

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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


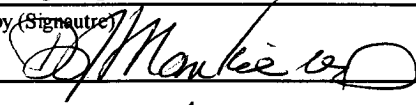
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			2006 JAN 13 PM 8	5. Lease Serial No. SF 080917
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 checked="" type="checkbox"/> Multiple Zone			RECEIVED BLOOMFIELD	6. If Indian, Allottee or Tribe Name
2. Name of Operator Energen Resources Corporation				7. Unit or CA Agreement Name and No.
3a. Address 2198 Bloomfield Highway Farmington, New Mexico 87401		3b. Phone No. (include area code) (505) 325-6800		8. Lease Name and Well No. Hart Canyon 4 #1S
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1970' fnl, 1580' fwl At proposed prod. zone				9. API Well No. 30-045-33524
14. Distance in miles and direction from nearest town or post office* Approximately 5.75 miles north east of Aztec				10. Field and Pool, or Exploratory Basin Fruitland Coal
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1580'		16. No. of Acres in lease 2538.18		11. Sec., T., R., M., or Blk. and Survey or Area F S4, T30N, R10W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approx. 2000'		19. Proposed Depth 3190'		12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 6348'		22. Approximate date work will start* 05/15/06		13. State NM
		23. Estimated duration 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. | 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) Nathan Smith	Date 1/11/06
Title Drilling Engineer		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 3/14/06
Title FFO		

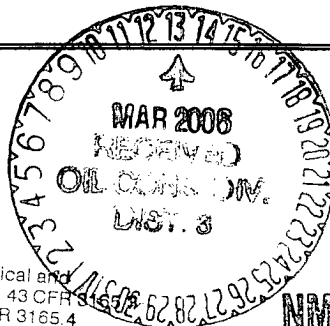
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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)



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



NMOC

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

2006 JAN 13 Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
RECEIVED
070 FARMINGTON NM AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33524	*Pool Code 71629	*Pool Name FRUITLAND COAL
*Property Code 402928	*Property Name HART CANYON 4	*Well Number 1S
*GRID No. 162928	*Operator Name ENERGEN RESOURCES CORPORATION	*Elevation 6348'

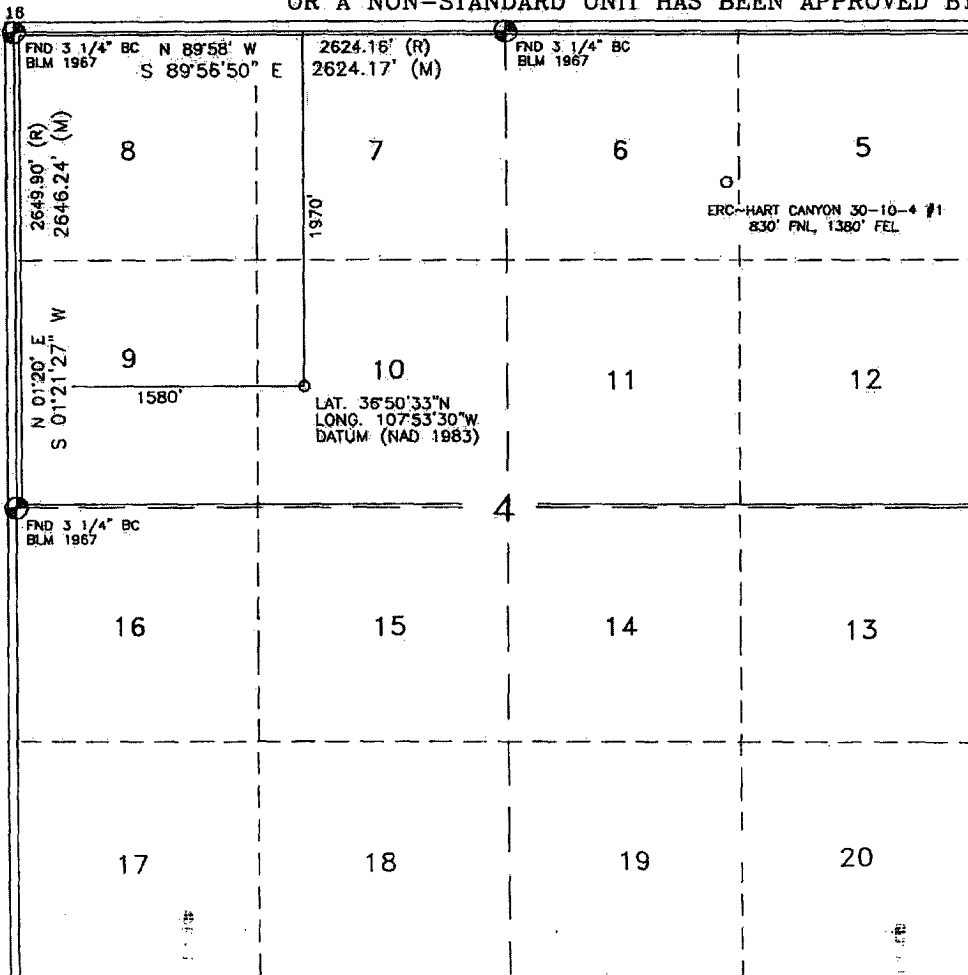
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	4	30N	10W	10	1970'	NORTH	1580'	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
Dedicated Acres 319.29 Acres - (N/2)					Joint or Infill		Consolidation Code		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



17. OPERATOR CERTIFICATION

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

Nathan Smith
Signature
Nathan Smith
Printed Name
Drilling Engineer
Title
1/11/06
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.

AUGUST 9 2005
Date of Survey
Signature and Seal of Professional Surveyor:
David R. Russell
Certificate Number 10201

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 <u>30-045-33524</u>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: <u>Hart Canyon 4</u>
8. Well Number <u># 1S</u>
9. OGRID Number <u>162928</u>
10. Pool name or Wildcat <u>Basin Fruitland Coal</u>

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other
2. Name of Operator <u>Energen Resources Corporation</u>
3. Address of Operator <u>2198 Bloomfield Highway, Farmington, NM 87401</u>
4. Well Location Unit Letter <u>F</u> : <u>1970</u> feet from the <u>North</u> line and <u>1580</u> feet from the <u>West</u> line Section <u>04</u> Township <u>30N</u> Range <u>10W</u> NMPM County <u>San Juan</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>6348' GL</u>
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>
Pit type <u>Drill</u> Depth to Groundwater <u>>100'</u> Distance from nearest fresh water well <u>>1000'</u> Distance from nearest surface water <u>>250'</u>
Pit Liner Thickness: <u>12</u> 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 12/27/05

Type or print name Nathan Smith

E-mail address: nsmith@energen.com Telephone No. 505.325.6800

For State Use Only

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE MAR 10 2006
Conditions of Approval, if any:

ENERGEN RESOURCES CORPORATIO

HART CANYON 30-10-4 #1S

1970' FNL & 1580' FWL

LOCATED IN THE SE/4 NW/4 OF SEC. 4,

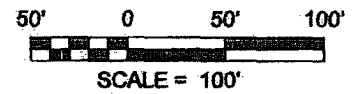
T30N, R10W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

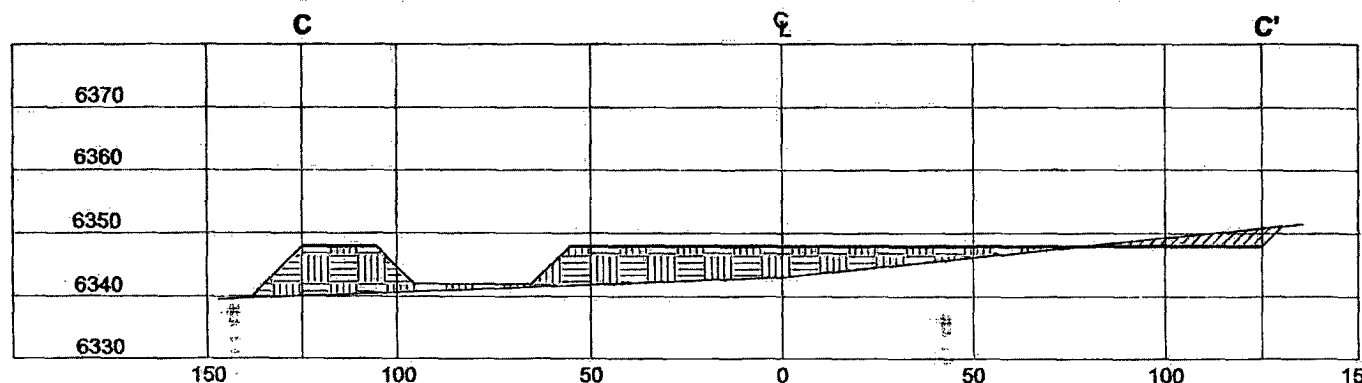
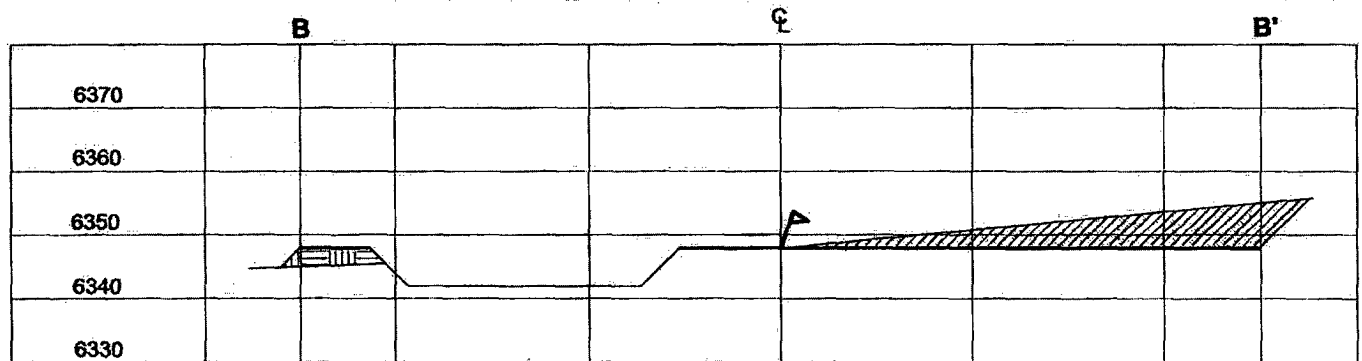
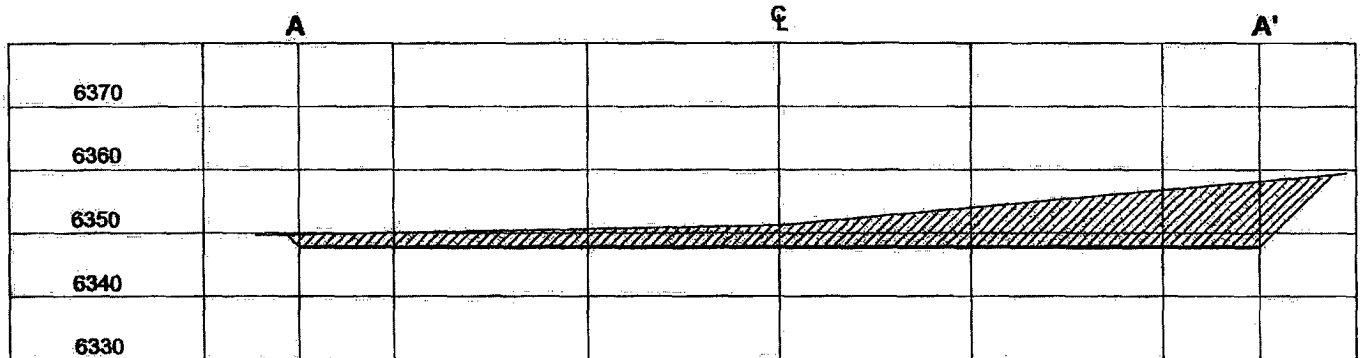
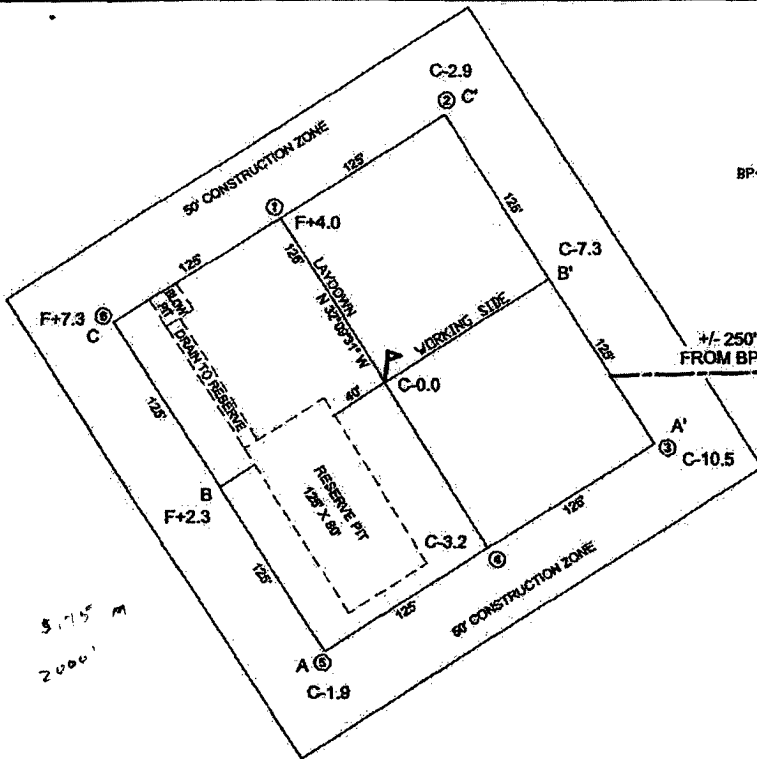
ELEVATION: 6348', NAVD 88

WELL HEAD
BP-ATLANTIC B #2B

+/- 250' NEW ACCESS
FROM BP-ATLANTIC B #2B



LATITUDE: 36°50'33"N 36.84250
LONGITUDE: 107°53'30"W 107.89166
DATUM: NAD 83



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



Russell Surveying
1409 W. Aztec Blvd. #5
Aztec, New Mexico 87410

Operations Plan

January 12, 2006

Hart Canyon 4 #1S

General Information

Location	1970' fnl, 1580' fwl senw S4, T30N, R10W San Juan County, New Mexico
Elevations	6348' GL
Total Depth	3190' (MD)
Formation Objective	Basin Fruitland Coal

Formation Tops

Nacimiento	Surface
Ojo Alamo Ss	1610'
Kirtland Sh	1745'
Fruitland Fm	2620'
Top Coal	2800'
Bottom Coal	2990'
Pictured Cliffs Ss	3005'
Total Depth	3190'

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

Surveys: Surface and/or every 500 ft to TD.

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'-3190'	7 7/8"	5 ½"	15.5 ppf	J-55 LT&C
Tubing	0'-3110'		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 % CaCl₂ and ¼ #/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.

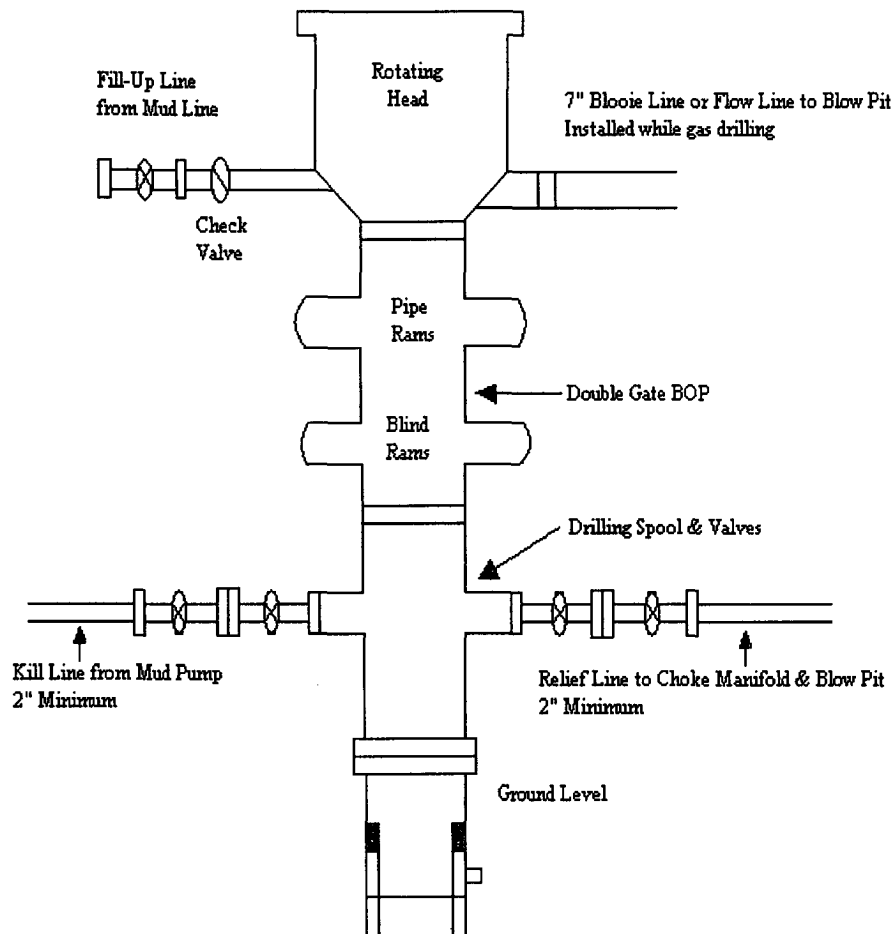
Production Casing: Before cementing, circulate hole at least 1 ½ hole volumes of mud and reduce funnel viscosity to minimum to aide in hole cleanout. Depending on wellbore conditions, cement may consist of 475 sks 65/35 with 6.0 % Bentonite, 2.0 % CaCl₂, 10 #/sk Gilsonite, and ½ #/sk Flocele (12.3 ppg, 1.96 ft³/sk) and a tail of 145 sks of Standard (Class B) cement with 5.0 #/sk Gilsonite, and ¼ #/sk Flocele (15.2ppg, 1.24 ft³/sk). (1111 ft³ of slurry, 100 % excess to circulate to surface).

Other Information

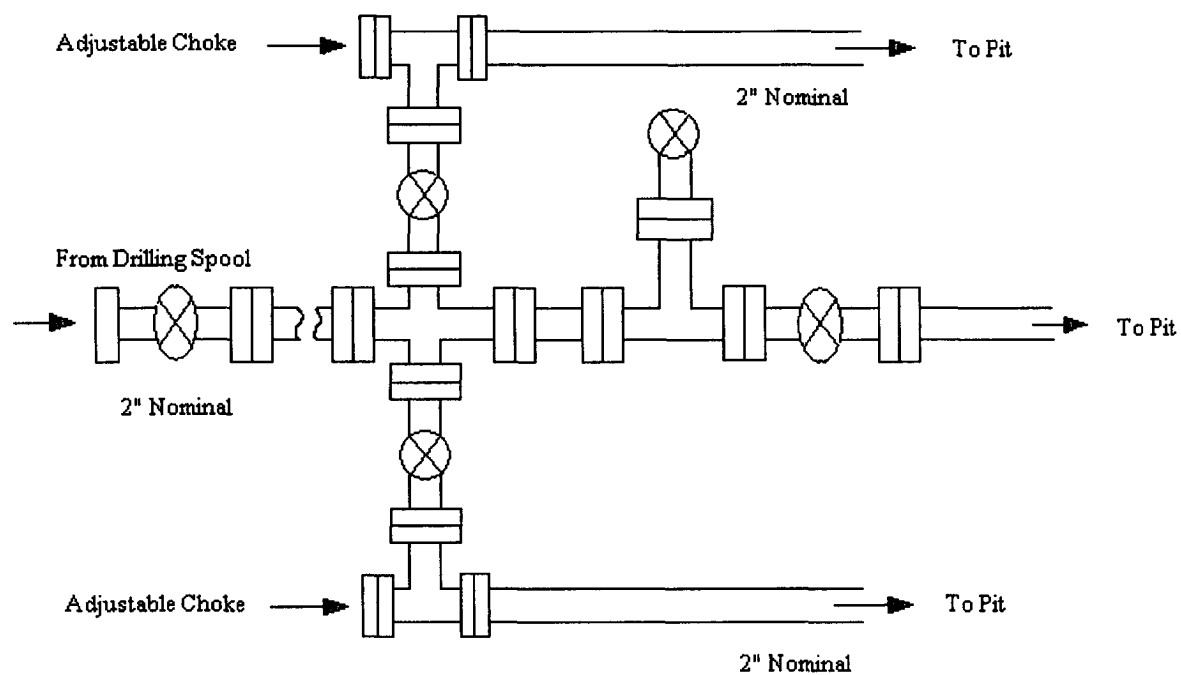
- 1) This well will be cased and the Basin Fruitland Coal fracture stimulated.
- 2) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control. The production string may need to be cemented in multiple stages with a slurry design deviated from that listed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