

3/18/08 DATE IN	SUBPENSE	Brooks ENGINEER	3/18/08 LOCATED BY	NSL TYPE	PKUR0807328111 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Energen Resources Corp

CJ Holder #600

5916

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS
WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PG-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☒ Offset Operators, Leaseholders or Surface Owner — Rife 4/8
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

J. Scott Hall

Print or Type Name

J. Scott Hall

Signature

ATTORNEY

Title

3.17.2008

Date

SHALL@MONTAND.COM

e-mail Address

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2008 MAR 18 AM 7 57

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March 13, 2008

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Reply to Santa Fe Office

HAND-DELIVERED

Mr. Mark Fesmire, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval of an Unorthodox Well Location
Fruitland Coal Formation
Energen Resources Corporation
C. J. Holder Well No. 600
387' FSL and 499' FWL (Unit N)
Section 30, T29N, R13W, NMPM
San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of Energen Resources Corporation, ("Energen"), and pursuant to Division Rule 104.F and the applicable rules governing the Basin-Fruitland Coal Gas Pool (71629), we request administrative approval for an unorthodox well location for the Energen C. J. Holder Well No. 600 at the surface and bottom-hole locations reflected above.

This straight-hole well will be drilled to a depth sufficient to test the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool (Order No. R-8768-F, as amended.) The pool rules for the Basin-Fruitland Coal Gas Pool currently provide that wells shall be drilled no closer than 660' to the outer boundary of a standard 320-acre GPU and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The C. J. Holder No. 600 will be the initial well in the GPU. Energen also plans to drill the C. J. Holder No. 600-S Fruitland Coal formation infill well at a standard location 900' FSL and 660' FEL in the SE/SE (Unit P) of Section 30. The S/2 of Section 30, T-29-N, R-13-W

Mark Fesmire, Director

March 13, 2008

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which is an irregular section comprised of 252.10 acres, \pm , will be dedicated to the two wells. A C-102 plat showing the S/2 spacing unit and the proposed unorthodox surface and bottom hole locations for the C. J. Holder No. 600 is attached as Exhibit "A".

Energen Resources Corporation seeks an exception from the applicable well location rules for the C. J. Holder Well No. 600 due to terrain and because of surface occupancy restrictions under the federal oil and gas lease applicable to the S/2 of Section 30, T-29-N, R-13-W. Energen has evaluated all other standard well locations in the S/2 of Section 30 and has determined that with the exception of the surface in the vicinity of the location for the C. J. Holder No. 600-S infill well, there are no other locations available. Further, the surface at the proposed unorthodox location was previously used to drill the Dugan Production Company Central Cha Cha Unit Well No. 6 (P&A'd).

The surface of the lands at otherwise orthodox well locations in the S/2 of Section 30 is predominated by mesas and arroyos. This is demonstrated by the attached lease road route map (Exhibit B), USGS topographic map (Exhibit C) and digital ortho quarter-quadrangle information (Exhibit D).

In addition to the foregoing, under Energen's federal oil and gas lease, much of the S/2 of Section 30 is subject to No Surface Occupancy Stipulation, Dunes Vehicle Recreation Area F-31-NSO issued by the BLM Farmington Field Office in September of 2003 (Exhibit E).

Energen Resources Corporation owns 100% of the leasehold working interest and operating rights in the Fruitland Coal formation in the adjoining unit in the N/2 of Section 31, T29N, R13W. The adjoining units in the E/2 of Section 25 and the cornering unit in Section 36 in T29N, R14W are operated by XTO Energy. XTO is also the operator of two dual completion Pictured Cliffs/Basin Fruitland Coal wells, the FRPC 30 No. 1 and FRPC 30 No. 2 in the N/2 of Section 30. XTO and Burlington Resources are working interest owners in the S/2 of Section 30 and both are participating in Energen's C. J. Holder No. 600. The BLM, XTO and Burlington Resources are being notified of this Application in any event.

Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Very truly yours,

MONTGOMERY & ANDREWS, P. A.



J. Scott Hall

Attorneys for Energen Resources Corporation

Mark Fesmire, Director

March 13, 2008

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Enclosures

Exhibit A Bottom hole locations for the C. J. Holder No. 600

Exhibit B Lease road route map

Exhibit C USGS topographic map

Exhibit D Digital ortho quarter-quadrangle information

Exhibit E Energen's federal oil and gas lease

Cc: XTO Energy

Burlington Resources Oil and Gas Company

Bureau of Land Management, Farmington Field Office

Rec 2-8-08

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 October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 71629		³ Pool Name FC	
⁴ Property Code		⁵ Property Name C.J. HOLDER			⁶ Well Number # 600
⁷ OGRID No. 162928		⁸ Operator Name ENERGEN RESOURCES CORPORATION			⁹ Elevation 5911'

¹⁰ Surface Location

UL or lot no. N	Section 30	Township 29N	Range 13W	Lot Idn	Feet from the 387	North/South line SOUTH	Feet from the 499	East/West line WEST	County SAN JUAN
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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.

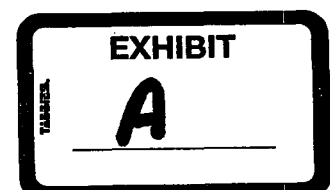
¹⁶ FD. 3 1/4" ALUM. CAP BLM 1984 R14W R13W		FD. 3 1/4" ALUM. CAP BLM 1984	FD. 3 1/2" BRASS CAP BLM 1984	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest 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 _____ Date _____ Printed Name _____
30 ENERGEN RESOURCES C.J. HOLDER #600 499' CHA CHA #6 DRY HOLE 387'		ENERGEN RESOURCES C.J. HOLDER #600	5238.70' (M) 5241.19' (R) N00°19'45"E S00°19'00"W	
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 11/2/08 Signature and Seal of Professional Surveyor: [Seal] NM #11952 Certificate Number				

(CALC. COR.
BY SGL PROP.)

S89°31'37"E
S89°54'00"E (1880 PLAT)

4130.23' (M)
4158.00' (R)

FD. 1 1/2" ALUM. CAP
HCS LS#9672



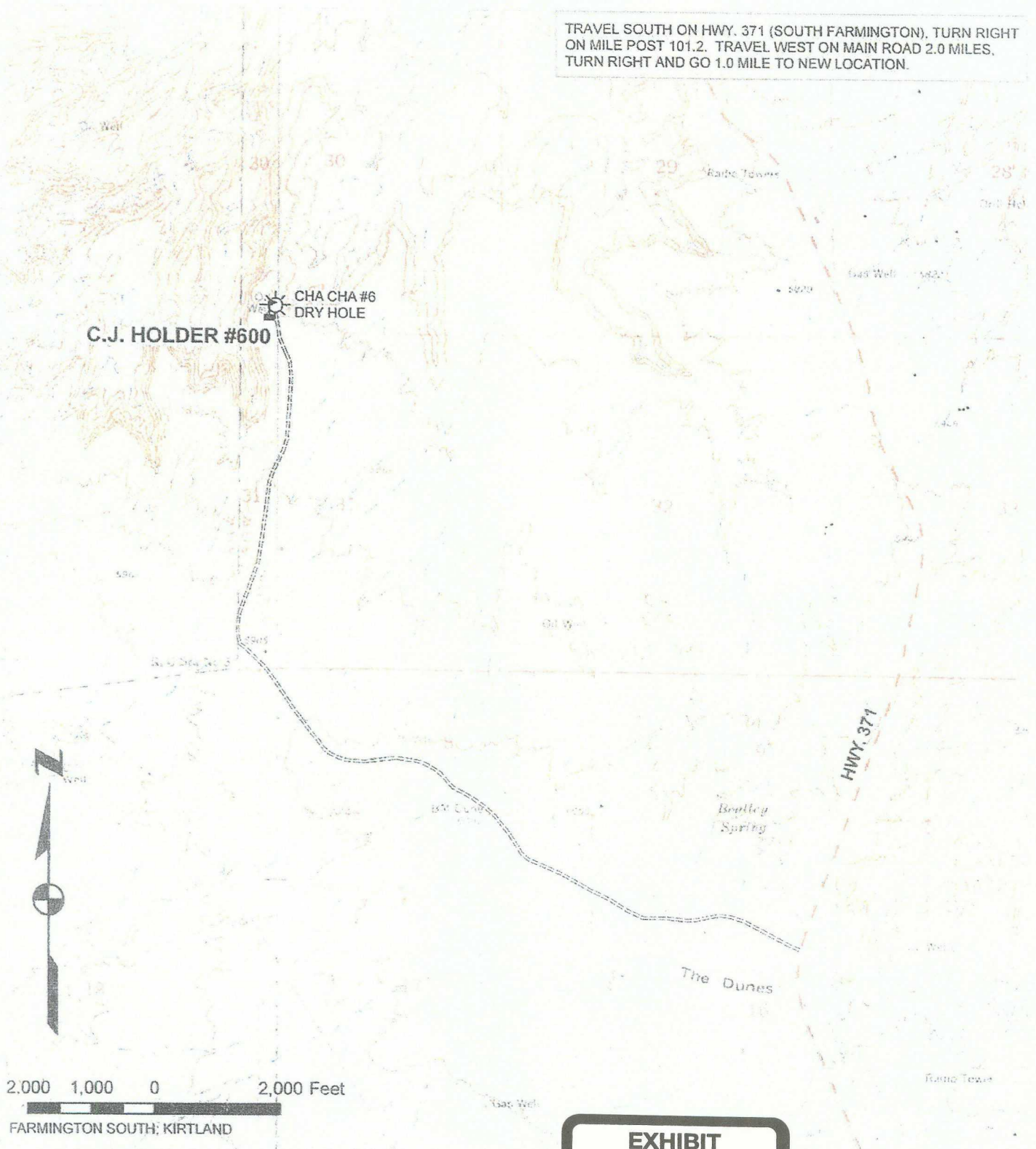
ENERGEN RESOURCES

C.J. HOLDER #600

387' FSL & 499' FWL, SECTION 30, T29N, R13W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO

NO NEW ACCESS

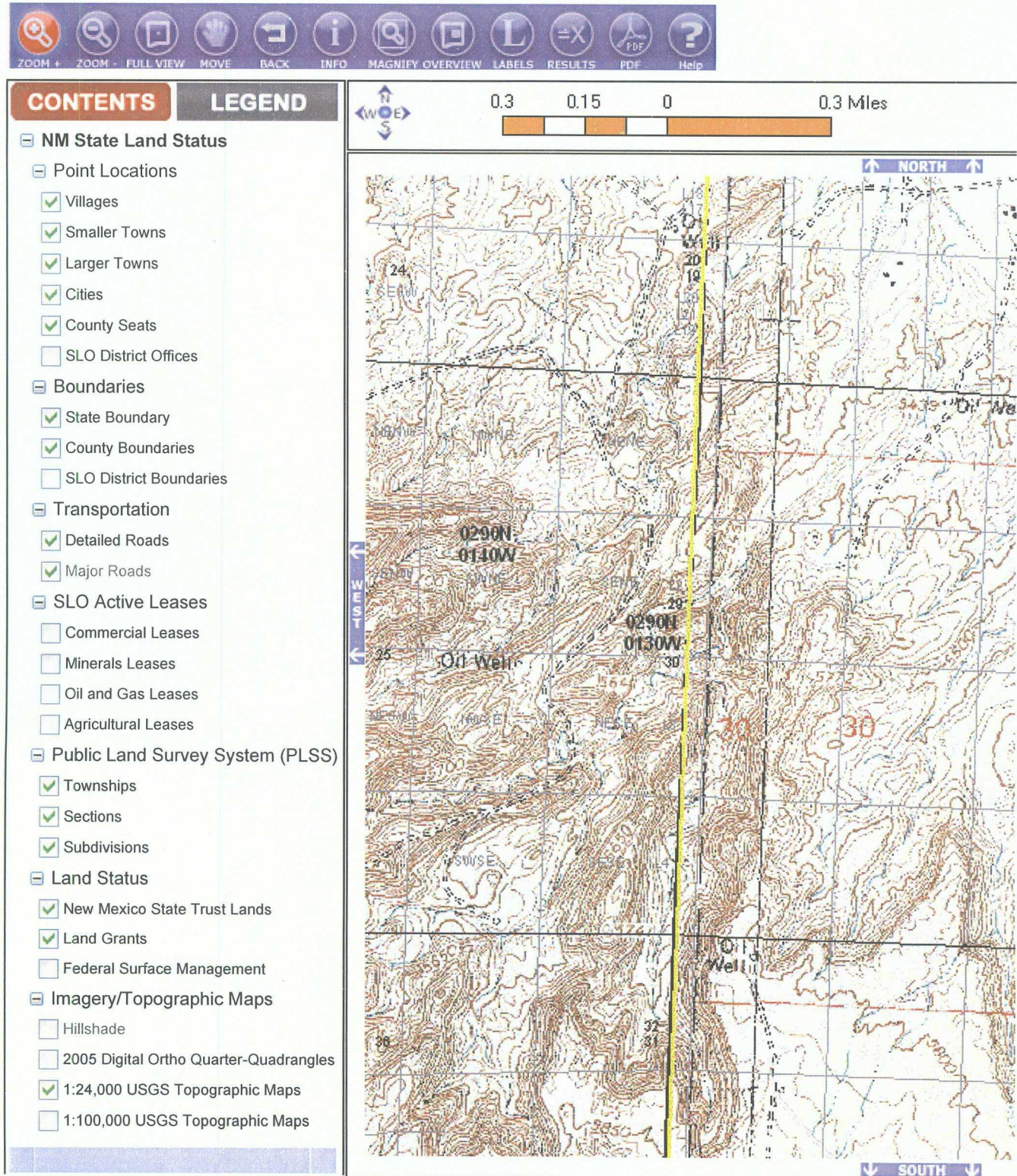
TRAVEL SOUTH ON HWY. 371 (SOUTH FARMINGTON), TURN RIGHT
ON MILE POST 101.2. TRAVEL WEST ON MAIN ROAD 2.0 MILES,
TURN RIGHT AND GO 1.0 MILE TO NEW LOCATION.



EXHIBIT

B

New Mexico State Land Office - Land Status



Any information found on this site is intended for informal use only. State lease information offered here is updated weekly; some changes in the data may have for determining the true legal status of information through his or her own independent research of official documents. The New Mexico State Land Office assumes no liability or use of the information provided here, in State Land Office data layers or any other data layer.



New Mexico State Land Office - Land Status

CONTENTS

LEGEND

☒ **NM State Land Status**

- ☒ Point Locations
 - ☒ Villages
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 - ☒ Larger Towns
 - ☒ Cities
 - ☒ County Seats
 - ☐ SLO District Offices
- ☒ Boundaries
 - ☒ State Boundary
 - ☒ County Boundaries
 - ☐ SLO District Boundaries
- ☒ Transportation
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 - ☒ Major Roads
- ☒ SLO Active Leases
 - ☐ Commercial Leases
 - ☐ Minerals Leases
 - ☐ Oil and Gas Leases
 - ☐ Agricultural Leases
- ☒ Public Land Survey System (PLSS)
 - ☒ Townships
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- ☒ Land Status
 - ☒ New Mexico State Trust Lands
 - ☒ Land Grants
 - ☐ Federal Surface Management
- ☒ Imagery/Topographic Maps
 - ☐ Hillshade
 - ☒ 2005 Digital Ortho Quarter-Quadrangles
 - ☐ 1:24,000 USGS Topographic Maps
 - ☐ 1:100,000 USGS Topographic Maps

NORTH

SOUTH

Any information found on this site is intended for informal use only. State lease information offered here is updated weekly; some changes in the data may have occurred since the last update. For determining the true legal status of information through his or her own independent research of official documents. The New Mexico State Land Office assumes no liability or use of the information provided here, in State Land Office data layers or any other data layer.

<http://landstatus.nmstatelands.org/LandStatus.aspx>

2/12/2008

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0145
Expires: 11/30/2005

Serial Number
NMNM113432

OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (reverse) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the Federal Lands

READ INSTRUCTIONS BEFORE COMPLETING

1. Name THE BLANCO COMPANY

Street PO BOX 3010

City, State, Zip Code RUIDOSO, NM 88355

2. This application/offer/lease is for: (Check only One) ☒ PUBLIC DOMAIN LANDS

☐ ACQUIRED LANDS (percent U.S. interest _____)

Surface managing agency if other than BLM: _____

Unit/Project _____

Legal description of land requested: _____

*Parcel No.: _____

*Sale Date (m/d/y): ____ / ____ / ____

*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.

T. _____

R. _____

Meridian _____

State _____

County _____

Amount remitted: Filing fee \$ _____

Rental fee \$ _____

Total acres applied for _____

Total \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. _____

R. _____

Meridian _____

State _____

County _____

0290N

0130W

NMPM

NM

San Juan

Sec. 030 LOTS 3,4;

030 E2SW,S2SE;



Total acres in lease 172.100

Rental retained \$ 259.50

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term of lease:

THE UNITED STATES OF AMERICA

☐ Noncompetitive lease (ten years)

by

Glenn S. Baca

(Signing Officer)

☒ Competitive lease (ten years)

LAND LAW EXAMINER, FLUIDS ADJUDICATION TEAM

FEB 2 8 2005

(Title)

(Date)

☐ Other _____

EFFECTIVE DATE OF LEASE

MAR 01 2005

State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities; (3) offeror's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options; (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located; (5) offeror is in compliance with qualifications concerning Federal coal lease holdings provided in sec. 2(a)(2)(A) of the Mineral Leasing Act; (6) offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (7) offeror is not in violation of sec. 41 of the Act.

(b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 18 U.S.C. Sec. 1001 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.

Duly executed this _____ day of _____, 20____

(Signature of Lessee or Attorney-in-fact)

LEASE TERMS

Sec. 1. Rentals—Rentals shall be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- (a) Noncompetitive lease, \$1.50 for the first 5 years; thereafter \$2.00;
- (b) Competitive lease, \$1.50; for the first 5 years; thereafter \$2.00;
- (c) Other, see attachment, or as specified in regulations at the time this lease is issued.

If this lease or a portion thereof is committed to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties shall be paid on the production allocated to this lease. However, annual rentals shall continue to be due at the rate specified in (a), (b), or (c) for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official working day if office is closed) shall automatically terminate this lease by operation of law. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.

Sec. 2. Royalties—Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed or sold. Royalty rates are:

- (a) Noncompetitive lease, 12½ %;
- (b) Competitive lease, 12½ %;
- (c) Other, see attachment; or as specified in regulations at the time this lease is issued.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessee be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of lessee.

Minimum royalty in lieu of rental of not less than the rental which otherwise would be required for that lease year shall be payable at the end of each lease year beginning on or after a discovery in paying quantities. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (30 U.S.C. 1701). Lessee shall be liable for royalty payments on oil and gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or citation issued under FOGRMA or the leasing authority.

Sec. 3. Bonds—A bond shall be filed and maintained for lease operations as required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage—Lessee shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool embracing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor.

Sec. 5. Documents, evidence, and inspection—Lessee shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee shall keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor

when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that supports

costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

During existence of this lease, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. Conduct of operations—Lessee shall conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.

Prior to disturbing the surface of the leased lands, lessee shall contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee shall immediately contact lessor. Lessee shall cease any operations that would result in the destruction of such species or objects.

Sec. 7. Mining operations—To the extent that impacts from mining operations would be substantially different or greater than those associated with normal drilling operations, lessor reserves the right to deny approval of such operations.

Sec. 8. Extraction of helium—Lessor reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense or loss to lessee or owner of the gas. Lessee shall include in any contract of sale of gas the provisions of this section.

Sec. 9. Damages to property—Lessee shall pay lessor for damage to lessor's improvements, and shall save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 10. Protection of diverse interests and equal opportunity—Lessee shall: pay when due all taxes legally assessed and levied under laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; and take measures necessary to protect the health and safety of the public.

Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands, lessee shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee shall file with lessor any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec. 12. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessee shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec. 13. Proceedings in case of default—If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation unless or until the leasehold contains a well capable of production of oil or gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substances in paying quantities. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FOGRMA (30 U.S.C. 1701).

Sec. 14. Heirs and successors-in-interest—Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

Special Cultural Resource
Lease Notice

All development activities proposed under the authority of this lease are subject to compliance with Section 106 of the NHPA and Executive Order 13007. The lease area may contain historic properties, traditional cultural properties (TCP's), and/or sacred sites currently unknown to the BLM that were not identified in the Resource Management Plan or during the lease parcel review process. Depending on the nature of the lease developments being proposed and the cultural resources potentially affected, compliance with Section 106 of the National Historic Preservation Act and Executive Order 13007 could require intensive cultural resource inventories, Native American consultation, and mitigation measures to avoid adverse effects—the costs for which will be borne by the lessee. The BLM may require modifications to or disapprove proposed activities that are likely to adversely affect TCP's or sacred sites for which no mitigation measures are possible. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

Bureau of Land Management
New Mexico State Office

NM-11-LN
February 9, 2004

Special Cultural Resource
Lease Notice

All development activities proposed under the authority of this lease are subject to compliance with Section 106 of the NHPA and Executive Order 13007. The lease area may contain historic properties, traditional cultural properties (TCP's), and/or sacred sites currently unknown to the BLM that were not identified in the Resource Management Plan or during the lease parcel review process. Depending on the nature of the lease developments being proposed and the cultural resources potentially affected, compliance with Section 106 of the National Historic Preservation Act and Executive Order 13007 could require intensive cultural resource inventories, Native American consultation, and mitigation measures to avoid adverse effects—the costs for which will be borne by the lessee. The BLM may require modifications to or disapprove proposed activities that are likely to adversely affect TCP's or sacred sites for which no mitigation measures are possible. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

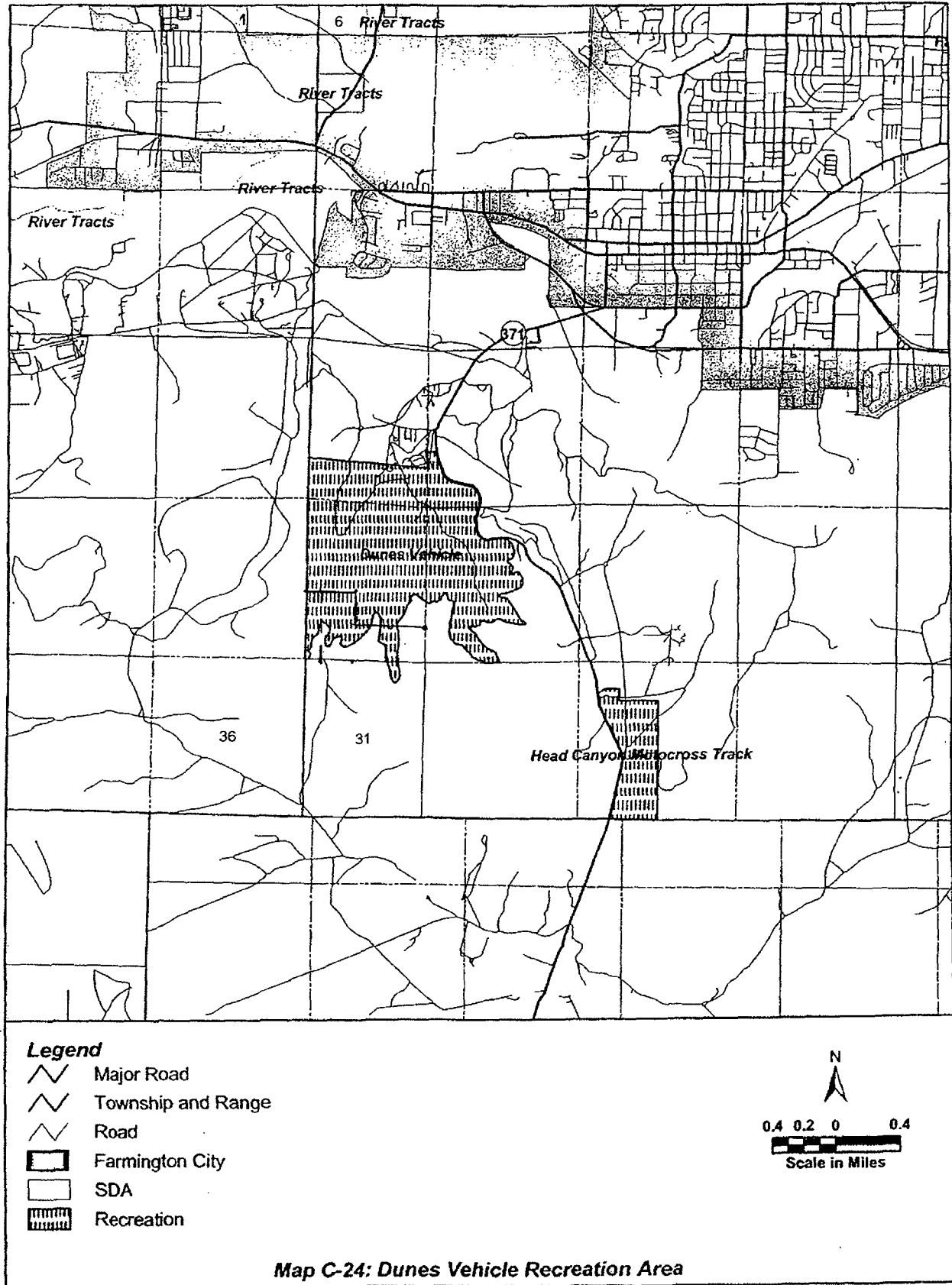
NO SURFACE OCCUPANCY STIPULATION
DUNES VEHICLE RECREATION AREA

No surface occupancy or use is allowed on the lands described below:

For the purpose of: Public safety while managing area for moderate to intensive OHV use. Management prescriptions presented in Farmington RMP (approved September 29, 2003) apply No Surface Occupancy stipulation to new oil and gas leases.

If circumstances or relative resource values change or if it can be demonstrated that oil and gas operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the BLM Authorized Officer, provided such action is consistent with the provisions of the Farmington Resource Management Plan, or if not consistent, through a land use plan amendment and associated National Environmental Policy Act analysis document. If the BLM Authorized officer determines that the waiver, exception, or modification involves an issue of major public concern, the waiver, exception, or modification shall be subject to a 30-day public review period.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.



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DIVISION OF RESOURCES DEPARTMENT
2008 MAR 18 PM 1 07

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

RE: Request for Administrative Approval of an Unorthodox Well Location
Fruitland Coal Formation
Energen Resources Corporation
C. J. Holder Well No. 600
387' FSL and 499' FWL (Unit N)
Section 30, T29N, R13W, NMPM
San Juan County, New Mexico

J. SCOTT HALL, attorney and authorized representative for Energen Resources Corporation, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1210 A(2) of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1210 A(2), notice has been given at the correct addresses provided by such rule.

By: T. J. Wenzel

J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 18th day of March, 2008.

Donise C. Hayes
Notary Public

My commission expires: March 3rd, 2012



EXHIBIT A

XTO Energy Company, Inc.
810 Houston Street
Fort Worth, TX 76102

Burlington Resources Oil and Gas Company
P.O. Box 4289
Farmington, NM 87499

Farmington Building of Land Management
1235 La Plata Highway
Farmington, NM 87401

7921 1252
3434 9000
1820 0000
1820 0000
7005

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or PO Box No. P.O. Box 4289
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or PO Box No. 1235 La Plata Highway
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or PO Box No. 810 Houston Street
City, State, ZIP+4[®] Fort Worth, TX 76102

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