

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.

2007 JUL 26

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED
BLM
210 FARMINGTON

5. Lease Serial No.

NMNM 59704

6. If Indian, Allottee or Tribe Name

AM 8:51

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

FARMINGTON NM

8. Well Name and No.

Carracas 26A # 10

9. API Well No.

30-039-30140

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

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

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 recompletable 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 recompletable 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.)

Due to an incorrect directional drilling plan submitted with the APD for the Carracas 26 A #10, Energen Resources would like to make the following change to the 8 3/4" wellbore and 7" intermediate casing:

- * Change casing setting measured depth (MD) TD to 5100' MD and cement with 725 sks lead followed by 125 sks tail.
- * Change the TD of the well to 6901' (MD) and run the 4 1/2" liner to this depth with a new liner top of 5070' (MD).

This change will allow the wellbore to be cased off and cemented in the legal drilling window.

Attached is a revised directional drilling and operations plan.

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

RCVD JUL30'07

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

Nathan Smith

Title

Drilling Engineer

OIL CONS. DIV.

DIST. 3

Date

07/25/07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Troy L. Salvers

Title

Petroleum Engineers

Date

7/27/2007

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

FFO

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.

NMOCB

Operations Plan

Revised July 25, 2007

Carracas 26 A #10

General Information

Location	745' fnl, 1540' fel at surface 760' fnl, 1400' fel at bottom swse S26, T32N, R5W Rio Arriba County, New Mexico
Elevations	7215' GL
Total Depth	6901' (MD), 3928' (TVD)
Formation Objective	Basin Fruitland Coal

Formation Tops

San Jose	Surface
Nacimiento	2010' (TVD)
Ojo Alamo Ss	3347' (TVD), 3477' (MD)
Kirtland Sh	3370' (TVD), 3509' (MD)
Fruitland Fm	3610' (TVD), 3890' (MD)
Top Coal	3903' (TVD), 4824' (MD)
Bottom Coal	3928' (TVD)
Total Depth	3928' (TVD), 6901' (MD)

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 8.9 ppg to 9.5 ppg.

Projected KOP is 2100' TVD with 3.2°/100' doglegs.

The 6 1/4" wellbore will be drilled with a fresh water or brine water system depending on reservoir characteristics. Anticipated BHP can be as high as 1100 psi.

Blowout Control Specifications:

A 2000 psi minimum double ram or annulus BOP stack 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 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: None

Mud logs: From 3576' (TVD), 3600' (MD) to TD.

Surveys: Surface to KOP every 500' and a minimum of every 250' for directional.

Tubulars

Casing, Tubing, & Casing Equipment:

String	Interval	Wellbore	Casing	Csg Wt	Grade
Surface	0'-200'	12 1/4"	9 5/8"	32.3 ppf	H-40 ST&C
Intermediate	0'-3915' (TVD) 5100' (MD)	8 3/4"	7"	23.0 ppf	J-55 LT&C
Production	3903'-3928' (TVD) 5070'-6901' (MD)	6 1/4"	4 1/2"	11.6 ppf	J-55 LT&C
Tubing	0'-5000' (MD)		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.

Intermediate 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 and rigid centralizers to optimize standoff. Two turbolating centralizers at the base of the Ojo Alamo are recommended.

Liner: Bull nose guide shoe on bottom of first joint, H-Latch liner drop off tool on top of last joint.

Wellhead

3000 psi 11" x 9 5/8" casing head. 9 5/8" x 7"x 2 3/8" 3000 psi Flanged Wellhead .

Cementing

Surface Casing: 125 sks Std (class B) with 2.0 % CaCl₂ and 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk 148 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test surface casing to 600 psi for 30 min.

Intermediate 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 725 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 125 sks Sks with 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk). (1382-ft³ of slurry, 100 % excess to circulate to surface). Test casing to 750 psi for 30 min. 1569 ft³

Other Information

- 1) This well will be an open hole completion lined with an uncemented pre-drilled liner.
- 2) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control. The intermediate 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. This gas is dedicated.

Energen Resources

Carson National Forest; S26, 32N, 5W

Middle Mesa

Carracas 26 A #10

Plan: Revised Final Wellpath

Final Design

25 July, 2007

Project: Carson National Forest; S26, 32N, 5W
Site: Middle Mesa
Well: Carracas 26 A #10
Wellbore: Final Design
Plan: Plan #1 (Carracas 26 A #10/Final Design)

PROJECT DETAILS: Carson National Forest; S26, 32N, 5W

Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Central Zone

System Datum: Mean Sea Level

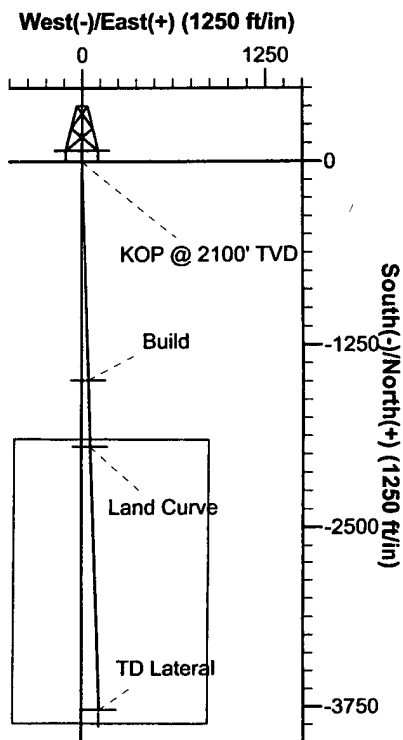
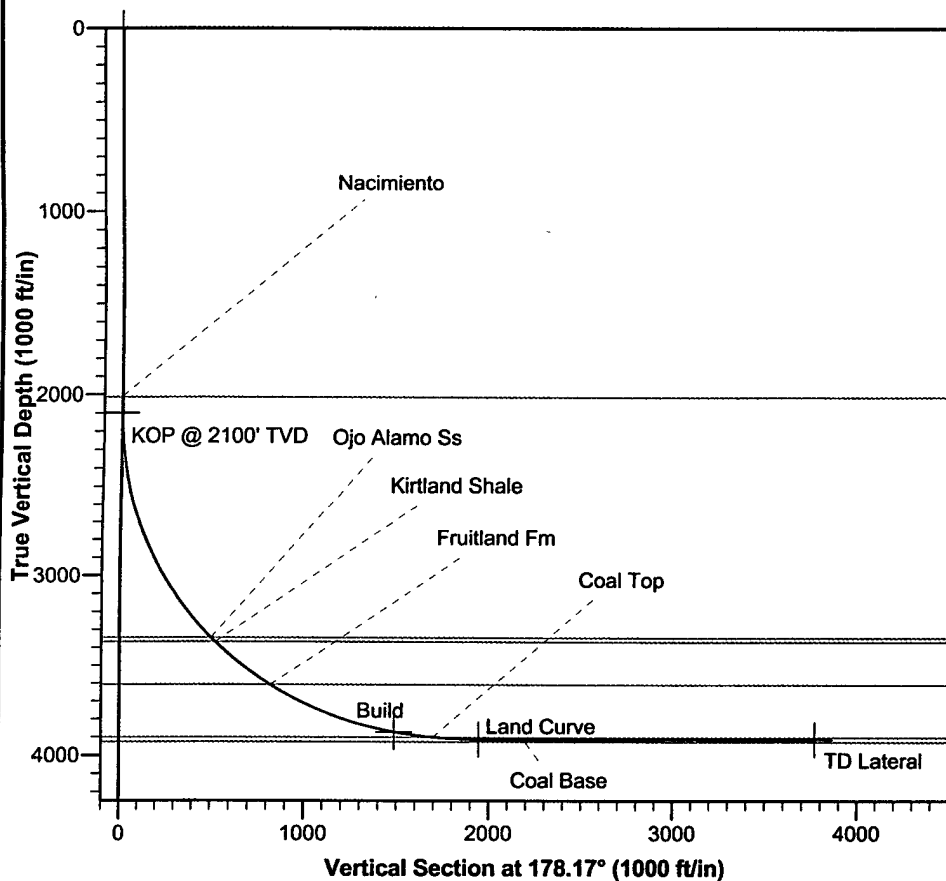


Azimuths to True North
Magnetic North: 10.28°

Magnetic Field
Strength: 51435.6snT
Dip Angle: 63.85°
Date: 12/11/2006
Model: IGRF200510

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	2100.0	0.00	0.00	2100.0	0.0	0.0	0.00	0.00	0.0	KOP @ 2100' TVD
3	4616.6	80.00	178.17	3875.0	-1488.6	47.6	3.18	178.17	1489.4	Build
4	5076.1	90.00	178.17	3915.0	-1945.6	62.2	2.18	0.02	1946.6	Land Curve
5	6901.2	90.00	178.17	3915.0	-3769.7	120.4	0.00	0.00	3771.6	TD Lateral



Energen
Final Design



Company:	Energen Resources	Local Co-ordinate Reference:	Well Carracas 26 A #10
Project:	Carson National Forest; S26, 32N, 5W	TVD Reference:	KB @ 7230.0ft (Drilling Rig)
Site:	Middle Mesa	MD Reference:	KB @ 7230.0ft (Drilling Rig)
Well:	Carracas 26 A #10	North Reference:	True
Wellbore:	Final Design	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Project:	Carson National Forest; S26, 32N, 5W		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Central Zone		

Site:	Middle Mesa		
Site Position:		Northing:	2,169,214.25 ft
From:	Lat/Long	Easting:	1,325,589.77 ft
Position Uncertainty:	0.0 ft	Slot Radius:	"
		Latitude:	36° 57' 23.148 N
		Longitude:	107° 19' 39.108 W
		Grid Convergence:	-0.65 °

Well:	Carracas 26 A #10		
Well Position	+N/-S	0.0 ft	Northing: 2,169,214.25 ft
	+E/-W	0.0 ft	Easting: 1,325,589.77 ft
Position Uncertainty	0.0 ft	Wellhead Elevation:	7,215.0 ft
		Latitude:	36° 57' 23.148 N
		Longitude:	107° 19' 39.108 W
		Ground Level:	7,215.0 ft

Wellbore:	Final Design		
------------------	--------------	--	--

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	12/11/2006	10.28	63.85	51,436

Design:	Plan #1		
----------------	---------	--	--

Audit Notes:			
Version:	1	Phase:	PROTOTYPE
		Tie On Depth:	0.0

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.0	0.0	0.0	178.17

Survey Tool Program		Date 7/25/2007		
From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0.0	6,901.2	Plan #1 (Final Design)	MWD	MWD - Standard

Planned Survey							
MD (ft)	TVD (ft)	Inc (°)	Azi (°)	Build (°/100ft)	V. Sec (ft)	N/S (ft)	E/W (ft)
0.0	0.0	0.00	0.00	0.00	0.0	0.0	0.0
San Jose							
100.0	100.0	0.00	0.00	0.00	0.0	0.0	0.0
200.0	200.0	0.00	0.00	0.00	0.0	0.0	0.0
300.0	300.0	0.00	0.00	0.00	0.0	0.0	0.0
400.0	400.0	0.00	0.00	0.00	0.0	0.0	0.0
500.0	500.0	0.00	0.00	0.00	0.0	0.0	0.0
600.0	600.0	0.00	0.00	0.00	0.0	0.0	0.0
700.0	700.0	0.00	0.00	0.00	0.0	0.0	0.0
800.0	800.0	0.00	0.00	0.00	0.0	0.0	0.0
900.0	900.0	0.00	0.00	0.00	0.0	0.0	0.0
1,000.0	1,000.0	0.00	0.00	0.00	0.0	0.0	0.0

Energren
Final Design



Company:	Energren Resources	Local Co-ordinate Reference:	Well Carracas 26 A #10
Project:	Carson National Forest; S26, 32N, 5W	TVD Reference:	KB @ 7230.0ft (Drilling Rig)
Site:	Middle Mesa	MD Reference:	KB @ 7230.0ft (Drilling Rig)
Well:	Carracas 26 A #10	North Reference:	True
Wellbore:	Final Design	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey							
MD (ft)	TVD (ft)	Inc (°)	Azi (°)	Build (°/100ft)	V-Sec (ft)	N/S (ft)	E/W (ft)
1,100.0	1,100.0	0.00	0.00	0.00	0.0	0.0	0.0
1,200.0	1,200.0	0.00	0.00	0.00	0.0	0.0	0.0
1,300.0	1,300.0	0.00	0.00	0.00	0.0	0.0	0.0
1,400.0	1,400.0	0.00	0.00	0.00	0.0	0.0	0.0
1,500.0	1,500.0	0.00	0.00	0.00	0.0	0.0	0.0
1,600.0	1,600.0	0.00	0.00	0.00	0.0	0.0	0.0
1,700.0	1,700.0	0.00	0.00	0.00	0.0	0.0	0.0
1,800.0	1,800.0	0.00	0.00	0.00	0.0	0.0	0.0
1,900.0	1,900.0	0.00	0.00	0.00	0.0	0.0	0.0
2,000.0	2,000.0	0.00	0.00	0.00	0.0	0.0	0.0
2,010.0	2,010.0	0.00	0.00	0.00	0.0	0.0	0.0
Nacimiento							
2,100.0	2,100.0	0.00	0.00	0.00	0.0	0.0	0.0
KOP @ 2100' TVD							
2,200.0	2,199.9	3.18	178.17	3.18	2.8	-2.8	0.1
2,300.0	2,299.6	6.36	178.17	3.18	11.1	-11.1	0.4
2,400.0	2,398.6	9.54	178.17	3.18	24.9	-24.9	0.8
2,500.0	2,496.7	12.72	178.17	3.18	44.2	-44.2	1.4
2,600.0	2,593.6	15.89	178.17	3.18	68.9	-68.9	2.2
2,700.0	2,689.0	19.07	178.17	3.18	98.9	-98.9	3.2
2,800.0	2,782.5	22.25	178.17	3.18	134.2	-134.2	4.3
2,900.0	2,874.0	25.43	178.17	3.18	174.6	-174.6	5.6
3,000.0	2,963.1	28.61	178.17	3.18	220.1	-220.0	7.0
3,100.0	3,049.5	31.79	178.17	3.18	270.4	-270.2	8.6
3,200.0	3,133.0	34.97	178.17	3.18	325.4	-325.2	10.4
3,300.0	3,213.3	38.15	178.17	3.18	384.9	-384.7	12.3
3,400.0	3,290.2	41.33	178.17	3.18	448.8	-448.6	14.3
3,477.1	3,347.0	43.78	178.17	3.18	501.0	-500.7	16.0
Ojo Alamo Ss							
3,500.0	3,363.4	44.50	178.17	3.18	516.9	-516.7	16.5
3,509.3	3,370.0	44.80	178.17	3.18	523.4	-523.2	16.7
Kirtland Shale							
3,600.0	3,432.7	47.68	178.17	3.18	589.0	-588.7	18.8
3,700.0	3,498.0	50.86	178.17	3.18	664.7	-664.4	21.2
3,800.0	3,558.9	54.04	178.17	3.18	744.0	-743.6	23.8
3,890.1	3,610.0	56.91	178.17	3.18	818.3	-817.8	26.2
Fruitland Fm							
3,900.0	3,615.4	57.22	178.17	3.18	826.5	-826.1	26.4
4,000.0	3,667.1	60.40	178.17	3.18	912.1	-911.6	29.2
4,100.0	3,714.1	63.58	178.17	3.18	1,000.4	-999.8	32.0
4,200.0	3,756.1	66.76	178.17	3.18	1,091.1	-1,090.5	34.9
4,300.0	3,793.0	69.94	178.17	3.18	1,184.0	-1,183.4	37.8
4,400.0	3,824.7	73.11	178.17	3.18	1,278.9	-1,278.2	40.9
4,500.0	3,851.1	76.29	178.17	3.18	1,375.3	-1,374.6	44.0
4,600.0	3,872.0	79.47	178.17	3.18	1,473.1	-1,472.3	47.1

Energen
Final Design



Company:	Energen Resources	Local Co-ordinate Reference:	Well Carracas 26 A #10
Project:	Carson National Forest; S26, 32N, 5W	TVD Reference:	KB @ 7230.0ft (Drilling Rig)
Site:	Middle Mesa	MD Reference:	KB @ 7230.0ft (Drilling Rig)
Well:	Carracas 26 A #10	North Reference:	True
Wellbore:	Final Design	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Planned Survey							
MD (ft)	TVD (ft)	Inc (°)	Azi (°)	Build (°/100ft)	V. Sec (ft)	N/S (ft)	E/W (ft)
4,616.6	3,875.0	80.00	178.17	3.18	1,489.4	-1,488.6	47.6
Build							
4,700.0	3,888.2	81.81	178.17	2.18	1,571.7	-1,570.9	50.2
4,800.0	3,900.5	83.99	178.17	2.18	1,671.0	-1,670.1	53.4
4,824.6	3,903.0	84.53	178.17	2.18	1,695.4	-1,694.6	54.2
Coal Top							
4,900.0	3,909.1	86.17	178.17	2.18	1,770.6	-1,769.7	56.6
5,000.0	3,913.9	88.35	178.17	2.18	1,870.5	-1,869.5	59.8
5,076.1	3,915.0	90.00	178.17	2.18	1,946.6	-1,945.6	62.2
Land Curve							
5,100.0	3,915.0	90.00	178.17	0.00	1,970.5	-1,969.5	63.0
5,200.0	3,915.0	90.00	178.17	0.00	2,070.5	-2,069.4	66.2
5,300.0	3,915.0	90.00	178.17	0.00	2,170.5	-2,169.4	69.3
5,400.0	3,915.0	90.00	178.17	0.00	2,270.5	-2,269.3	72.5
5,500.0	3,915.0	90.00	178.17	0.00	2,370.5	-2,369.3	75.7
5,600.0	3,915.0	90.00	178.17	0.00	2,470.5	-2,469.2	78.9
5,700.0	3,915.0	90.00	178.17	0.00	2,570.5	-2,569.2	82.1
5,800.0	3,915.0	90.00	178.17	0.00	2,670.5	-2,669.1	85.3
5,900.0	3,915.0	90.00	178.17	0.00	2,770.5	-2,769.1	88.5
6,000.0	3,914.9	90.00	178.17	0.00	2,870.5	-2,869.0	91.7
6,100.0	3,914.9	90.01	178.17	0.00	2,970.5	-2,969.0	94.9
6,200.0	3,914.9	90.01	178.17	0.00	3,070.5	-3,068.9	98.1
6,300.0	3,914.9	90.01	178.17	0.00	3,170.5	-3,168.9	101.2
6,400.0	3,914.9	90.01	178.17	0.00	3,270.5	-3,268.8	104.4
6,500.0	3,914.9	90.01	178.17	0.00	3,370.5	-3,368.7	107.6
6,600.0	3,914.9	90.01	178.17	0.00	3,470.5	-3,468.7	110.8
6,700.0	3,914.9	90.01	178.17	0.00	3,570.5	-3,568.6	114.0
6,800.0	3,914.9	90.01	178.17	0.00	3,670.5	-3,668.6	117.2
6,901.2	3,915.0	90.00	178.17	-0.01	3,771.6	-3,769.7	120.4
TD Lateral							

Energen
Final Design



Company:	Energen Resources	Local Co-ordinate Reference:	Well Carracas 26 A #10
Project:	Carson National Forest; S26, 32N, 5W	TVD Reference:	KB @ 7230.0ft (Drilling Rig)
Site:	Middle Mesa	MD Reference:	KB @ 7230.0ft (Drilling Rig)
Well:	Carracas 26 A #10	North Reference:	True
Wellbore:	Final Design	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Targets									
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Drill Window - hit/miss target - Shape - Rectangle (sides W1,970.0 H1,324.0 D0.0)	0.00	0.30	0.0	0.0	0.0	2,169,214.25	1,325,589.77	36° 57' 23.148 N	107° 19' 39.108 W
Build - plan hits target - Point	0.00	0.30	3,875.0	-1,488.6	47.6	2,167,725.21	1,325,620.53	36° 57' 8.430 N	107° 19' 38.522 W
TD Lateral - plan hits target - Point	0.00	0.30	3,915.0	-3,769.7	120.4	2,165,443.43	1,325,667.51	36° 56' 45.876 N	107° 19' 37.625 W
Land Curve - plan hits target - Point	0.00	0.30	3,915.0	-1,945.6	62.2	2,167,268.07	1,325,629.96	36° 57' 3.911 N	107° 19' 38.342 W
KOP @ 2100' TVD - plan hits target - Point	0.00	0.30	2,100.0	0.0	0.0	2,169,214.25	1,325,589.77	36° 57' 23.148 N	107° 19' 39.108 W

Formations						
Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)	
0.0	0.0	San Jose		0.00		
4,824.6	3,903.0	Coal Top		0.00		
2,010.0	2,010.0	Nacimiento		0.00		
3,509.3	3,370.0	Kirtland Shale		0.00		
3,477.1	3,347.0	Ojo Alamo Ss		0.00		
	3,928.0	Coal Base		0.00		
3,890.1	3,610.0	Fruitland Fm		0.00		

Checked By: _____	Approved By:	Date: <u>7/25/07</u>
-------------------	--------------	----------------------