal Seam Formation Wells in the N/2 of Section 13, T32N, R6W. 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 NE/4 of Section 13.

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 an optional third well in the 320-acre unit be drilled and completed in the operator's discretion in the NW/4 of Section 13 no closer than 990 feet to any outer boundary of the unit and no closer than 130 feet to an interior quarter section line.

5. In support of the requested order, Applicant asserts that two wells will not efficiently and economically drain the 320-acre drilling and spacing unit described herein, and that an additional 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 wells 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. Establishing that up to three (3) Fruitland Coal wells may be completed in the 320-acre drilling and spacing unit for gas and associated hydrocarbons from the Fruitland Coal Seam formation underlying the N/2 of Section 13, T32N, R6W with the third well being an optional well at a legal location in the NW/4 of Section 13 in the discretion of the operator. The permitted wells shall be located as described in paragraph 3 above subject to the Director approving exceptions for the permitted well location as provided in paragraph 6 above.

B. That the Schumacher 32-6 #13-1 and #13-2 wells as presently located be two (2) of the permitted wells in the spacing unit at issue.

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

DATED this 11th day of April, 2005.

Respectfully submitted,

ENERGEN RESOURCES CORPORATION

By: _____
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Applicants' Address:

605 21st Street 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 April, 2005.

Witness my hand and official seal.
My commission expires:

Notary Public

EXHIBIT A

Interested Parties

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

T.H. McElvain Oil & Gas Limited
Partnership
1050 17th Street, Suite 1800
Denver, Colorado 80265
Attention: Ms. Denise Greer

Johnson Oil & Gas
(no address found)

Heirs of Hazel Abraham
(no address found)

InterFirst Bank, Fort Worth, Trustee
(no address found)

Ralph A. Johnston
(no address found)

Gertrude Bates
(no address found)

V.A. Johnston
V.A. Johnston Family Trust
David Prewitt & Michael Chesser, Co-
Trustees
P.O. Box 825
Ralls, Texas 79357-0825

Orville C. Rogers et al, Trustees
9319 LBJ Freeway, Suite 204
Dallas, Texas 75243

Orville C. Rogers et al, Trustees
3840 W. Bay Circle
Dallas, Texas 75214-2925

Estate of William G. Strong
Margaret F. Strong, Executress
c/o Howard W. Wayne, Attorney
1936 University Avenue
Berkley, California 94704

Ruth Lopez
613 Norgard Ct.
Sacramento, California 95833

Dominic Pellascini
(no address found)

L.H. Grazzale
(no address found)

Shriners Hospital for Crippled Children
c/o Northern Trust Bank of Texas
P.O. Box 226270
Dallas, Texas 75222-6270

Father Flanagan's Boys Town
c/o Phillip J. Ruden, V.P.
14100 Crawford Street
Boystown, NE 68010

Christian Science Church
21 6th Street
Petaluma, CA 94952

Arnold L. Peterson
(no address found)