

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

IN THE MATTER OF THE APPLICATION OF)
ENERGEN RESOURCES CORPORATION)
AND GOSNEY & SONS, INC. FOR AN ORDER)
ALLOWING OPTIONAL THIRD AND FOURTH) CAUSE NO. 112
WELLS IN ESTABLISHED 320-ACRE)
DRILLING AND SPACING UNITS COVERING) Docket No. _____
THE FRUITLAND COAL SEAM FORMATION,)
IGNACIO-BLANCO FIELD, ARCHULETA AND)
LA PLATA COUNTIES, COLORADO)

APPLICATION

Energen Resources Corporation and Gosney & Sons, Inc. (collectively referred to herein as “Applicants”), by and through their undersigned attorneys, makes application to the Oil and Gas Conservation Commission of the State of Colorado, for an order to permit an optional third and fourth well in established 320-acre drilling and spacing units for the Fruitland Coal Seam formation. In support thereof, the Applicants state and allege as follows:

1. That the Applicants are the owners of numerous leasehold interests in Archuleta and La Plata Counties, Colorado, located within the area requested for infill drilling.

2. That the Applicants are requesting that two (2) optional infill wells be permitted in each existing drilling and spacing unit of 320 acres for the Fruitland Coal Seam formation covering the lands described on Exhibit A attached hereto and incorporated by reference. Applicants further request that either or both of such optional infill wells be permitted to be drilled and completed as directional wells. Moreover, Applicants request that they be granted the option with respect to any previously authorized but undrilled “parent” wells to drill and complete such wells as vertical, directional or horizontal wells.

3. That insofar as this Application concerns lands within the jurisdiction of the Southern Ute Indian Tribe, it is submitted to this Commission in accordance with the terms of the Memorandum of Understanding dated August 22, 1991 between the Bureau of Land Management (“BLM”) and this Commission and separate Memorandum of Understanding dated August 22, 1991 between the Bureau of Indian Affairs, the BLM and the Southern Ute Indian Tribe. In certain of the lands described on Exhibit A, the Southern Ute Indian Tribe owns surface interests, mineral interests or leasehold interests underlying such lands.

4. In support of the requested order, Applicants assert that two wells previously authorized will not efficiently and economically drain each of the 320-acre drilling and spacing units described in Exhibit A, and that additional wells are 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 and, with respect to Tribal lands, applicable rules and regulations of the BLM.

5. 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 and as described on Exhibit A. 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 (or smaller unit due to irregular or state line sections) 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.

Applicants propose that optional third and fourth wells in each 320-acre unit or with respect to any previously authorized undrilled parent wells, whether such wells are directional or horizontal completions, be completed or recompleted in the operator's discretion with bottomhole no closer than 660 feet to any outer boundary of the unit and with no setback required to any interior quarter section line.

6. That the surface location of each of the optional wells shall be located on a common or expanded pad with any existing wells such that a total of four Fruitland coal surface well pads shall be authorized in each governmental section.

7. With respect to lands not within the jurisdiction of the Southern Ute Indian Tribe, the Director may, after notice and hearing, approve exceptions to permitted well locations due to

topography or surface hazards or the recompletion of wells previously drilled at permitted locations, provided that appropriate notice of such exception location is afforded to offset owners as required by Commission rules.

8. Applicants further state that the requested additional wells can be developed in a manner consistent with protection of public health, safety and welfare. To this end, while not required under the Rules of this Commission, Co-Applicant Energen Resources Corporation has proposed a Health, Safety and Welfare Plan on lands not within the jurisdiction of the Southern Ute Indian Tribe which is a portion of a Memorandum of Understanding which has been agreed upon by and between Energen and La Plata County, Colorado ("HS&W Plan"). Co-Applicant Energen requests a finding by the Commission that such HS&W Plan adequately addresses concerns related to the environment and public health, safety and welfare not otherwise addressed by Commission rule on such non-tribal lands. Moreover, new compressor installations shall use the best available emission control technology and Co-Applicant Energen shall also provide a plan to the Southern Ute Indian Tribe to evaluate the modification of older compression installation emission technology in the field over the next five (5) years.

9. Exhibit B 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 Applicants' knowledge and belief, Exhibit B contains the names of all such Owners.

WHEREFORE, Applicants respectfully request 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 four (4) Fruitland Coal wells, whether such wells are directional or horizontal wells, may be completed in each 320-acre drilling and spacing unit for gas and associated hydrocarbons from the Fruitland Coal Seam formation underlying the lands set forth on Exhibit A with the third and fourth wells in each such unit being optional wells in the discretion of the operator located as provided in paragraph 5 and 6 subject to the Director approving exceptions for the permitted well locations as provided in paragraph 7 above.

B. That any previously authorized undrilled "parent" wells in the established drilling and spacing units be authorized to be drilled vertically, directionally or horizontally in the Applicants' discretion provided that such wells comply with the setbacks to the outer boundary of the drilling and spacing unit as described paragraph 5 above.

C. That portions of Co-Applicant Energen's HS&W Plan shall be incorporated as part of the Commission Order concerning non-tribal operations on lands outside of the jurisdiction of the Southern Ute Indian Tribe.

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

Dated this _____ day of May, 2007.

Respectfully submitted,

ENERGEN RESOURCES CORPORATION
AND GOSNEY & SONS, INC.

By: _____
Michael J. Wozniak
BEATTY & WOZNIAK, P.C.
Attorneys for Applicant
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(303) 407-4499

Applicants' Addresses:

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

P.O. Box 367
Bayfield, CO 81122

VERIFICATION

STATE OF ALABAMA)
) ss.
COUNTY OF _____)

_____, _____ of Energen Resources Corporation, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

ENERGEN RESOURCES CORPORATION

By: _____

Subscribed and sworn to before me this ____ day of May, 2007, by _____,
_____ of Energen Resources Corporation.

Witness my hand and official seal.

My commission expires:_____

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

_____, _____ of Gosney & Sons, Inc., upon oath
deposes and says that he has read the foregoing Application and that the statements contained therein are
true to the best of his knowledge, information and belief.

Subscribed and sworn to before me this____ day of May, 2007, by _____,
_____ of Gosney & Sons, Inc.

Witness my hand and official seal.

My commission expires:_____

Notary Public

Exhibit A
Legal Description
80-acre Infill Application Area

Township 32 North Range 5 West

Section 6: S/2

Section 18: S/2

Section 19: W/2, W/2E/2

Township 32 North Range 6 West

Section 1: S/2

Section 4: E/2, W/2

Section 5: N/2

Section 14: S/2

Section 15: E/2

Section 22: E/2NE/4

Section 23: E/2, W/2

Section 24: W/2W/2, E/2W/2, E/2

Exhibit B
Interested Parties

Adelante Oil & Gas, LLC
P.O. Box 2471
Durango, CO 81302

Anadarko Petroleum Corp.
1999 Broadway, Suite 3700
Denver, CO 80202

Apache Corporation
2000 Post Oak Bald. Suite 100
Houston, TX 77056

Archie D. and Phyllis Young
8922 CR 321
Ignacio, CO 81137

Betty Seiel Revocable Trust
673 CR 928
Ignacio, CO 81137

Big Forty LLC
7523 Queen Circle
Arvada, CO 80005

Big Run Production Company
318 West Rusk
Tyler, TX 75701

BP America Production
380 Airport Drive
Durango, CO 81303

Burl J. & Rhonda A. Bone
unlocatable

Burlington Resources Oil & Gas
Co., LLC
P.O. Box 4289
Farmington, NM 87499-4289

Catamount Royalty Partners, Ltd
P.O. box 22084
Denver, CO 80222

Charles and Sheryle Price
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Ignacio, CO 81137

Christian Science Church
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Dale & Mary Ann Young
unlocatable

David Keith Roberts
unlocatable

Dennis & Helen Seibel
12601 Hwy 151
Allison, CO 81137

DLG Energy LLC
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Bayfield, CO 81122

Dominic Pellascini
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Donald I Degani Brown
unlocatable

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Elyos E. George
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Energen Resources Corporation
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Farmington, NM 87401

Estate of John T. McDaniel, c/o
Contex Energy
621 17th Street, Suite 1020
Denver, CO 80293

Estella & Ben Gallegos
unlocatable

Eula May Johnston Trust
Bank of America, O&G Trust
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Dallas, TX 75284-0738

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Boystown, NE 68010

Frances M Elliott
unlocatable

Gertrude Bates
unlocatable

Gosney & Sons, Inc.
dba Lazy G Production
Company, LLC
P.O. Box 367
Bayfield, CO 81122

Hazel Abraham Estate
unlocatable

Heirs of Gracia W. Howe
unlocatable

Heirs of Lois Schfiled Powell
unlocatable

Helen Rivas
unlocatable

Isaac D. Rivera
unlocatable

J R Schmidt
unlocatable

James & Mary Coulter
unlocatable

James B. Fullerton
1645 Court Pl. # 406
Denver, CO 80202-4508

JDH Resources, LLC
9998 E. Hawaii Place
Denver, CO 80247

Jettie B. Walker
unlocatable

Joe Ross and Maria N. Gallegos
Living Trust
16207 Hwy 550 N
Aztec, NM 87410

Johnston Oil & Gas Company
Bank of America, O&G Trust
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Rogers-Gibbard Trust
c/o Susan Eveland
3630 River Oaks Court
Tyler, TX 75222-1658

Ruth Lopez
unlocatable

Shriners Hospitals For Children
c/o The Northern Trust Bank of
Texas
P.O. Box 226270
Dallas, TX 75222-6270

Southern Ute Indian Tribe
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THE Denver & Rio Grand RR Co.
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William Mahlon Roberts
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Brett Sherman
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Jason Peasley
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