

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 OPTIONAL)
INFILL WELLS IN AN ESTABLISHED 320-)
ACRE DRILLING AND SPACING UNIT IN THE)
FRUITLAND COAL SEAM FORMATION,)
IGNACIO-BLANCO FIELD, ARCHULETA)
COUNTY, COLORADO)

CAUSE NO. 112

Docket No. _____

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 two infill wells 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 requests that two (2) additional infill wells be permitted in an established drilling and spacing unit of 320 acres for the Fruitland Coal Seam formation covering the lands in Archuleta County, Colorado, described as follows:

Township 32 North, Range 6 West, N.M.P.M.
Section 12: N½

3. Applicant further requests that either or both of such optional infill wells be permitted to be drilled and completed as vertical, directional or horizontal wells.
4. In support of the requested order, Applicant asserts that the two wells previously authorized will not efficiently and economically drain the application lands described above, 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.
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 unit, as described above, remains as previously established. Moreover, on July 11, 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.
6. Applicant proposes two additional infill wells on the Application Lands described above, 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. The total number of wells allowed in such 320-acre drilling and spacing unit would be four (4).
7. In further support of Applicant's request, Applicant asserts that the requested relief herein is similar to other requests for Fruitland Coal Seam development on adjacent land. The Commission has issued two orders allowing up to 4 wells on adjacent 320-acre drilling and spacing units. On July 23, 2007, the Commission issued Order No. 112-204 allowing up to 4 wells to be optionally drilled in the 320-acre drilling and spacing unit for the S/2 of Section 1 which is directly north of the application lands. On December 9, 2008, the Commission issued Order No. 112-215 allowing up to 4 optional wells in the E/2 of Section 11, the S/2 of Section 12 in Township 32 North, Range 6 West, N.M.P.M., and the N/2 of Section 7 in Township 32 North, Range 5 West, N.M.P.M.
8. 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.

9. 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. Establishing that up to four (4) Fruitland Coal wells, whether such wells are directional or horizontal wells, may be completed in the 320-acre drilling and spacing unit described above for gas and associated hydrocarbons from the Fruitland Coal Seam formation with the third and fourth wells in each such unit being optional wells in the discretion of the operator located as provided in paragraph 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 Applicant's discretion provided that such wells comply with the setbacks to the outer boundary of the drilling and spacing unit as described paragraph 6 above.

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

DATED this _____ day of April, 2009.

Respectfully submitted,

ENERGEN RESOURCES CORPORATION

By:

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Applicant's Address:

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VERIFICATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

Brooks J. Boedecker, 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.

Brooks J. Boedeker

Subscribed and sworn to before this ____ day of April, 2009.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A
Interested Parties

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