

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUL 02 2008

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

Bureau of Land Management
Farmington Field Office

5. Lease Serial No. USA NMM 113432
6. If Indian, Allottee or Tribe Name
7. Unit or CA Agreement Name and No.
8. Lease Name and Well No. CJ Holder #600 S
9. API Well No. 30-045-34753
10. Field and Pool, or Exploratory Basin Fruitland Coal
11. Sec., T., R., M., or Blk. and Survey or Area P - Sec. 30, T29N, R13W NMM
12. County or Parish San Juan
13. State NM


1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER
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
2. Name of Operator Energizer 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 900 FSL, 660 FEL SE/SE At proposed prod. zone

14. Distance in miles and direction from nearest town or post office* 5 miles south southwest of Farmington, NM	15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 660'	16. No. of Acres in lease 172.10	17. Spacing Unit dedicated to this well 252.1 s/2 eib
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 500'	19. Proposed Depth 1659'	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5782'	22. Approximate date work will start* August 10, 2008	23. Estimated duration 15 days	

24. Attachments

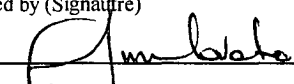
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 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 07/02/08
---	---	-------------------------

Title

Drilling Engineer

Approved by (Signature) 	Name (Printed/Typed) Adam AFM Minerals	Date 8/4/08
Title Adam AFM Minerals	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)

**NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT**

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

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

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

NMOCD

40

RCUD AUG 5 '08
OIL CONS. DIV.
DIST. 3

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Artec, 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 30-045-34753		² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 21180	⁵ Property Name C.J. HOLDER		⁶ Well Number # 600S
⁷ OGRID No. 162928	⁸ Operator Name ENERGEN RESOURCES CORPORATION		⁹ Elevation 5782'

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
P	30	29N	13W		900	SOUTH	660	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 252.137	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 	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 undivided 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: <u>Nathan Smith</u> Date: <u>7/21/08</u> Printed Name: <u>Nathan Smith</u>	
	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: _____ Signature and Seal of Professional Surveyor: <u>W. B. Smith</u> NM #11952 Certificate Number: <u>12110/07</u>	

(CALC. COR. BY SGL PROP.) S89°31'37"E 4130.23' (M) FD 1 1/2" ALUM. CAP
S89°54'00"E (1880 PLAT) 4158.00' (R) HCS LS#9672

Operations Plan

December 26, 2007

CJ Holder #600S

General Information

Location	900' fsl, 660' fel sese S30, T29N, R13W San Juan County, New Mexico
Elevations	5782' GL
Total Depth	1659' (MD)
Formation Objective	Basin Fruitland Coal

Formation Tops

Kirtland Sh	Surface
Fruitland Fm	1104'
Top Coal	1344'
Bottom Coal	1459'
Pictured Cliffs Ss	1459'
Total Depth	1659'

Drilling

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

The 7 7/8" wellbore will be drilled with a low solids non-dispersed 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 9.0 ppg.

Blowout Control Specifications:

A 3000 psi minimum double ram or annulus BOP stack 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. Choke manifold will be tested to 1000 psi. BOP will be tested to 250 psi for 15 min and 1500 psi for 15 min after casing is set and cemented.

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"	8 5/8"	24.0 ppf	J-55 ST&C
Production	150'-1659'	7 7/8"	5 1/2"	15.50 ppf	J-55 LT&C
Tubing	0'-1600'		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

Cmt to surface both strings

Surface Casing: 125 sks Type V with 2.0 % CaCl_2 and 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk 145 ft³ of slurry). WOC 12 hours. Pressure test surface casing to 750 psi for 30 min. Test BOP as outlined in the drilling section

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 210 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 150 sks of Class G cement with 5.0 #/sk Gilsonite, and 1/4 #/sk Flocele (15.4ppg, 1.18 ft³/sk 582 ft³ of slurry to circulate to surface).

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

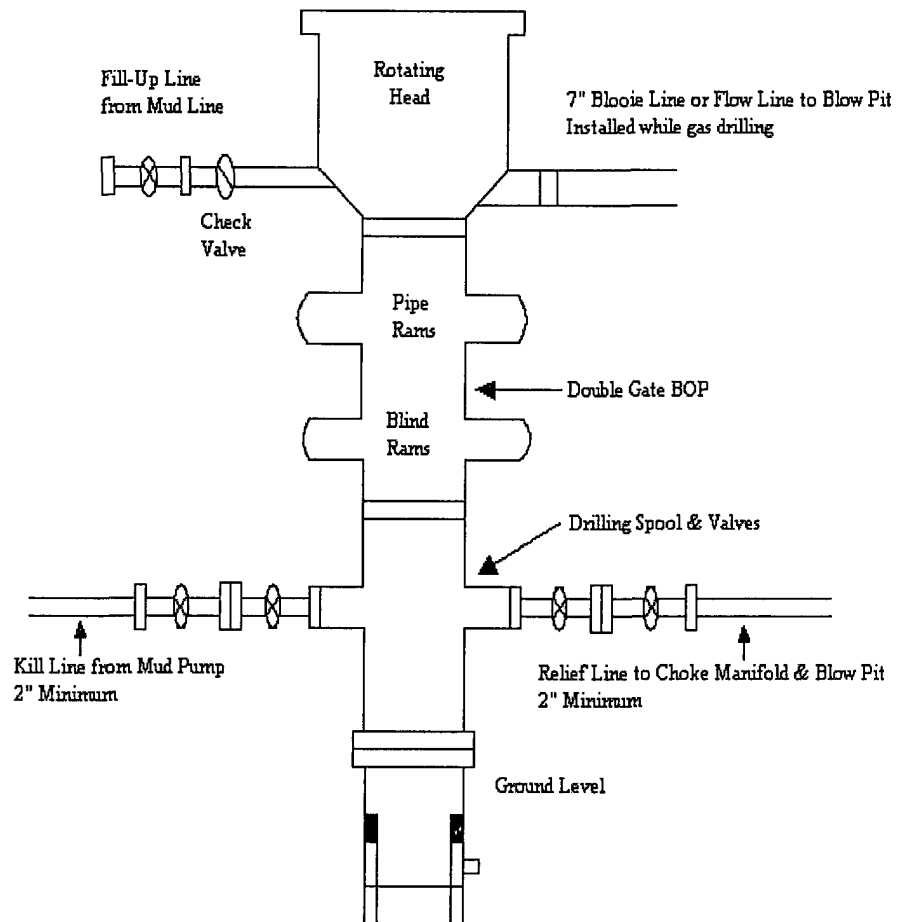
Cement volumes are subject to change if caliper logs are run and dictate otherwise.

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. Anticipated pressure is 300 psi.
- 4) No abnormal temperatures or pressures are anticipated.
- 5) This gas is dedicated.

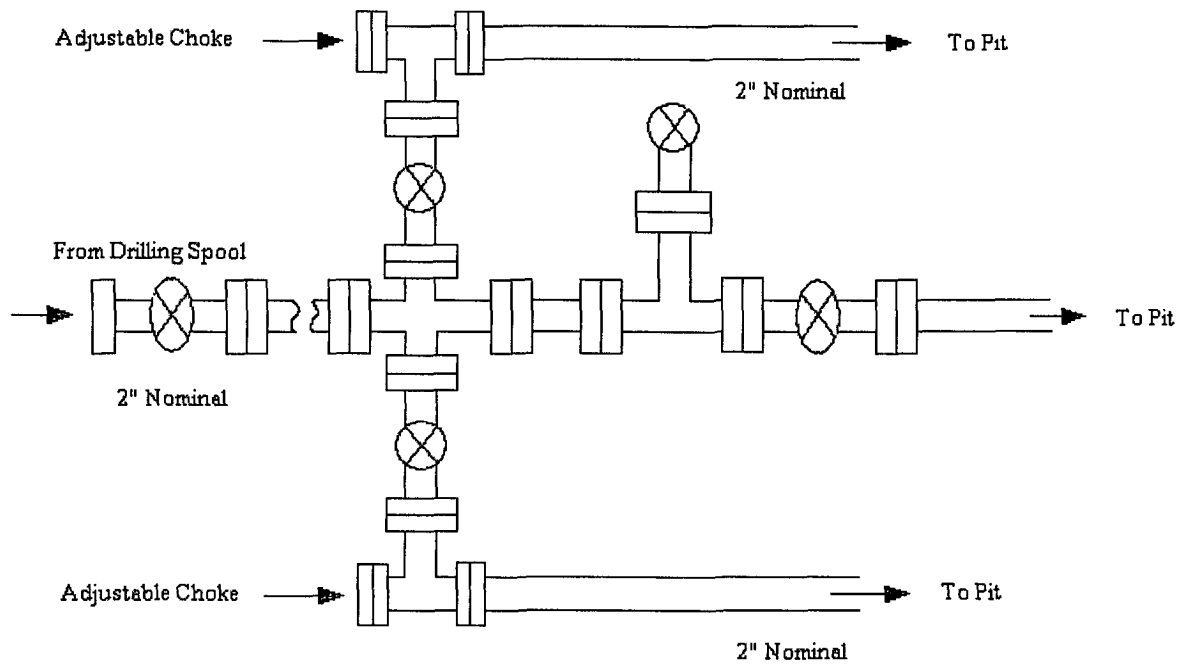
Energen Resources Corporation

Typical BOP Configuration for Gas Drilling



Energen Resources Corporation

Typical 2000 psi Choke Manifold Configuration



Choke manifold installed from surface to TD