

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

NOV 01 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work ☒ DRILL ☐ REENTER

1b. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Energex Resources Corporation

3a. Address

2198 Bloomfield Highway Farmington, New Mexico 87401

3b. Phone No. (include area code)

(505) 325-6800

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

At surface 1015' FNL, 700' FEL NE/NE

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office*

3 miles southwest of Farmington

15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg. unit line, if any)

700'

16. No. of Acres in lease

502.00

17. Spacing Unit dedicated to this well

251.50N/2

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

2600'

19. Proposed Depth

1663'

20. BLM/BIA Bond No on file

Nm2707

21. Elevations (Show whether DF, KDB, RT, GL, etc.

5801'

22. Approximate date work will start*

March 2, 2008

23. Estimated duration

15 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:

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

25. Signature

Name (Printed/Typed)

Date

Title

Vicki Donaghey

10/31/07

Regulatory Analyst

Approved by (Signature)

Name (Printed/Typed)

Date

Title

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 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)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

NMOCD

JUN 30 2008

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

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

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

RECEIVED

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 NOV 01 2007

Energy, Minerals & Natural Resources Department
Bureau of Land Management
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30045-34492		² Pool Code 71029	³ Pool Name Basin Fruitland Coal
⁴ Property Code 21180	⁵ Property Name C.J. HOLDER		⁶ Well Number # 501S
⁷ OGRID No. 1102928	⁸ Operator Name ENERGEN RESOURCES CORPORATION		⁹ Elevation 5801'

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
A	31	29N	13W		1015	NORTH	700	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 251.50 N/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

(CALC. COR. S89°54'00"E 4158.00' (R)
BY SGL PROP.) S89°31'37"E 4130.23 (M)

¹⁶ 10635.18' (R) 5267.59' (R) 5266.22' (M)	1015' 700' 5238.17' (M) 5241.19' (R) 10482.38' (R)	FD. 1 1/2" ALUM. CAP HCS LS#9672		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Vicki Donaghey</i> Date: 10-31-07 Printed Name: Vicki Donaghey
		ENERGEN RESOURCES C.J. HOLDER #501S		
		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. Date of Survey: 8/29/07 Signature and Seal of Professional Surveyor: <i>W. Benally</i> NM #11952 Certificate Number		
N00°19'42"E N00°20'39"E R14W R13W	31	N89°55'01"W 1488.88' (M)	N89°54'52"W 2656.55' (M)	FD. 3 1/4" BRASS CAP BLM 1913
FD. 3 1/2" BRASS CAP GLO 1911				FD. 3 1/2" BRASS CAP GLO 1913

Drilling Plan

October 5, 2007

CJ Holder #501S

General Information

Location	1015' fnl, 700' fel nene S31, T29N, R13W San Juan County, New Mexico
Elevations	5801' GL
Total Depth	1663' (MD)
Formation Objective	Basin Fruitland Coal

Formation Tops

Ojo Alamo Ss	Surface
Kirtland Sh	108'
Fruitland Fm	1108'
Top Coal	1348'
Bottom Coal	1463'
Pictured Cliffs Ss	1463'
Total Depth	1663'

Drilling

The 12 1/4" wellbore will be drilled with a fresh water mud system.

The 8 3/4" 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

Surveys: Surface and/or every 500' to TD

Tubulars

Casing, Tubing, & Casing Equipment:

String	Interval	Wellbore	Casing	Csg Wt	Grade
Surface	0'-150'	12 1/4"	9 5/8"	32.3 ppf	H-40 LT&C
Production	150'-1663'	8 3/4"	7"	23.0 ppf	J-55 LT&C
Tubing	0'-1663'		2 3/8"	4.7 ppf	J-55

Casing Equipment:

Surface Casing: Depending on wellbore conditions, a 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.

Cementing

Surface Casing: 100 sks Std (class B) with 2.0 % CaCl_2 and 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk 59 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test surface casing to 600 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 190 sks 65/35 with 6.0 % Bentonite, 2.0 % CaCl_2 , 10 #/sk Gilsonite, and 1/2 #/sk Flocele (12.3 ppg, 1.93 ft³/sk) and a tail of 135 sks of Standard (Class B) cement with 5.0 #/sk Gilsonite, and 1/4 #/sk Flocele (15.4ppg, 1.18 ft³/sk). (526 ft³ of slurry, 100 % excess to circulate to surface).

Pump a 10 bbls water, 20 bbls gelled water, 5 bbls water spacer ahead of cement

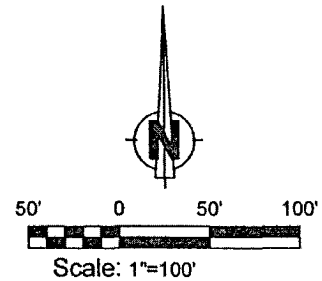
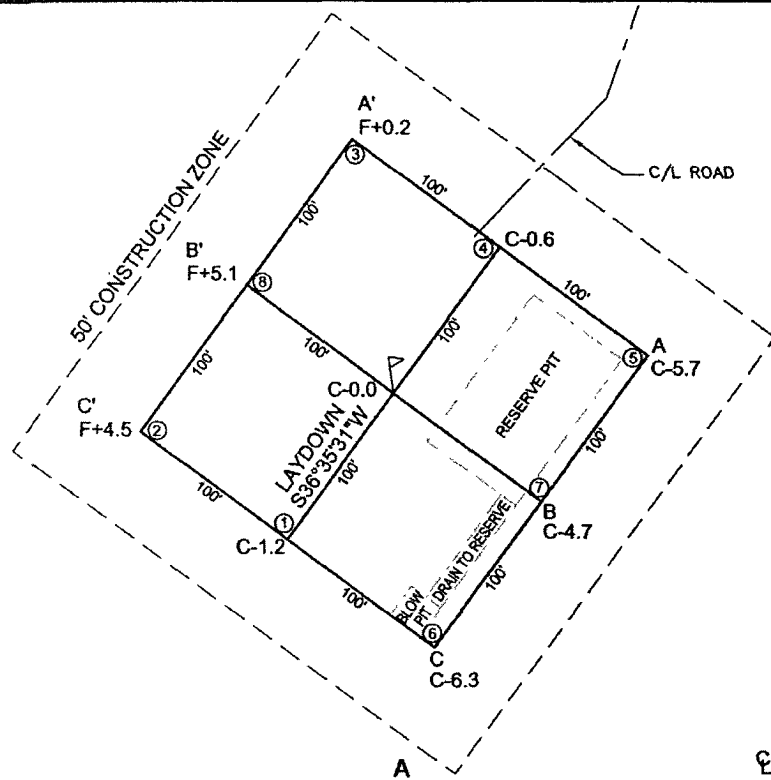
Other Information

- 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.

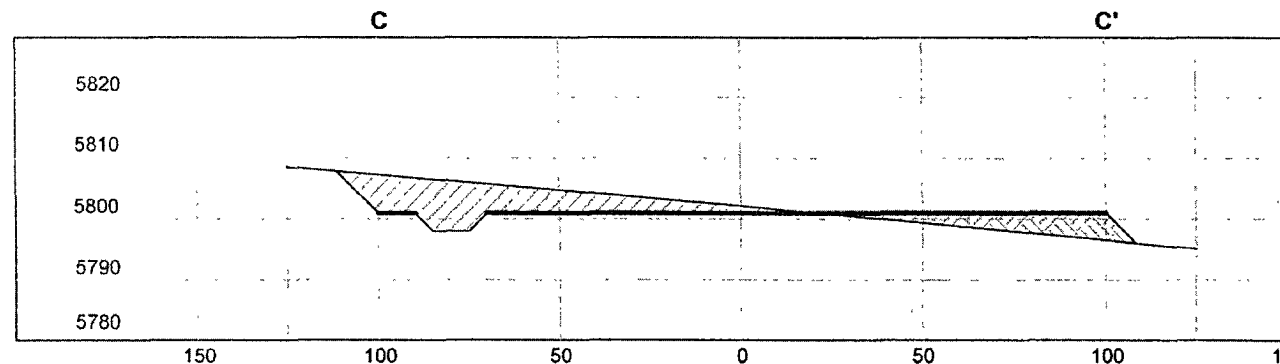
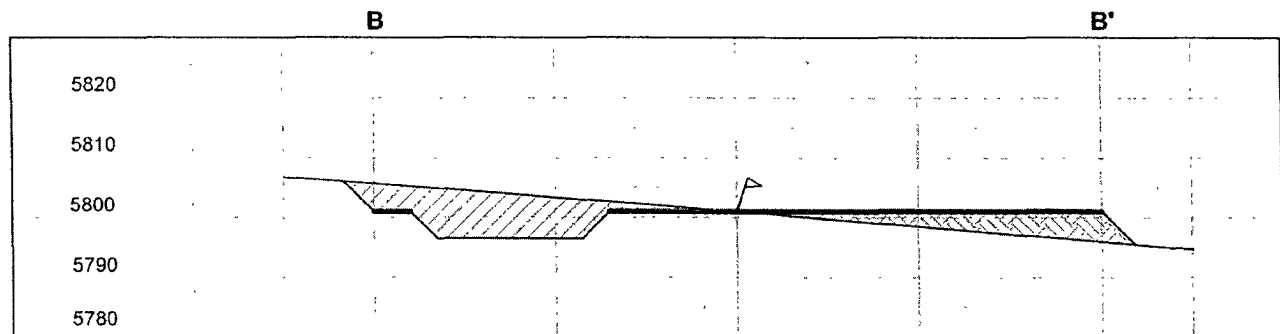
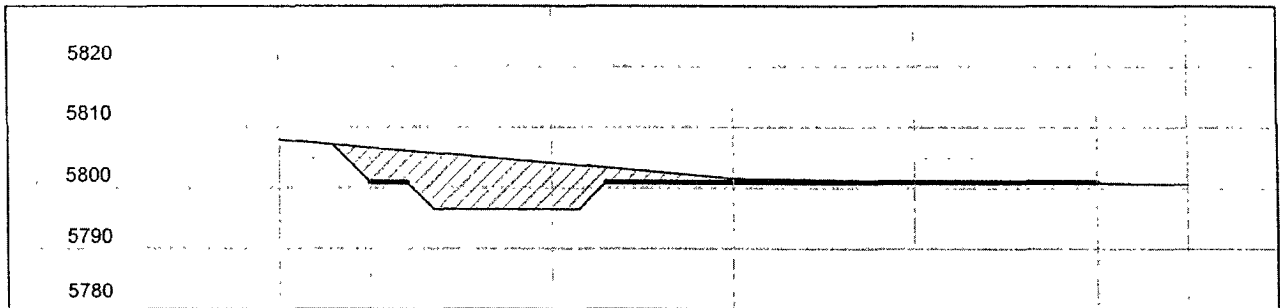
Anticipated BHP \approx 300 psi

ENERGEN RESOURCES CORPORATION

C.J. HOLDER #501S
1015' FNL & 700' FEL
LOCATED IN THE NE/4 NE/4 OF SECTION 31,
T29N, R13W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO
ELEVATION: 5801', NAVD 88



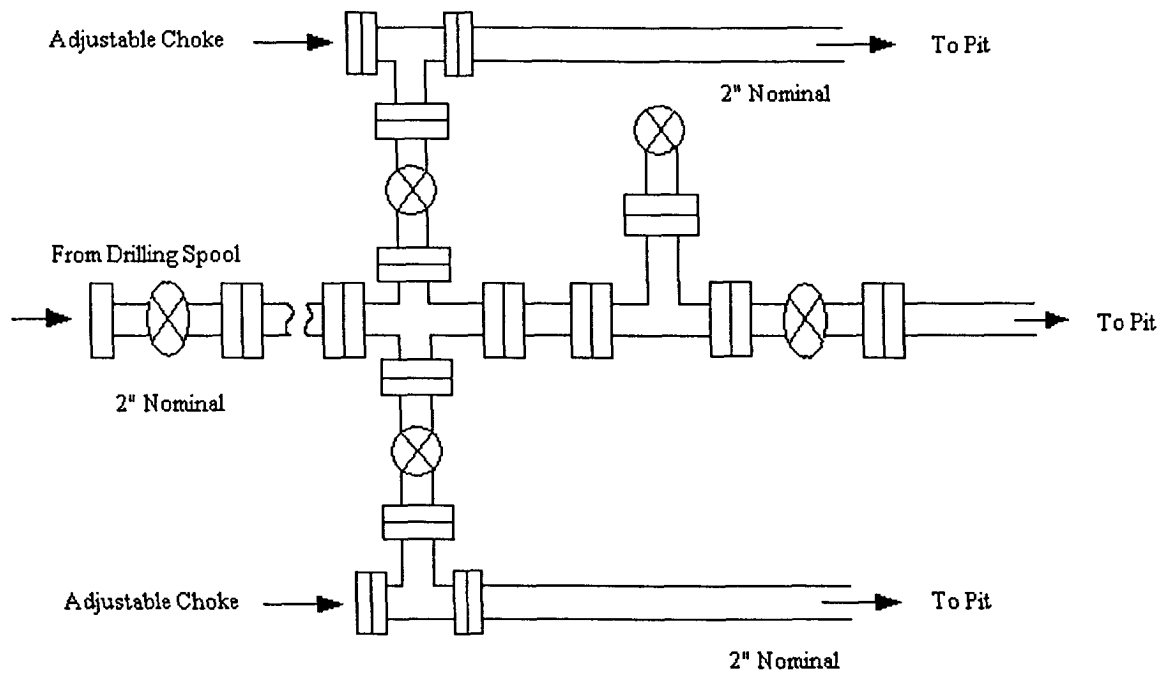
LATITUDE: 36.68748 N
LONGITUDE: 108.24101 W
DATUM: NAD 83



HORIZ. SCALE: 1"=50'
VERT. SCALE: 1"=30'

Red Skies Surveying & Mapping, Inc.
A Native American Owned Company
101 Fauver Lane, Bloomfield, New Mexico 87413
Phone/Fax: (505) 632-8906 Cell No: (505) 793-5325

Energen Resources Corporation
Typical 2000 psi Choke Manifold Configuration



Choke manifold installed from surface to TD

Energen Resources Corporation

Typical BOP Configuration for Gas Drilling

