

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

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF 080247	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. Indian, Allottee or Tribe Name 17	
2. Name of Operator Energex Resources Corporation		7. Unit or CA Agreement Name and No.	
3a. Address 2198 Bloomfield Highway Farmington, New Mexico 87401		8. Lease Name and Well No. Federal 29-9-24 #1S	
3b. Phone No. (include area code) (505) 325-6800		9. API Well No. 30-045-33401	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 660' fsl, 1015' fel At proposed prod. zone		10. Field and Pool, or Exploratory Basin Fruitland Coal	
14. Distance in miles and direction from nearest town or post office* Approximately 5.5 miles east of Blanco		11. Sec., T., R., M., or Blk. and Survey or Area P S24, T29N, R09W	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 803'		12. County or Parish San Juan	
16. No. of Acres in lease 714.72		13. State NM	
17. Spacing Unit dedicated to this well 293.9 E/2 1/2 291.24 S 1/2		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approx. 720'	
19. Proposed Depth 3145'		20. BLM/BIA Bond No. (if file)	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 6423'		22. Approximate date work will start* 03/25/06	
23. Estimated duration 14		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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Nathan Smith</i>	Name (Printed/Typed) Nathan Smith	Date 10/27/05
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Title Drilling Engineer		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 11/3/05
Title AFM		
Office PFO		

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 knowingly 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)

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

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

NMOCD

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33401	² Pool Code 71624	³ Pool Name Basin Fruitland coal
⁴ Property Code 300447	⁵ Property Name FEDERAL 29-9-24	⁶ Well Number 1S
⁷ OGRID No. 162928	⁸ Operator Name ENERGEN RESOURCES CORPORATION	⁹ Elevation 6423'

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
P	24	29N	9W		660	SOUTH	1,015	EAST	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.

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

<p>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Nathan Smith</i> Signature</p> <p>Nathan Smith Printed Name</p> <p>Drilling Engineer Title and E-mail Address</p> <p>11/10/05 Date</p> <p>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.</p> <p>8-11-05 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: DAVID A. JOHNSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 14827</p> <p>NM LS #14827 Certificate Number</p>
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Energen Resources Corporation

3a. Address

2198 Bloomfield Highway, Farmington, NM 87401

3b. Phone No. (include area code)

(505) 325-6800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec. 24, T29N, R09W 660' FSL, 1015' FEL
SE/SE

5. Lease Serial No.

NMSE 080247

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Federal 29-9-24 #1S

9. API Well No.

30-045-33401

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Casing Repair☐ New Construction☐ Recomplete☐ Other☒ Change Plans☐ Plug and Abandon☐ Temporarily Abandon☐ Convert to Injection☐ Plug Back☐ Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

This location has been changed from a South 1/2 dedication to an East 1/2 dedication. New plat is attached.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Vicki Donaghey

Title

Regulatory Analyst

Date 11/10/05

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly 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.

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name:

Federal 29-9-24

8. Well Number

#1S

9. OGRID Number

162928

10. Pool name or Wildcat

Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Energen Resources Corporation

3. Address of Operator

2198 Bloomfield Highway, Farmington, NM 87401

4. Well Location

Unit Letter P : 660' feet from the South line and 1015' feet from the East line

Section 24 Township 29N Range 09W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

6423' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drill Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >250'

Pit Liner Thickness: 12 mil

Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Build drilling pit ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Energen Resources plans to build a lined pit according to "OCD Pit and Below-grade Tank Guidelines", as issued on November 1, 2004. Energen anticipates the submittal of a C-144 for closure of this pit in accordance with BLM and "OCD Pit and Below-grade Tank Guidelines".

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Nathan Smith TITLE Drilling Engineer DATE 10/27/05

E-mail address: nsmith@energen.com

Type or print name Nathan Smith

Telephone No. 505.325.6800

For State Use Only

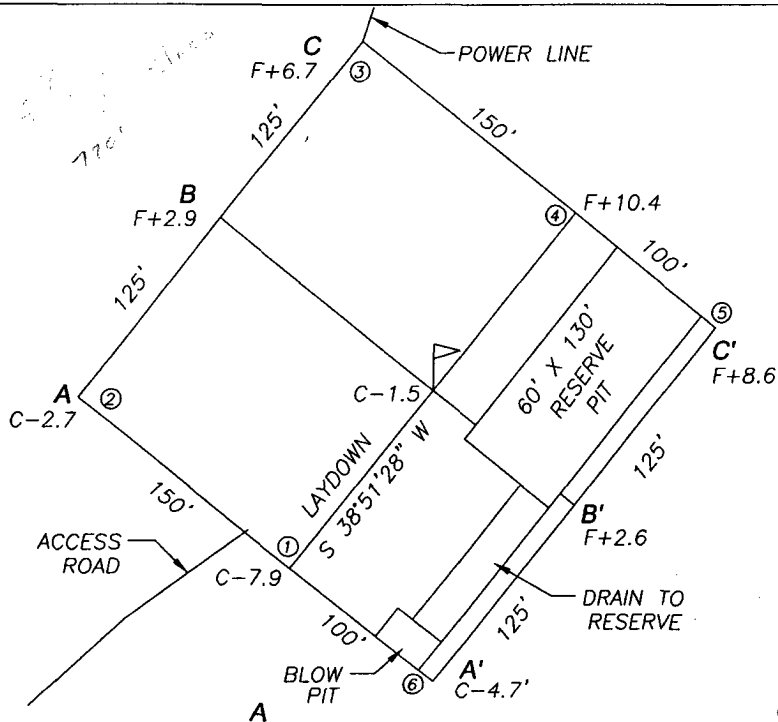
DEPUTY OIL & GAS INSPECTOR, DIST. 88

NOV 07 2005

APPROVED BY [Signature]

TITLE _____ DATE _____

Conditions of Approval, if any:

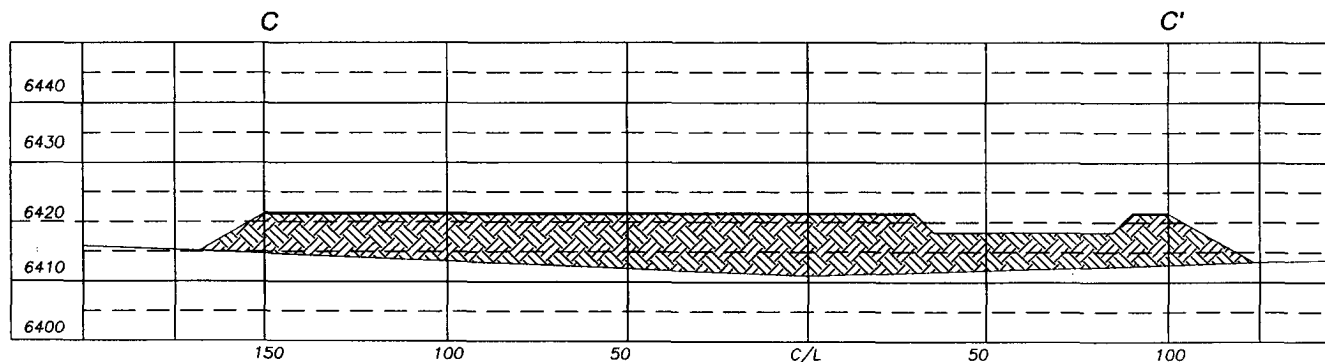
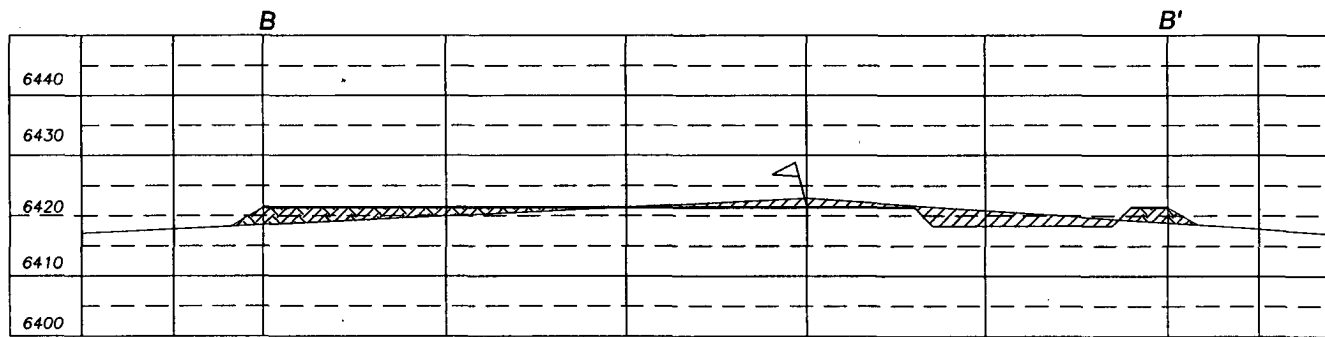
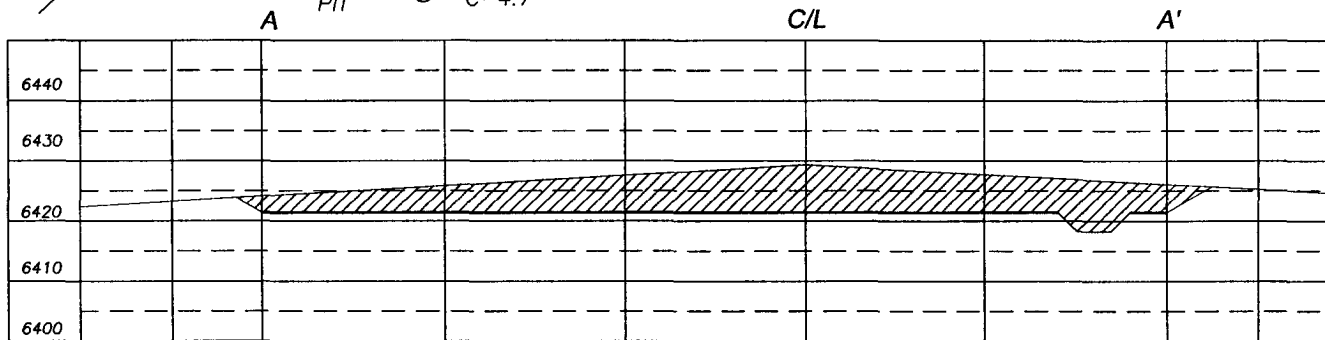


ENERGEN RESOURCES CORPORATION

FEDERAL 29-9-24 #1S
 660' FSL, 1015' FEL
 LOCATED IN LOT 16 OF SECTION 24
 T29N, R9W, N.M.P.M.,
 SAN JUAN COUNTY, NEW MEXICO
 ELEVATION: 6423' NAVD 88



LATITUDE: 36°42'20" N
 LONGITUDE: 107°43'37" W
 DATUM: NAD83



Red Skies Surveying & Mapping, Inc.,

101 Fauver Lane
 Bloomfield, New Mexico 87413
 Phone/Fax: (505) 632-8906
 Cell No: (505) 793-5325

RS ERG008_CF1.dwg
 JNAKAI 08/02/05

Operations Plan

October 27, 2005

Federal 29-9-24 #1S

General Information

Location	660' fsl, 1015' fel sese S24, T29N, R09W San Juan County, New Mexico
Elevations	6423' GL
Total Depth	3145' (MD)
Formation Objective	Basin Fruitland Coal

Formation Tops

San Jose	Surface
Nacimiento	490'
Ojo Alamo Ss	1855'
Kirtland Sh	2030'
Fruitland Fm	2630'
Top Coal	2760'
Bottom Coal	2945'
Pictured Cliffs Ss	2950'
Total Depth	3145'

Drilling

The 12 1/4" 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: Surface and/or every 500 ft to TD.

Tubulars

Casing, Tubing, & Casing Equipment:

String	Interval	Wellbore	Casing	Csg Wt	Grade
Surface	0'-300'	12 1/4"	8 5/8"	24.0 ppf	J-55 ST&C
Production	300'-3145'	7 7/8"	5 1/2"	15.5 ppf	J-55 LT&C
Tubing	0'-3045'		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 1/2" Larkin casing head. 5 1/2" 2000 x 2" tubing head.

Cementing

Surface Casing: 225 sks Std (class B) with 2.0 % CaCl₂ and 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk 266 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test surface casing to 1000 psi for 30 min.

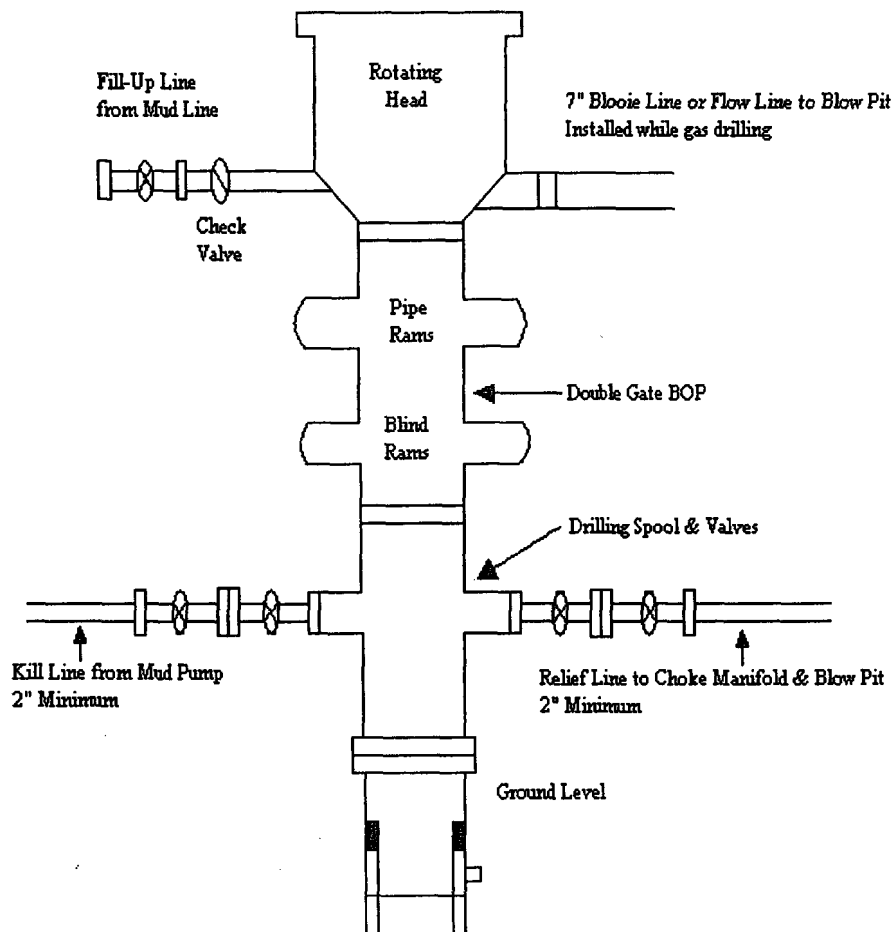
Production Casing: Before cementing, circulate hole at least 1 1/2 hole volumes of mud and reduce funnel viscosity to minimum to aide in hole cleanout. Depending on wellbore conditions, cement may consist of 480 sks 65/35 with 6.0 % Bentonite, 2.0 % CaCl₂, 10 #/sk Gilsonite, and 1/2 #/sk Flocele (12.3 ppg, 1.96 ft³/sk) and a tail of 145 sks of Standard (Class B) cement with 5.0 #/sk Gilsonite, and 1/4 #/sk Flocele (15.2ppg, 1.24 ft³/sk). (1123 ft³ of slurry, 100 % excess to circulate to surface).

Other Information

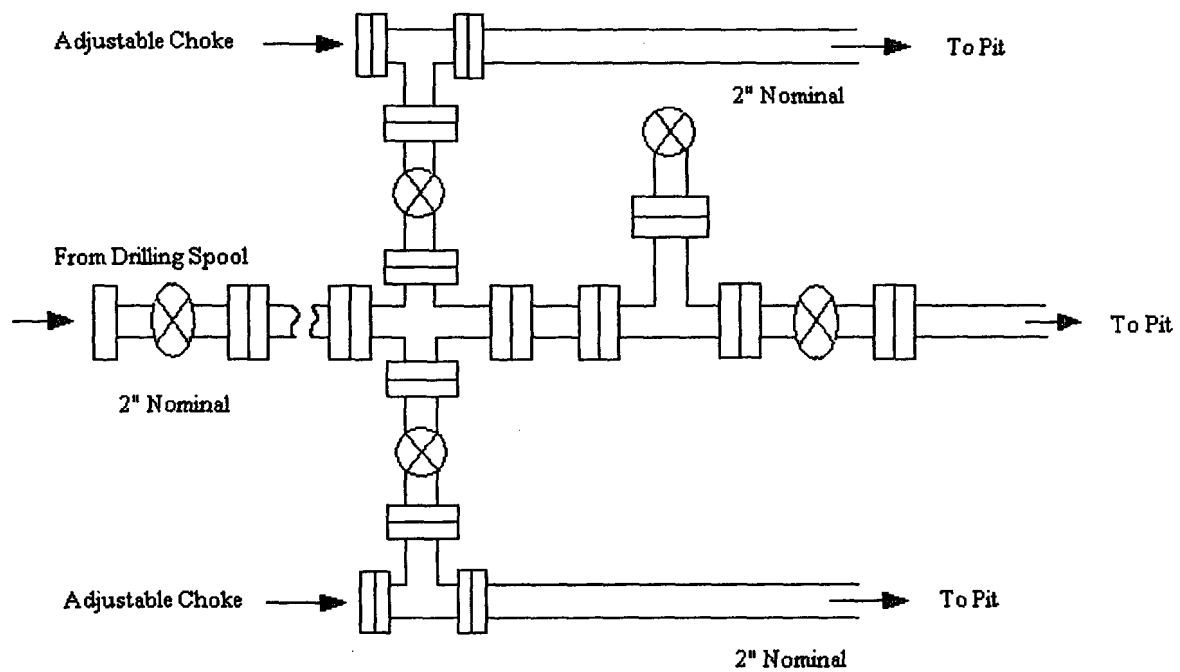
- 1) This well will be cased and the Basin Fruitland Coal fracture stimulated.
- 2) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control. The production string may need to be cemented in multiple stages with a slurry design deviated from that listed 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