Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: SF 077092B

1a. Type of Work: [X] DRILL [ ] REENTER

6. If Indian, Allotee or Tribe Name:

1b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

7. Unit or CA Agreement Name and No.:

2. Name of Operator: Energen Resources Corporation

8. Lease Name and Well No.: Federal 29-9-11 #1S

3a. Address: 2198 Bloomfield Highway Farmington, New Mexico 87401

3b. Phone No. (include area code): (505) 325-6800

9. API Well No.: 30-045-32820

4. Location of Well (*Report location clearly and in accordance with any State equirements*)*

At surface: 1415' FNL. 2320' FWL

At proposed prod. zone:

10. Field and Pool, or Exploratory: Basin Fruitland Coal

11. Sec., T., R., M., or Blk. and Survey or Area: F - Sec.11,T29N,R09W NMPM

14. Distance in miles and direction from nearest town or post office*: Approximately 4.5 miles east of Blanco, NM

12. County or Parish: San Juan

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
1415'	479.14	320 North 1/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
75'	2769'	
21. Elevations (Show whether DF, KDB, RT, GL, etc.	**22. Approximate date work will start***	**23. Estimated duration**
5945' GL	03/25/05	14 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (*Printed/Typed*)	Date
Nathan Smith	Nathan Smith	01/10/05

Title: Drilling Engineer

Approved by (Signautre)	Name (*Printed/Typed*)	Date
Roland Adams	ROLAND ADAMS	08/09/05
Title	**Office**	
ACTING AFM	FARMINGTON DISTRICT OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowlingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOCD

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

2005 JAN 11

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-32820	71629	BASIN FRUITLAND COAL

4 Property Code	5 Property Name	6 Well Number
300441	FEDERAL 29-9-11	1S

7 OGRID No.	8 Operator Name	9 Elevation
162928	ENERGEN RESOURCES CORPORATION	5945'

10 Surface Location

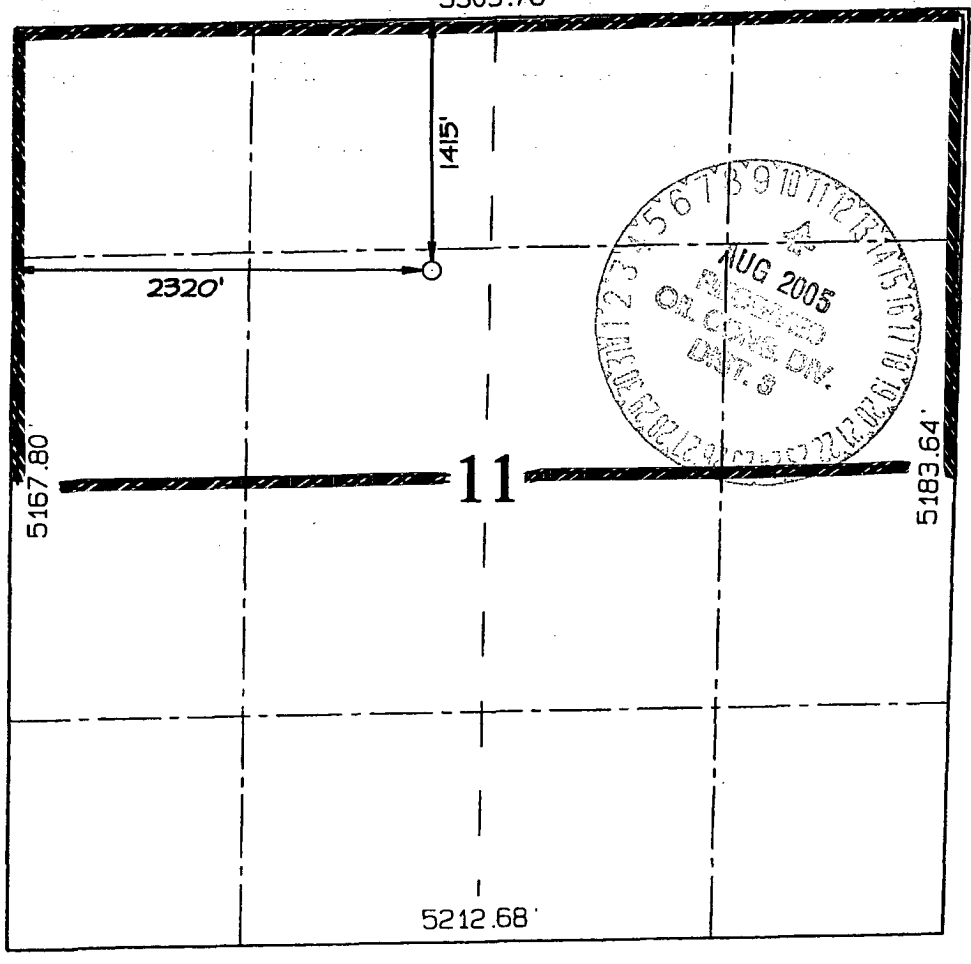
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	11	29N	9W		1415	NORTH	2320	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320.0 Acres - (N/2)			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature

Doug Thomas

Printed Name

Drilling Superintendant

Title

1/11/05

Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Survey Date: OCTOBER 28, 2004

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS

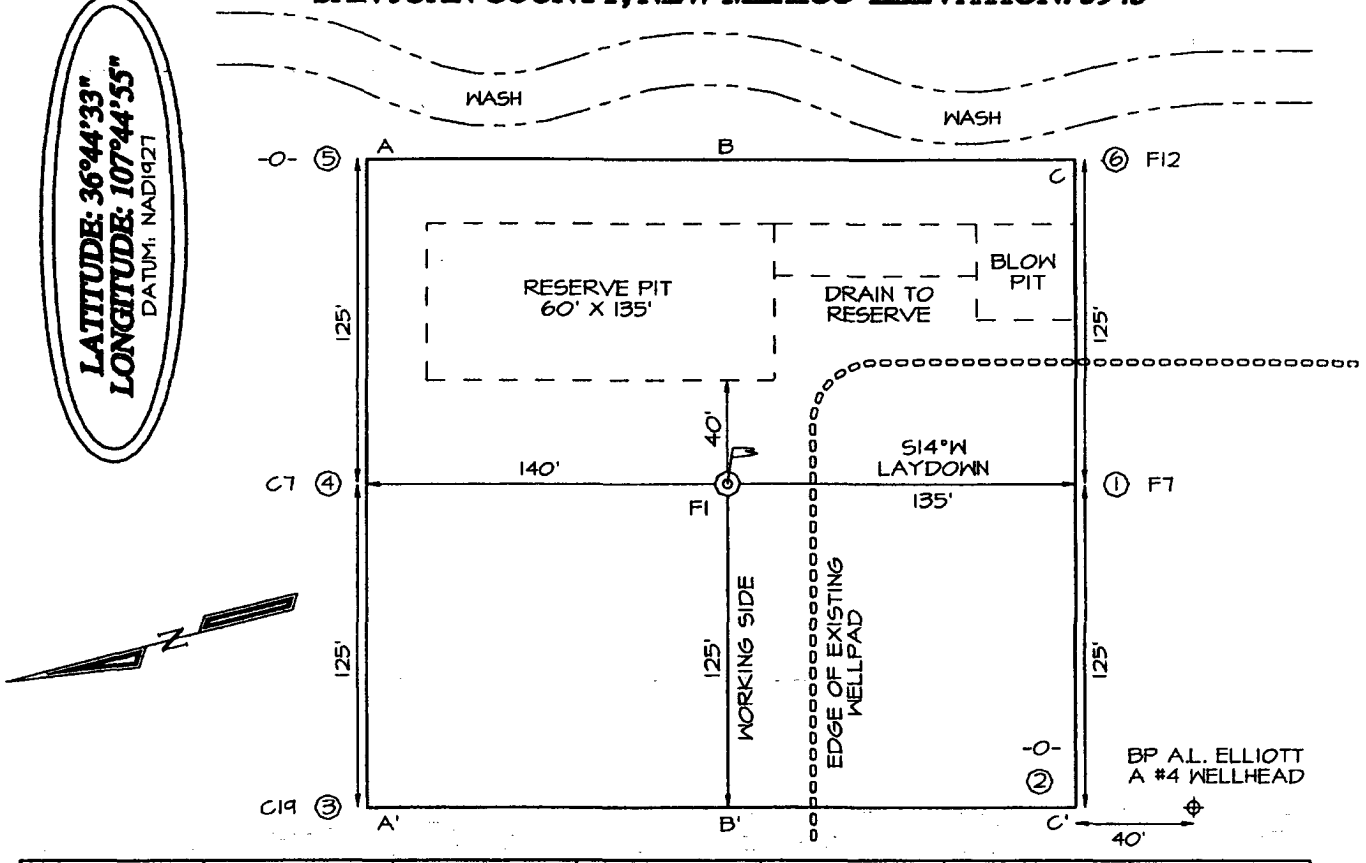
Certificate Number 15269

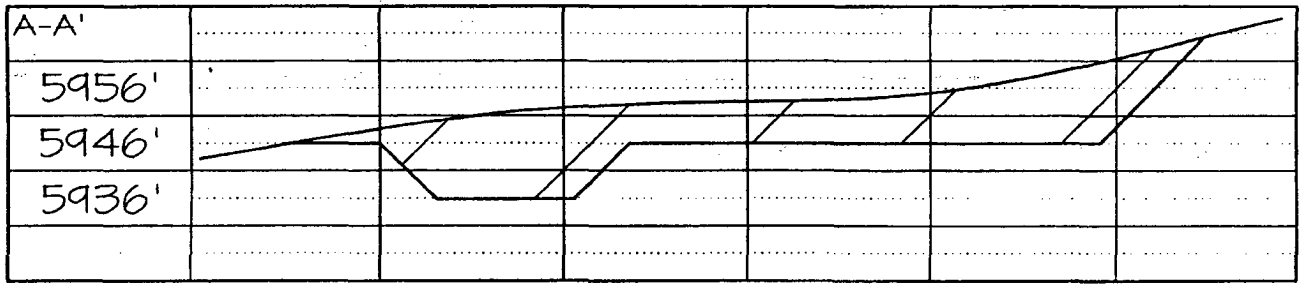
ENERGEN RESOURCES CORPORATION FEDERAL 29-9-11 #15

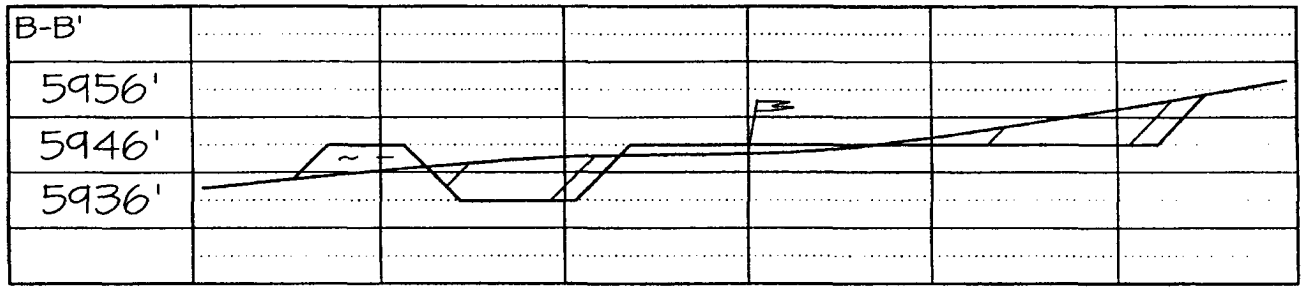
1415' FNL & 2320' FWL, SECTION 11, T29N, R9W, NMPM

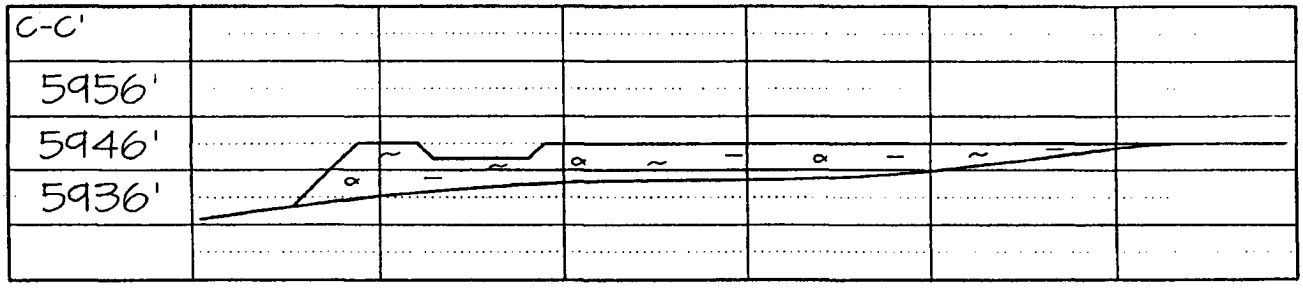
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5945'

LATITUDE: 36°44'33"
LONGITUDE: 107°44'55"
DATUM: NAD1927









FILENAME: 2991IT2	SHEET 2 OF 4	NCE SURVEYS, INC.	DRAWN BY: EDO	CHECKED BY: JCE

Operations Plan
December 30, 2004

Federal 29-9-11 #1S

General Information

Location	1415' fnl, 2320' fwl S24, T29N, R10W San Juan County, New Mexico
Elevations	5947' GL
Total Depth	2769' (MD)
Formation Objective	Basin Fruitland Coal

Formation Tops

San Jose	Surface
Nacimiento	69'
Ojo Alamo Ss	1419'
Kirtland Sh	1569'
Fruitland Fm	2244'
Top Coal	2364'
Bottom Coal	2569'
Pictured Cliffs Ss	2579'
Total Depth	**2769'**

Drilling

The 12 ¼" wellbore will be drilled with a fresh water mud system.
The 7 7/8" wellbore will be drilled with a low solids fresh water/polymer mud system. Weighting materials will be drill cuttings and if needed barite. Mud density is expected to range from 8.3 ppg to 8.9 ppg.
Blowout Control Specifications:

A 2000 psi minimum double ram or annulus BOP stack (figure 1) will be used following nipple up of casing head. A 2" nominal, 2000 psi minimum choke manifold will also be used. An upper Kelly Cock valve handle and drill string valve should be available to fit each drill string and be available on the rig floor during drilling operations.

Logging Program:

Open hole logs: Induction/Gamma Ray and Density Logs
Coring: None
Natural Gauges: None

Tubulars

Casing, Tubing, & Casing Equipment:

String	Interval	Wellbore	Casing	Csg Wt	Grade
Surface	0'-300'	12 ¼"	8 5/8"	24.0 ppf	J-55 ST&C
Production	300'-2769'	7 7/8"	5 ½"	15.5 ppf	J-55 LT&C
Tubing	0'-2725'		2 3/8"	4.7 ppf	J-55

Casing Equipment:

Surface Casing: Depending on wellbore conditions, a Texas Pattern Guide Shoe on bottom. Casing centralization with standard bow spring centralizers to achieve optimal standoff.

Production Casing: Depending on wellbore conditions, a Cement nose guide shoe with self fill insert float collar on top of bottom joint and casing centralization with standard bow spring centralizers to optimize standoff. Two turbolating centralizers at the base of the Ojo Alamo are recommended.

Wellhead

8 5/8" 2000 x 5 ½" Larkin casing head. 5 ½" 2000 x 2" tubing head.

Cementing

Surface Casing: 225 sks Std (class B) with 2.0 % $CaCl_2$ and ¼ #/sk Flocele (15.6 ppg, 1.18 ft^3/sk 247 ft^3 of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test surface casing to 1000 psi for 30 min.

Production Casing: Before cementing, circulate hole at least 1 ½ hole volumes of mud and reduce funnel viscosity to minimum to aide in hole cleanout. Depending on wellbore conditions, cement may consist of 400 sks 65/35 with 6.0 % Bentonite, 2.0 % $CaCl_2$, 10 #/sk Gilsonite, and ½ #/sk Flocele (12.3 ppg, 1.96 ft^3/sk) and a tail of 145 sks of Standard (Class B) cement with 5.0 #/sk Gilsonite, and ¼ #/sk Flocele (15.2ppg, 1.24 ft^3/sk). (959.7 ft^3 of slurry, 100 % excess to circulate to surface).

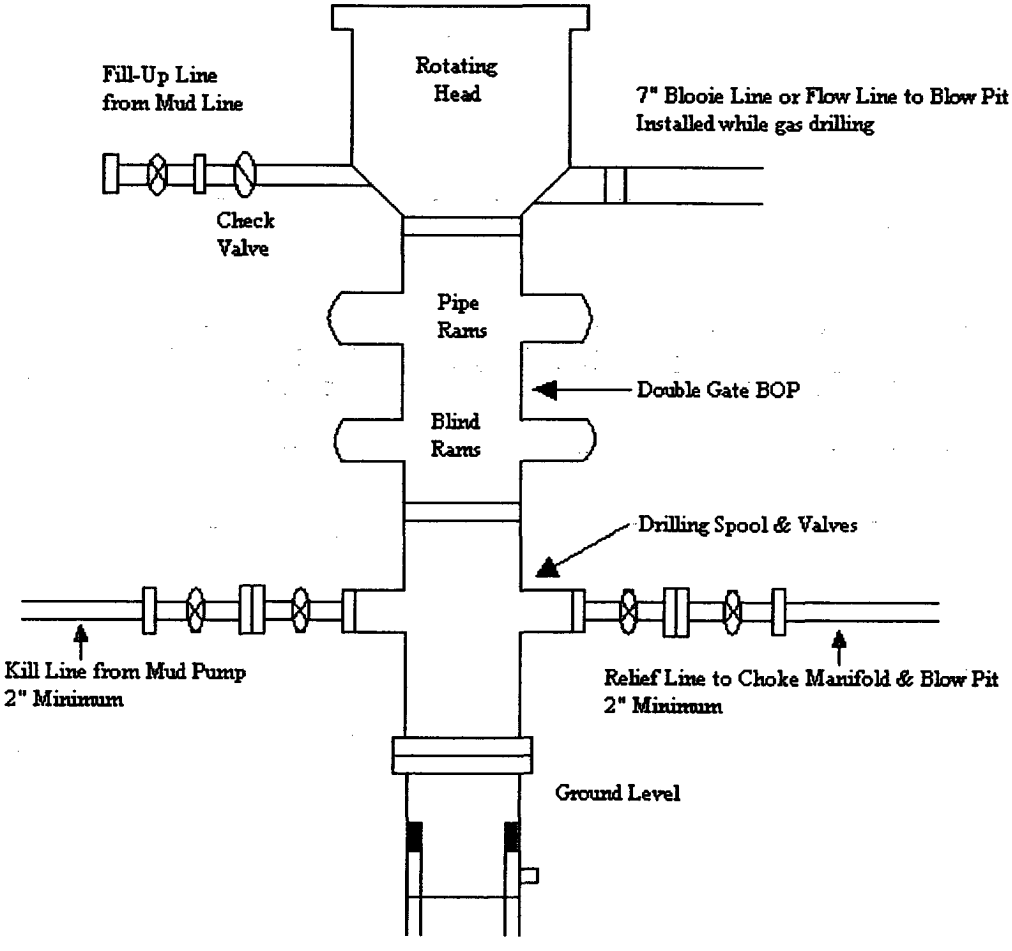
Pump 30 sks of flyash scavenger spacer consisting of 15.0 % Benonite and 0.15 % HR-5 ahead of cement

Other Information

1) This well will be cased and the Basin Fruitland Coal fracture stimulated.
2) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control. The production string may need to be cemented in multiple stages with a slurry design deviated from that listed above.
3) If high reservoir pressures or water flows are encountered slurry design may need to be deviated to from those listed above to satisfy wellbore and formation conditions.
4) No abnormal temperatures or pressures are anticipated.
5) This gas is dedicated.

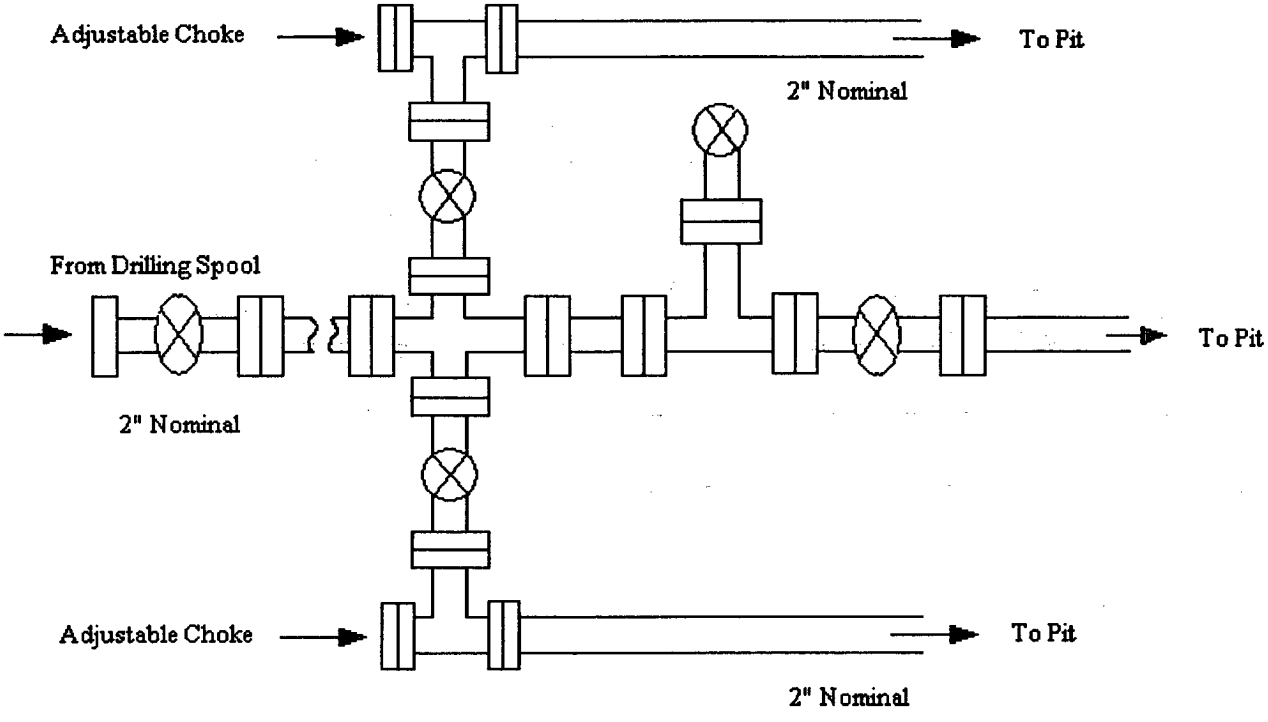
Energen Resources Corporation

Typical BOP Configuration for Gas Drilling



Energen Resources Corporation

Typical 2000 psi Choke Manifold Configuration



Choke manifold installed from surface to TD