

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 A HORIZONTAL)
WELL IN AN ESTABLISHED 320-ACRE) CAUSE NO. 112
DRILLING AND SPACING UNIT AND FOR AN)
EXCEPTION TO ESTABLISHED SETBACKS IN) Docket No. _____
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 a horizontal well in an established drilling and spacing unit for the Fruitland Coal Seam formation 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 to drill and complete 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, N.M.P.M.
Section 5: E/2

3. Applicant proposes to drill a horizontal well in this established drilling and spacing unit, the Dungan 32-5 #5-3 well, at a surface location in the NW/4 (1670’ FWL and 1030’ FNL) on a common pad with the existing Dungan 32-5 #5-2 Well. However, Applicant requests that this proposed well be a horizontal well, which shall be drilled in an easterly direction with the proposed production leg and bottomhole location in the NE/4 of Section 5 no closer than 660’ FWL and 660’ FEL of the E/2 drilling and spacing unit. All owners in the 320-acre spacing unit are common and no violation of correlative rights shall be caused by this horizontal well to be produced from the E/2 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 formation. 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 subject well in the established 320-acre unit be drilled and completed as proposed above with the horizontal producing leg being no closer than 660 feet to any outer boundary of the unit.
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" who have not granted a waiver to date and who are therefore required to be notified in accord with Commission Rule 507 b.4. 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 proposed horizontal 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 E/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 productive portion of the proposed horizontal well maintain a 660' set back from the outer boundary of the established drilling and spacing unit.

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

DATED this _____ day of December, 2005.

Respectfully submitted,

ENERGEN RESOURCES CORPORATION

By: _____
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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 December, 2005.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A

Interested Parties

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