

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

IN THE MATTER OF THE APPLICATION OF ENERGEN
RESOURCES CORPORATION FOR AN ORDER
ESTABLISHING A 740.95-ACRE DRILLING AND
SPACING UNIT AND ALLOWING AN ADDITIONAL
WELL FOR PRODUCTION FROM THE FRUITLAND
COAL SEAM FORMATION FROM LANDS IN THE
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, respectfully submits this application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order establishing a 740.95 acre drilling and spacing unit for the Fruitland Coal Seam Formation and to allow a total of two (2) horizontal wells to be drilled within the enlarged drilling and spacing unit. In support thereof, the Applicant states and alleges as follows:

1. Applicant is duly authorized to conduct business in the State of Colorado.
2. Insofar as the Application Lands are subject to the jurisdiction of the Southern Ute Indian Tribe, this Application 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.
3. Certain surface and mineral interests under the Application Lands are owned in trust by the United States of America for the benefit of the Southern Ute Indian Tribe ("Trust Lands").
4. Applicant owns leasehold interests in the following described lands (hereinafter "Application Lands"):

Township 32 North, Range 5 West, N.M.P.M.
Section 20: E½
Section 21: ALL

Archuleta County, Colorado, containing 740.95 acres, more or less.

A reference map of the Application Lands is attached hereto as Exhibit B.

5. On December 17, 1990, the Commission entered Order No. 112-85 which established 320-acre drilling and spacing units for the Application Lands and also provided that the units shall consist of the N½ and S½ or the E½ and W½ of a full section with the permitted well located, when north of the north line of Township 32 North, in the NW¼ and SE¼ of the section, and when south of the north line of Township 32 North, in the NE¼ and SW¼ of the section, and

no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line.

6. On July 11, 2000, the Commission entered Order No. 112-157 which allowed an optional additional well to be drilled for production of gas from the Fruitland Coal seams for the 320-acre drilling and spacing units for Section 20 of the Application Lands, with the permitted well to be located in any undrilled quarter section no closer than 990 feet from the boundaries of the quarter section, nor closer than 130 feet to any interior quarter section line.

7. To promote economical and efficient drainage, to protect correlative rights, to avoid waste, to reduce surface impacts, and to effectively recover gas and associated hydrocarbons from the Fruitland Coal Seam Formation for the Application Lands, Applicant requests that the Commission establish a 740.95 acre drilling and spacing unit, consisting of the Application Lands, and allow a total of two (2) horizontal wells to be drilled and completed to the Fruitland Coal Seam Formation in the 740.95 acre drilling and spacing unit.

8. To promote economical and efficient drainage, to protect correlative rights, to avoid waste, to reduce surface impacts, and to effectively recover gas and associated hydrocarbons from the Fruitland Coal Seam Formation for the Application Lands, Applicant requests that the Commission allow an additional well in Section 21 of the Application Lands to be drilled and completed to the Fruitland Coal Seam Formation in the 740.95 acre drilling and spacing unit.

9. Applicant asserts that the combining of Section 20: E½ and Section 21 into a 740.95 acre drilling and spacing unit, and allowing an additional well in Section 21 (for a total of two (2) wells in the 740.95 acre drilling and spacing unit), will allow the Fruitland Coal Formation to be efficiently drained due to the additional length available to each horizontal well on the Application Lands. A vast majority of the Application Lands are located under Navajo Lake and the topography of the area makes Applicant's request necessary to ensure proper development of the gas from the Fruitland Coal Seam Formation underlying the Application Lands.

10. Applicant requests that the east and west boundary setbacks for the requested 740.95 acre drilling and spacing unit of the Application Lands remain at 990 feet from the outer boundary of another drilling and spacing unit as such setbacks will prevent waste, will protect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir. Applicant asserts no producing leg of any horizontal well shall be closer than 990 feet from the east and west unit boundary lines. Applicant further requests that any internal quarter section setbacks be eliminated.

11. Applicant requests that the north and south boundary setbacks for the requested 740.95 acre drilling and spacing unit of the Application Lands be reduced to 660 feet from the outer boundary of another drilling and spacing unit as such setbacks will prevent waste, will protect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir. Applicant asserts no producing leg of any horizontal well shall be closer than 660 feet from the north and south unit boundary lines. Applicant further requests that any internal quarter section setbacks be eliminated.

12. The surface location of the two (2) horizontal wells shall be located on an existing common or expanded well pad.

13. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 17th day of March, 2011.

Respectfully submitted,

ENERGEN RESOURCES CORPORATION

By: _____
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Michael J. Wozniak
Beatty & Wozniak, P.C.
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Denver, Colorado 80202
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Applicant's Address:
2010 Afton Place
Farmington, NM 87401

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF _____)

_____, of lawful age, being first duly sworn upon oath, deposes and says that he is the _____
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.

Subscribed and sworn to before this ____ day of March, 2011.

Witness my hand and official seal.

My commission expires:

Notary Public

[SEAL]

EXHIBIT A INTERESTED PARTIES

James Everett Walker
3151 South Humbolt Street
Englewood, Colorado 80110

Alice Marie Brown
720 Rustic Road
Durango, Colorado 81301

Andrella G. Maez
(Address Unknown)

Becky Ann McCormick, also known as
Becky A. (Wilson) McCormick
530 West Hale Avenue
Moab, Utah 84532-2049

Los Colinas Minerals, L.P.
125 E John Carpenter Fwy., Suite 600
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Diocese of Pueblo
c/o Father Jim King, Director of Business &
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Elaine J. Nossaman
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Dawsha Layland
3442 Bravata Drive,
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Estate of Higinia Greer Waterman, FKA
Higinia Rodriguez
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Georgetown, Colorado 80444-0838

Ned Clark Nossaman
2295 East Commonwealth Avenue,
Fullerton, California 92831

Estate of John C. Nossaman; heir: Iona
Loar Nossaman, address: c/o Sunshine
Gardens,
25 Sunshine Court,

Joint School District No.11, AKA School
District No. 11, Dr. Rocco Fuschetto,
Superintendent,
P.O. Box 460,
Ignacio, Colorado 81137

John Edward Walker
280 Emerson Court
Woodland Park, Colorado 80863-1056

Keven Frederick Brown
1906 Hexem Avenue
Santa Rosa, California 95404-2305

BP American Production Company Att:
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501 Westlake Park Blvd WL1-4.298C
Houston, Texas 77079

MacLondon Energy, L.P.
P.O. Box 14230
Odessa, Texas 79768

Marjorie Ann Mortensen
3440 Lenox Road
Craig, Colorado 81625-3824

MHT Properties, Ltd.
3840 Windsor Lane
Dallas, TX 75205

Estate of John L. Udell, Sr.
(Address Unknown)

Hampton M. Young, Jr.
8341 E. Country Road,
Evansville, WY 82636

Velma E. Mitchell
37 South 2110 East Circle
St. George, Utah 84790

Southern Ute Indian Tribe,
Department of Energy
14933 HWY 172 ,
Ignacio, Colorado 81137-1500

Ryan Corrick Brown
10 Fourth Street NE
Washington, DC 20002-5930

Durango, Colorado 81301

Naomi W. Reddert, Trustee of the Naomi
Winifred Reddert Revocable Trust, UTA
dated October 23, 2002,
P.O. Box 6388
Carmel By The Sea, California 93921-6388

Richard W. Gibson
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La Jara, Colorado 81140-0636

Jake J. Candelaria
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Ignacio, Colorado 81137

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John Clark Wilson
462 Walker Street Moab,
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AFFIDAVIT OF MAILING

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

Jamie L. Jost, of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Energen Resources Corporation, that on or before March __, 2011, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Jamie L. Jost

Subscribed and sworn to before me March __, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public