

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000



APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-079011-A
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. If Indian, Allottee or Tribe Name
2. Name of Operator Energen Resources Corporation		7. Unit or CA Agreement Name and No. San Juan 32-5 Unit
3a. Address 2198 Bloomfield Highway Farmington, New Mexico 87401		8. Lease Name and Well No. San Juan 32-5 Unit 1085
3b. Phone No. (include area code) (505) 325-6800		9. API Well No. 30-039-26906
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 700' FSL, 1360' 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* 16 miles North of Gobernador, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 27, T32N, R6W, N.M.P.M.
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 240	12. County or Parish Rio Arriba
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 220'	19. Proposed Depth 2907'	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6132' GL	22. Approximate date work will start* August 2002	17. Spacing Unit dedicated to this well 320Ac E/2
23. Estimated duration 5 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:

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| 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 	Name (Printed/Typed) Don Graham	Date 1/21/02
Title Production Superintendent		
Approved by (Signature) 	Name (Printed/Typed) David J. Markiewicz	Date MAR 29 2004
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 Reverse)

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

ALL ACTIONS ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

JASON C. EDWARDS
Certificate Number 15269

OPERATIONS PLAN

WELL NAME: San Juan 32-5 Unit #1085

LOCATION: 700' FSL, 1360' FEL, Section 27, T32N, R6W, Rio Arriba County, NM

FIELD: Basin Fruitland Coal

ELEVATION: 6132' GL

FORMATION TOPS:

Surface	San Jose
Nacimiento	782
Ojo Alamo	2107
Kirtland	2222
Fruitland	2577

Total Depth 2907

LOGGING PROGRAM:

Open Hole Logs:

Surface to intermediate: None

Inter TD to total depth: None

Mud Logs: Intermediate to total depth

Coring: None

Natural Gauges: Every 500' from intermediate TD to total depth

MUD PROGRAM: Fresh water low solids mud from surface to intermediate TD (9.0 PPG).
Air/mist from intermediate casing point to total depth.

CASING PROGRAM:

<u>HOLE SIZE</u>	<u>DEPTH</u>	<u>CSG SIZE</u>	<u>WT.</u>	<u>GRADE</u>
12 1/4"	200'	9 5/8"	32.3#	J-55 – ST&C
8 3/4"	2747'	7"	20#	J-55 – ST&C
6 1/4"	2907'			

TUBING PROGRAM:

2800'	2 3/8"	4.7#	J-55
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WELLHEAD: 11" 3000 x 9 5/8" casing head. 11" 3000 x 7 1/16" 3000 xmas tree.

BOP SPECIFICATIONS:

An 11" 2000 psi minimum double gate BOP stack (Figure 1) will be used following nipple up of casing head. During air drilling operations, a Shaffer Type 50 or equivalent rotating head will be installed on top of the stack. A 2" nominal, 2000 psi minimum choke manifold will be used. An upper Kelly Cock valve with handle available and drill string valve to fit each drill string will be available on the rig floor during drilling operations.

CEMENTING:

9 5/8" surface casing - cement with 110 sks Class B Cement with 1/4" flocele/sk and 2% calcium chloride (130 cu. ft. of slurry, 100% excess to circulate to surface). WOC 12 hrs. Test casing to 600# for 30 minutes.

Texas Pattern Guide Shoe on bottom. 3 bow type centralizers spaced throughout the string.

7" intermediate casing – cement with 260 sks 65/35 Class B Poz with 6% gel, 2% calcium chloride, 10% gilsonite, and 1/4# flocele/sk. Tail with 100 sks Class B w/2% calcium chloride, 10% gilsonite and 1/4# flocele/sk. (620 cu. ft. of slurry, 50% excess to circulate to surface). WOC 12 hrs. If cement does not circulate, run temperature survey in 8 hrs. to determine TOC. Test casing to 1200 psi for 30 minutes.

Cement nose guide shoe on bottom with a self-fill insert float valve on top of shoe joint. 10 bow spring centralizers spaced every 2nd joint off bottom. Two turbolating centralizers at the base of the Ojo Alamo.

OTHER INFORMATION:

- 1) The Basin Fruitland Coal will be completed.
- 2) No abnormal temperatures or pressures are anticipated.
- 3) If lost circulation is encountered sufficient LCM will be added to the mud system to maintain well control.
- 4) This gas is dedicated.
- 5) Anticipated pore pressure for the Fruitland is 700 psi.