

APD'S
FOR NM SURFACE/ CO BOTTOM HOLE
ATTACHED ORDER IN WELL FILE:

FORM 1

C-101 STATE OF NEW MEXICO
APPLICATION FOR PERMIT TO DRILL
(SURFACE LOCATION- PRIVATE)

FORM 2

STATE OF COLORADO
APPLICATION FOR PERMIT TO DRILL
(BOTTOM HOLE LOCATION)

API # 05-007-06305

FORM 3

BLM
APPLICATION FOR PERMIT TO DRILL
(BOTTOM HOLE LOCATION)

RECEIVED

OCT 25 2010

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

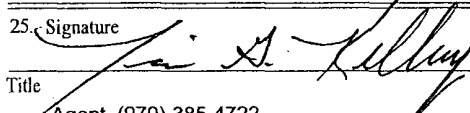
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. 750-08-2008
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Southern Ute
2. Name of Operator Red Willow Production Co. CO API # 05-007-06305		7. If Unit or CA Agreement, Name and No.
3a. Address PO Box 369, Ignacio, CO 81137	3b. Phone No. (include area code) 970-563-5163	8. Lease Name and Well No. NC Ute 23D #2H
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1807' FSL x 454' FEL, Sec. 9, T-32-N, R-4-W (New Mexico) At proposed prod. zone 760' FSL x 1700' FEL, Sec. 23, T-32-N, R-4-W (Colorado) to TD		9. API Well No. 30-039-31020
14. Distance in miles and direction from nearest town or post office* 9.5 miles SE of nearest post office		10. Field and Pool, or Exploratory Ignacio Blanco
15. Distance from proposed* location to nearest property or lease line, ft. lease line (Also to nearest drig. unit line, if any) 760' from top of prod. to nearest lease line		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 9, T-32-N, R-4-W, NMPM (New Mexico)
16. No. of acres in lease 12,288.18		12. County or Parish Rio Arriba
17. Spacing Unit dedicated to this well E/2, E/2W/2 Sec. 23, T-32-N, R-4-W		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 5900' from bhl to nearest well		19. Proposed Depth 6309' MD
20. BLM/BIA Bond No. on file CD 21834		RCVD APR 1 '11 OIL CONS. DIV.
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6190' GL		22. Approximate date work will start* 12/10/2010
23. Estimated duration 10-14 days		DIST. 3

24. Attachments

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

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) Tim G. Kelley	Date 10-22-2010
APPROVED FOR A PERIOD NOT TO EXCEED 2 YEARS		
Approved by (Signature) /s/ BRAD DODD	Name (Printed/Typed)	Date MAR 30 2010
Title ACTING CENTER MANAGER	Office SAN JUAN PUBLIC LANDS CENTER	

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.

(Continued on page 2)

*(Instructions on page 2)

Venting / Flaring approved for 30 days
per NTL-4A

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto...

SEE ATTACHED
CONDITIONS OF APPROVAL

MAKOD

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30.039-31020	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 38469	⁵ Property Name NC UTE 23D	⁶ Well Number 2H
⁷ GRID No. +62928 216282	⁸ Operator Name RED WILLOW PRODUCTION COMPANY	⁹ Elevation 6190'

¹⁰ Surface Location

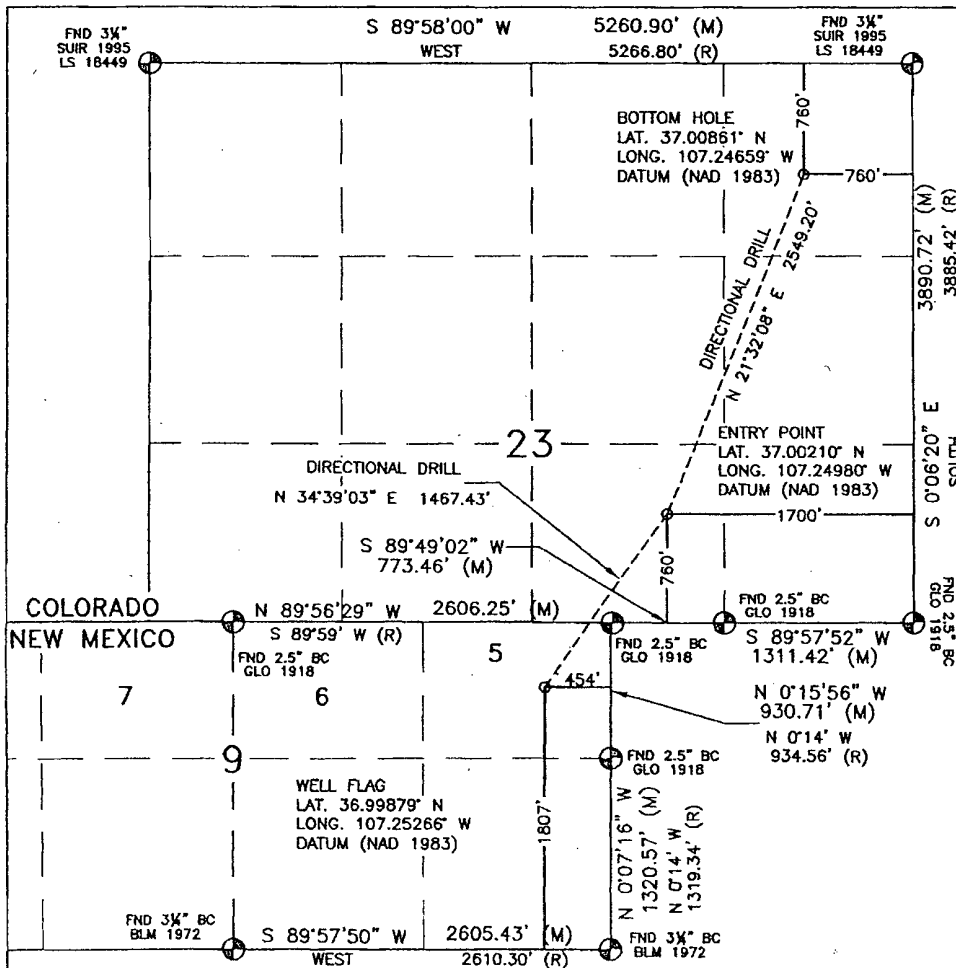
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	9	32N	4W	5	1807'	SOUTH	454'	EAST	RIO ARriba

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
A	23	32N	4W		760'	NORTH	760'	EAST	ARCHULTA, COLORADO
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



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 or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

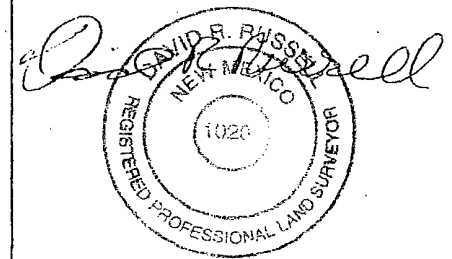
18 SURVEYOR CERTIFICATION

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 20, 2009

Date of Survey

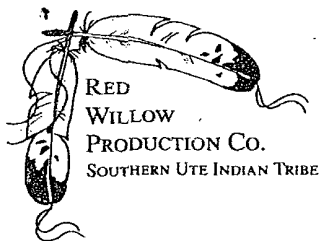
Signature and Seal of Professional Surveyor:



DAVID RUSSELL

Certificate Number

10201



October 13, 2010

Bureau of Land Management
15 Burnett Ct.
Durango, CO 81301

RE: Designation of Agent

To Whom It May Concern:

Red Willow Production Co. hereby designates Finney Land Co. as its Agent for permitting gas wells with the B.L.M. in Archuleta County, CO and La Plata County, CO. This designation shall be valid until Red Willow Production Co. revokes it.

Sincerely:

A handwritten signature in dark ink, appearing to read "Dennis Corkran", written over a horizontal line.

Dennis Corkran
Red Willow Production Co.
Drilling and Production Manager

14933 Highway 172
P.O. Box 369
Ignacio, CO 81137

Operator Certification

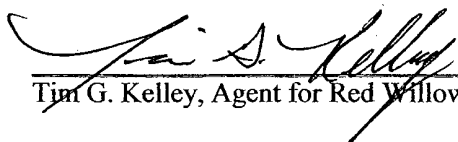
Operator Information:

Red Willow Production Co.
P.O. Box 369
Ignacio, CO 81137
970-563-5163

Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company that I represent, am responsible for the operations conducted under this application. These statements are subject to the provision of 18 U.S.C. 1001 for the filing of false statements.

Executed this 22nd day of October, 2010.



Tim G. Kelley, Agent for Red Willow Production Co.

The person who should be contacted concerning compliance of the APD is:

Dennis Corkran
Red Willow Production Co.
970-563-5163 phone
970-563-5161 fax

The Field Representative who can be contacted concerning compliance of the enclosed Surface Use Plan is:

Dennis Corkran
Red Willow Production Co.
970-563-5163 phone
970-563-5161 fax

Red Willow Production Co., NC Ute 23D #2H
1807' FSL x 454' FEL
SE4NE/4 Section 9, T-32-N, R-4-W, N.M.P.M.
Rio Arriba County, New Mexico

THIRTEEN POINT SURFACE USE PLAN

1. Existing Roads: (see attached map)

All roads used to access the well shall be properly maintained in the same or better condition than the roads presently found.

2. Planned Access Route:

From Arboles, CO, travel north on Hwy 151 for 2.7 miles; turn right onto CR 500 for 12 miles; turn right onto CR 557 over the river to a "T" intersection; turn right and travel 0.6 miles to the existing access road.

3. Location of Existing Wells: See attached map.

4. Location of Existing or Proposed Facilities:

The proposed well is located on a well pad expansion. Proposed facilities may consist of a wellhead, wellsite compressor, separator, dehydrator, three 400 bbl steel water tanks, two 80 bbl fiberglass tanks, pumping unit, water transfer pump, meter house and "slop tank" for residual compressor / dehy fluids and associated pipelines. See attached proposed equipment layout diagram. All equipment will be painted green.

5. Location and Type of Water Supply:

Any water for the project will be obtained from the city of Ignacio, CO. Water will be trucked to the site using the same roads described above.

6. Construction Materials:

No construction materials are required to build the proposed location.

THIRTEEN POINT SURFACE USE PLAN (cont.)
NC Ute 23D #2H

7. Methods of Handling Waste Material:

A closed loop system will be utilized to drill this well. Mud will be disposed of offsite at a disposal facility. Solid drill cuttings will be stored on a 40' x 133' Drying Pad (see attached pad drawing). Drill cuttings will be buried in a lined cuttings trench located in cut material pending landowner approval. Otherwise, cuttings will be disposed of offsite.

All garbage and trash material will be put into a trash container. The container will be periodically emptied at an approved disposal site. A portable latrine will be provided for human wastes.

The wellsite cleanup will be done once the completion operations have finished. Trash will be collected in the trash container.

8. Ancillary Facilities: None.

9. Wellsite Layout:

Refer to survey plat, cut-and-fill diagram and rig layout diagram.

10. Plans for restoration of the surface:

Please refer to the attached "Proposed Reclamation Drawing" for areas that will be reclaimed after completion of the project. The reclaimed areas will be stabilized, re-contoured, and reseeded with a landowner approved weed-free seed mix (straw mulched and crimped). Topsoil segregated from stockpiled spoil will be replaced during reclamation in its respective original position.

THIRTEEN POINT SURFACE USE PLAN (cont.)
NC Ute 23D #2H

11. Surface Ownership:

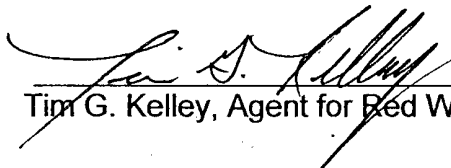
Energen Resources Corporation, 650 Richard Arrington Jr. Blvd N., Birmingham, AL 35203

12. Other Information:

Contact one of the following personnel for operations, engineering and/or regulatory issues:

13. I certify that I, or persons under my supervision have inspected the proposed drillsite and access route: that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Energen Resources, its contractors and subcontractors in conformity with this plan and terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

10-22-2010
Date


Tim G. Kelley, Agent for Red Willow Production Co.



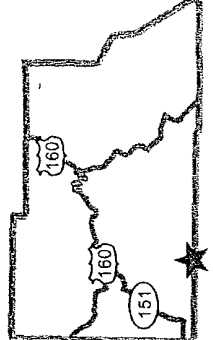
Red Willow Production Co., NC Ute 23D #2H



Map center: 2490212, 1127798



Scale: 1:20,000



- ### Legend
- Archuleta Co. Boundary
 - Rivers / Streams
 - Parcel - Assessor
 - Highways
 - Major Roads
 - Roads - General/Search
 - Pagosa Springs
 - Section
 - Lakes
 - 2009 Natural Color Photos (NAIP)

New Mexico State Land Office - Oil and Gas, Minerals Map Service



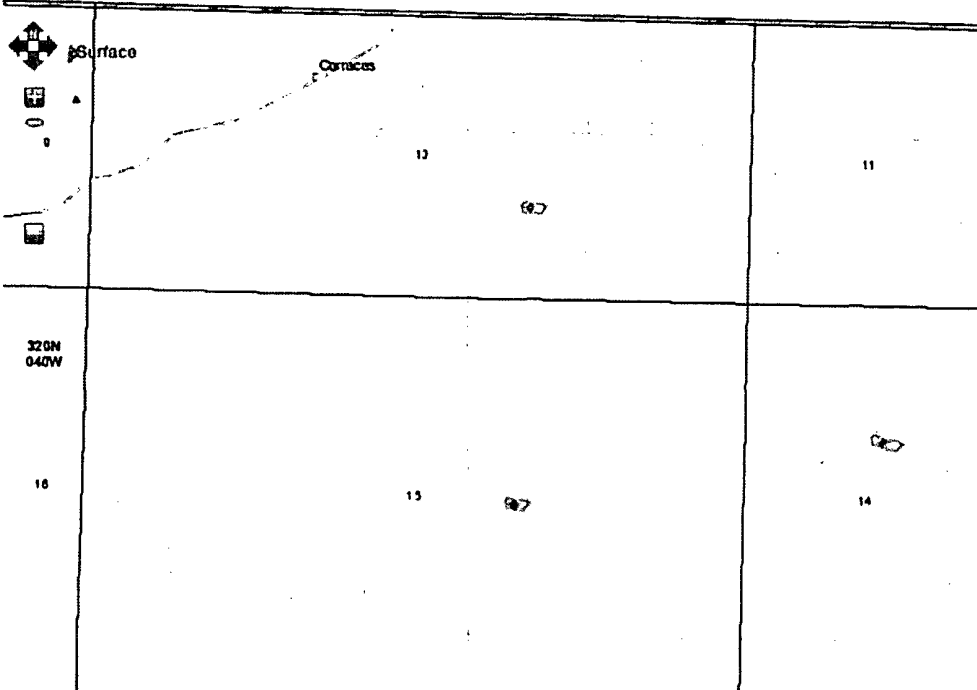
X: 300676.280 Latitude: 37°04.548"N
Y: 4097330.408 Longitude: 107°14'23.41"W

CONTENTS**LEGEND**

☒ Map ☐ Relief ☐ Imagery ☐ Topo

Oil, Gas and Minerals Map Ser

- ☐ Point Locations
- ☐ Geologic Features
- ☐ Transportation
- ☐ NMOCD Wells
 - ☒ Active Wells
 - ☐ Carbon Dioxide
 - ☒ Gas
 - ☐ Injection
 - ☐ Miscellaneous
 - ☐ Oil
 - ☐ Salt Water Disposal
 - ☐ Water
 - ☐ Dry or Plugged/Abandoned Wells
- ☐ Boundaries
- ☐ Public Land Survey System
- ☐ NMSLO Active Leases
- ☐ Land Status



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Bureau of Land Management
Durango, Colorado

New Mexico State Land Office - Oil and Gas, Minerals Map Service



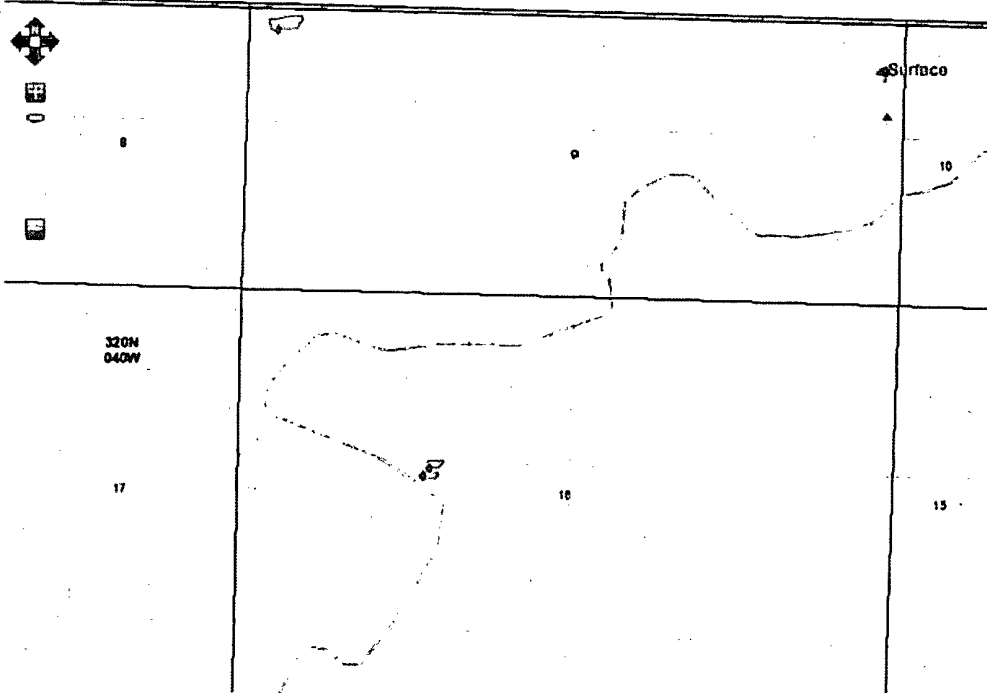
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Y : 4097285.958 Longitude : 107°16'30.21"W

CONTENTS**LEGEND**

☒ Map ☐ Relief ☐ Imagery ☐ Topo

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NOV 17 2010

Bureau of Land Management
Durango, Colorado

NC Ute 23D #2H

 Red Lines

OIL AND GAS WELLS

- Oil and Gas Wells
- x Temporary Point

CITIES TOWNS PLACES

- Cities
- Towns and Places

ROADS AND RRS

- Major Highways

WATER RESOURCES

- Water Wells

SAN JUAN BASIN

- Fruitland PC

MUNICIPAL BOUNDARIES

N4W

10

11

12

15

14

13

22

23

24

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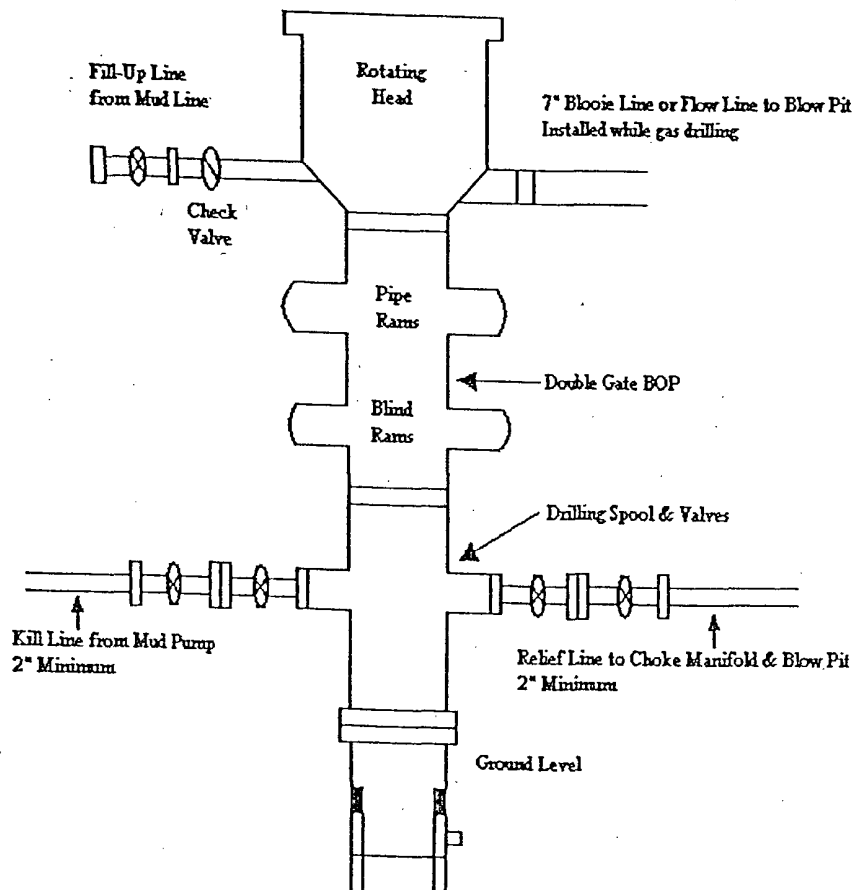
NOV 17 2010

Bureau of Land Management
Durango, Colorado

SCALE 1 : 36,000



Typical BOP Configuration for Gas Drilling

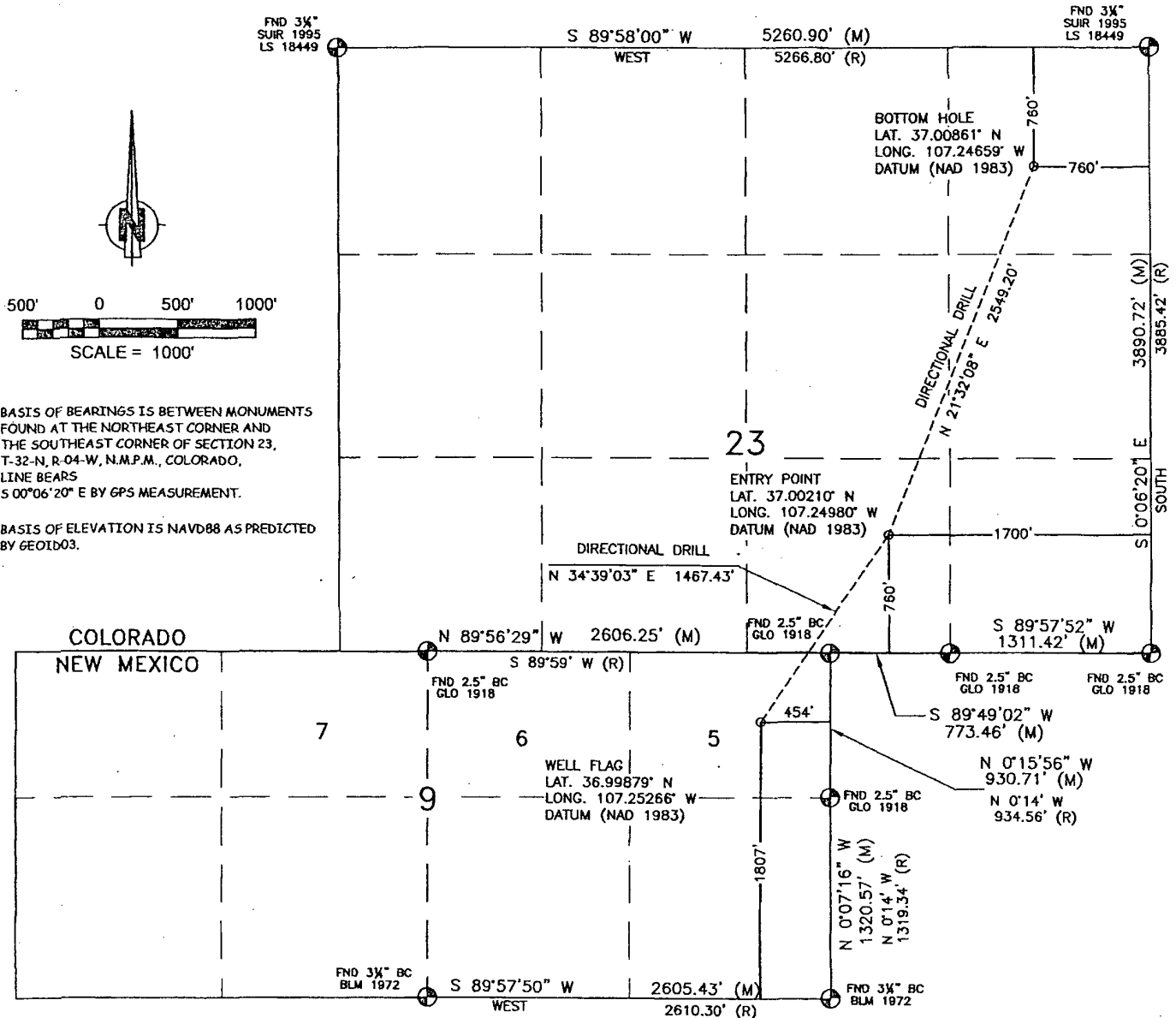


RED WILLOW PRODUCTION COMPANY

NC UTE 23D #2H

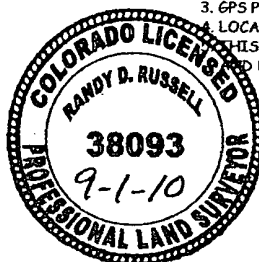
SURFACE HOLE: 1807' FSL, 454' FEL,
LAT: 37.99879° N LONG: 107.25266° W NAD 83
SECTION 9, T-32-N, R-04-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
ELEVATION AT STAKE = 6,190' NAVD 88

BOTTOM HOLE LOCATION: 760' FNL, 760' FEL,
LAT: 37.00861° N LONG: 107.24659° W NAD 83
SECTION 23, T-32-N, R-04-W, N.M.P.M.,
ARCHULETA COUNTY, COLORADO



NOTES:

1. SURFACE USE IS GRAZING AND/OR AGRICULTURAL
 2. DATE OF SURVEY 10/20/09
 3. GPS POSITIONING COLLECTED BY PDOP VALUE OF 6 OR LESS.
 4. LOCATION OFFSETS TO SECTION LINE MEASURED AT 90° TO SECTION LINE.
- THIS EXHIBIT IS INTENDED TO DEPICT THE PROPOSED WELL LOCATION AND DOES NOT REPRESENT A MONUMENTED BOUNDARY SURVEY.



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY DIRECT SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Randy D. Russell
RANDY D. RUSSELL LICENSE NO. 38093 DATE
STATE OF COLORADO

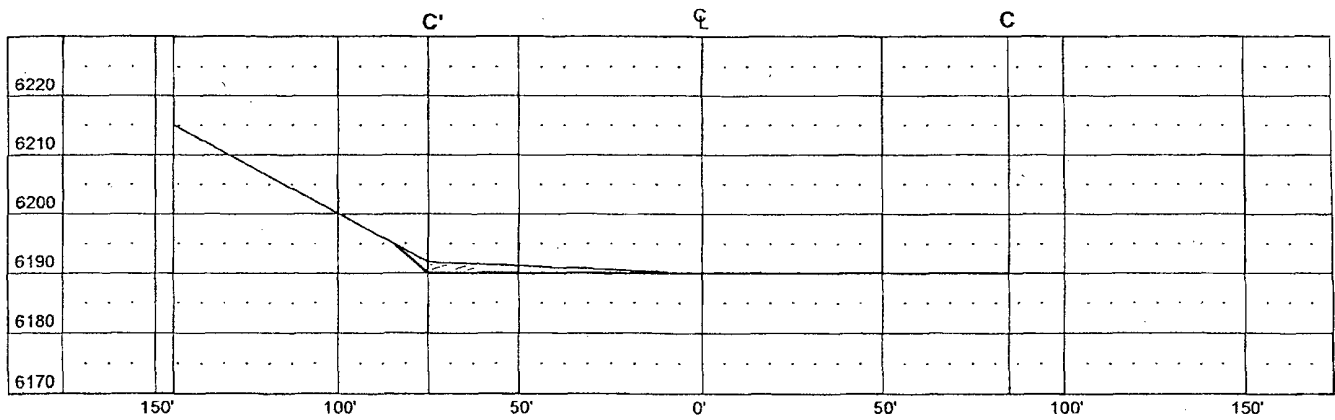
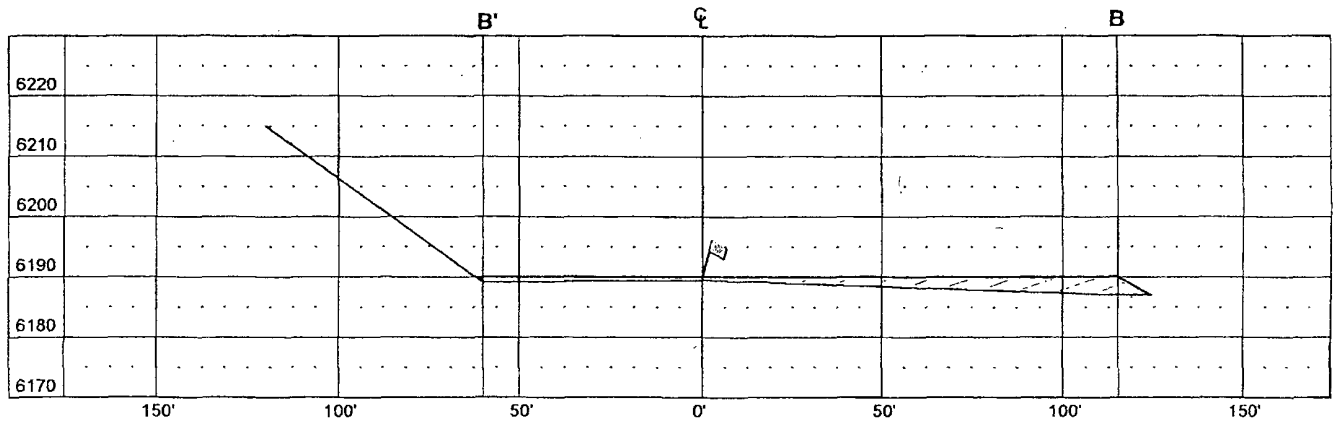
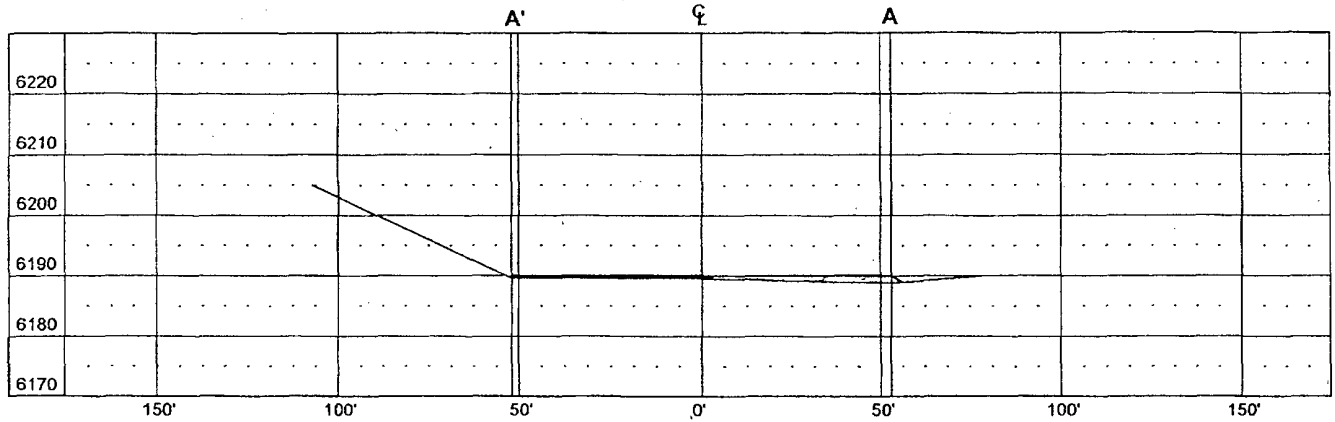
SCALE: 1" = 1000'
JOB No.: ERG196
DATE: 09/01/10
DRAWN BY: GRR

RXS

Russell Surveying
1409 W. Aztec Blvd. #2
Aztec, New Mexico 87410
(505) 334-8637

RED WILLOW PRODUCTION COMPANY

NC UTE 23D #2H
 1807' FSL & 454' FEL
 LOCATED IN THE NE/4 SE/4 OF SECTION 9,
 T32N, R4W, N.M.P.M.,
 RIO ARRIBA COUNTY, NEW MEXICO
 GROUND ELEVATION: 6190', NAVD 88
 FINISHED PAD ELEVATION: 6190.0', NAVD 88



VERT. SCALE: 1" = 30'
 HORZ. SCALE: 1" = 50'
 JOB No.: ERG196_ALT-REV1
 DATE: 09/01/10



Russell Surveying
 1409 W. Aztec Blvd. #2
 Aztec, New Mexico 87410
 (505) 334-8637

RED WILLOW PRODUCTION COMPANY

NC UTE 23D #2H

1807' FSL & 454' FEL

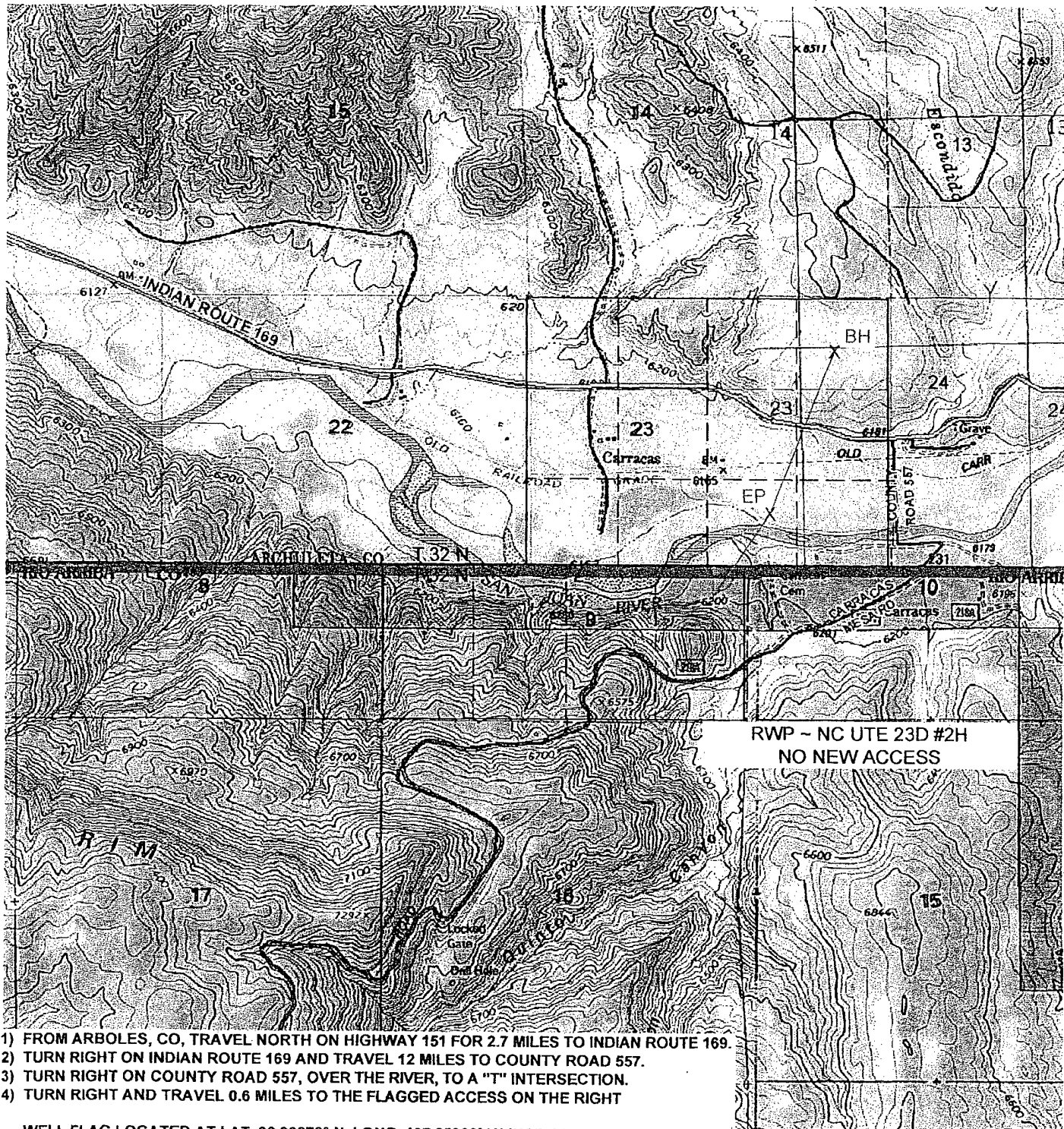
LOCATED IN THE NE/4 SE/4 OF SECTION 9,

T32N, R4W, N.M.P.M.,

RIO ARriba COUNTY, NEW MEXICO

GROUND ELEVATION: 6190', NAVD 88

NO NEW ACCESS



U.S.G.S. QUAD: BANCOS MESA

SCALE: 1" = 2000' (1:24,000)

JOB No.: ERG196_ALT-REV1

DATE: 09/01/10

NEW OR RECONSTRUCTED ROADS MUST MEET
SMA DESIGN STANDARDS
INSTALL CULVERTS AS NEEDED



Russell Surveying

1409 W. Aztec Blvd. #2

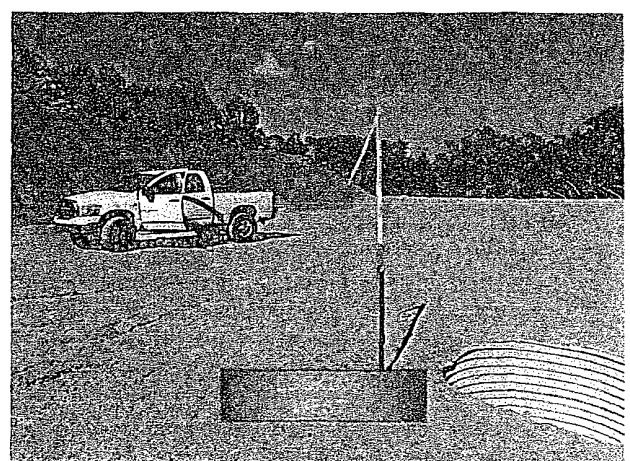
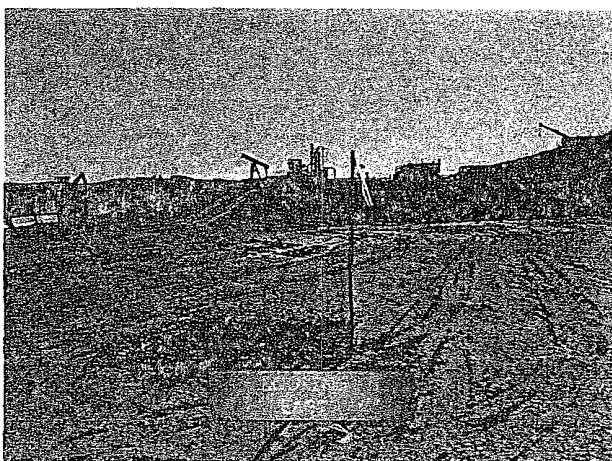
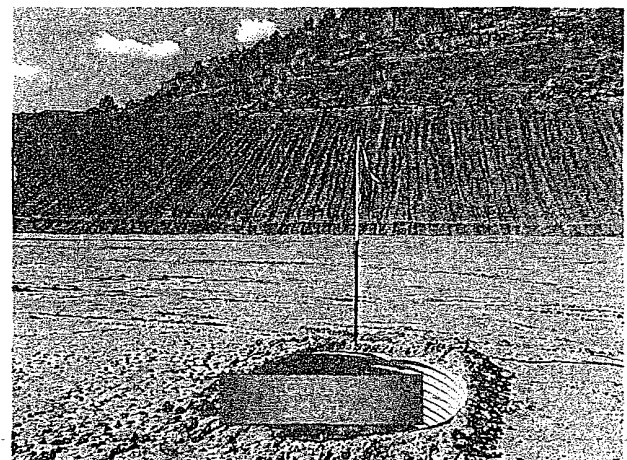
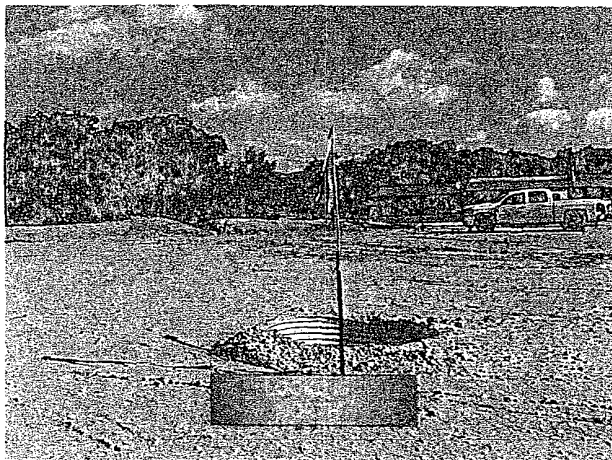
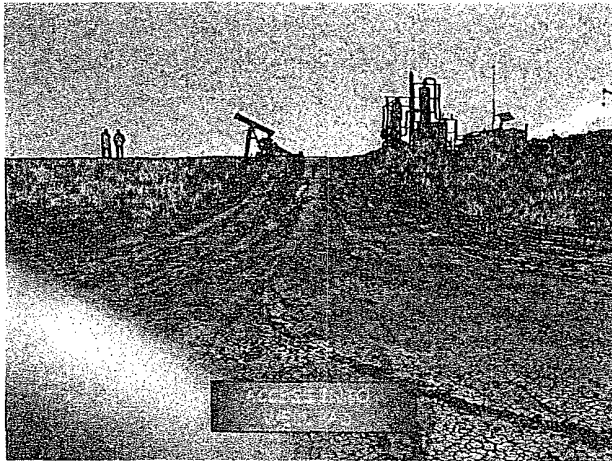
Aztec, New Mexico 87410

(505) 334-8637

RED WILLOW PRODUCTION COMPANY

NC UTE 23D #2H

SURFACE HOLE: 1807' FSL, 454' FEL,
LAT: 37.99879° N LONG: 107.25266° W NAD 83
SECTION 9, T-32-N, R-04-W, N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO
ELEVATION AT STAKE = 6,196' NAVD 88



Russell Surveying, Inc.
1409 W. Aztec Blvd. #2
Aztec, New Mexico 87410
(505) 334-8637

JOB# ERG196 DATE: 09/01/10 BY: GRR

RED WILLOW PRODUCTION COMPANY

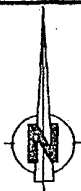
PROPOSED PIPELINE FOR

NC UTE 23D #2H

LOCATED IN THE NE/4 SE/4 OF SECTION 9,

T32N, R4W, N.M.P.M.,

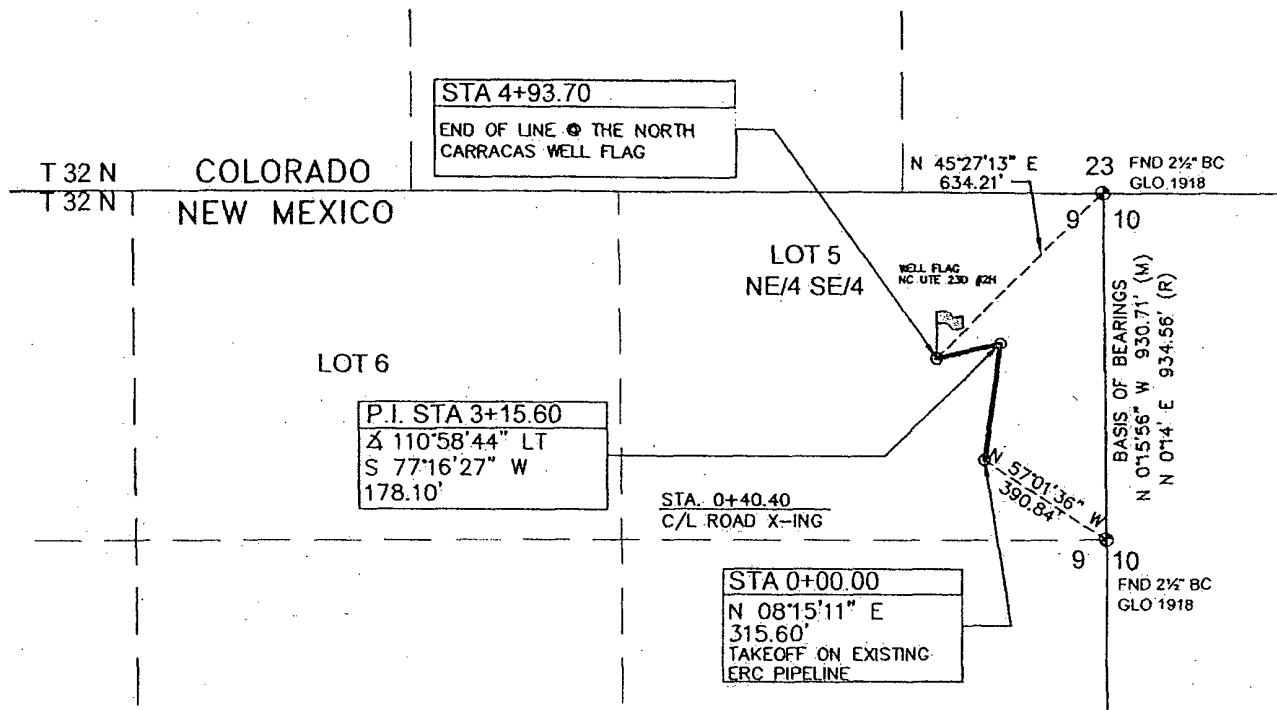
RIO ARriba COUNTY, NEW MEXICO



500' 0 250' 500'



SCALE = 500'



LEGAL DESCRIPTION:

A Forty (40) Foot Wide Pipeline Right-of-Way and Easement situated within the Northeast Quarter of the Southeast Quarter (NE4SE4), being Lot 5, of Section Nine (9), Township Thirty-Two (32) North, Range Four (4) West of the New Mexico Principal Meridian, Rio Arriba County, New Mexico, said Pipeline Right-of-Way Easement being Twenty (20) Feet in width on both sides of the following described centerline:

BEGINNING, for a tie, at a 2-1/2" G.L.O. Brass Cap being the South One-Sixteenth (1/16th) Corner of said Section 9;

THENCE: North 57°01'36" West, a distance of 390.84 feet to the True Point Of Beginning for the herein described Pipeline Right-Of-Way and Easement;

THENCE: North 08°15'11" East, a distance of 315.60 feet;

THENCE: South 77°16'27" West, a distance of 178.10 feet to the NC UTE 23D #2H Well Flag being the Terminus Point for the herein described Pipeline and Right-Of-Way Easement which has a total length of 493.70 feet or 29.92 rods.

NOTES:

1.) BASIS OF BEARING: BETWEEN FOUND MONUMENTS AT THE NORTHEAST CORNER AND THE SOUTH SIXTEENTH CORNER OF SECTION 9, TOWNSHIP 32 NORTH, RANGE 4 WEST, N.M.P.M., RIO ARriba COUNTY, NEW MEXICO. LINE BEARS: N 01°56' W A DISTANCE OF 930.71 FEET AS MEASURED BY G.P.S.

2.) LOCATION OF UNDERGROUND UTILITIES DEPICTED ARE APPROXIMATE. PRIOR TO EXCAVATION UNDERGROUND UTILITIES SHOULD BE FIELD VERIFIED. ALL CONSTRUCTION ACTIVITIES SHOULD BE FIELD VERIFIED WITH NEW MEXICO ONE-CALL AUTHORITIES AT LEAST 48 HOURS PRIOR TO CONSTRUCTION.

I, DAVID R. RUSSELL, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.



~ SURFACE OWNERSHIP ~		
ENERGEN RESOURCES		
SECTION 9		
0+00.00 TO 4+93.70		
493.70 FT/ 29.92 RODS		
DATE OF SURVEY	10/01/10	RRJC

David R. Russell

DAVID R. RUSSELL, PLS
NEW MEXICO L.S. #10201

JOB No.: ERG196

DATE: 10/14/10

DATE: Oct 14, 2010

RX

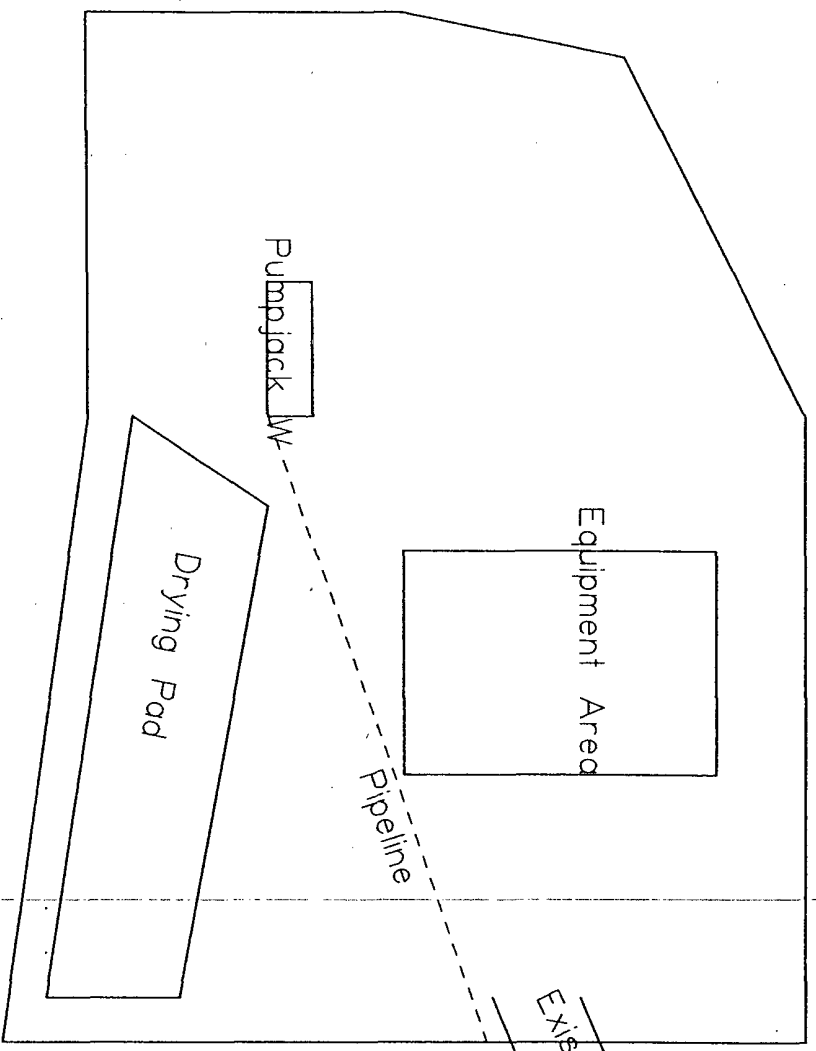
Russell Surveying
1409 W. Aztec Blvd. #2
Aztec, New Mexico 87410
(505) 334-8637

Red Willow Production Co., NC Ute 23D #2H
W=Wellhead

Note: Pipeline tie is on existing adjacent wellpad

Note: Layout of equipment subject to change during construction

North



400.000'

300.000'



Red Willow Production Company

Red Willow Production Company

North Carracas Sec.9-T32N-R04W

Payne Properties

NC Ute 23D #2H

Horizontal OPE FTC

Plan: Plan #1

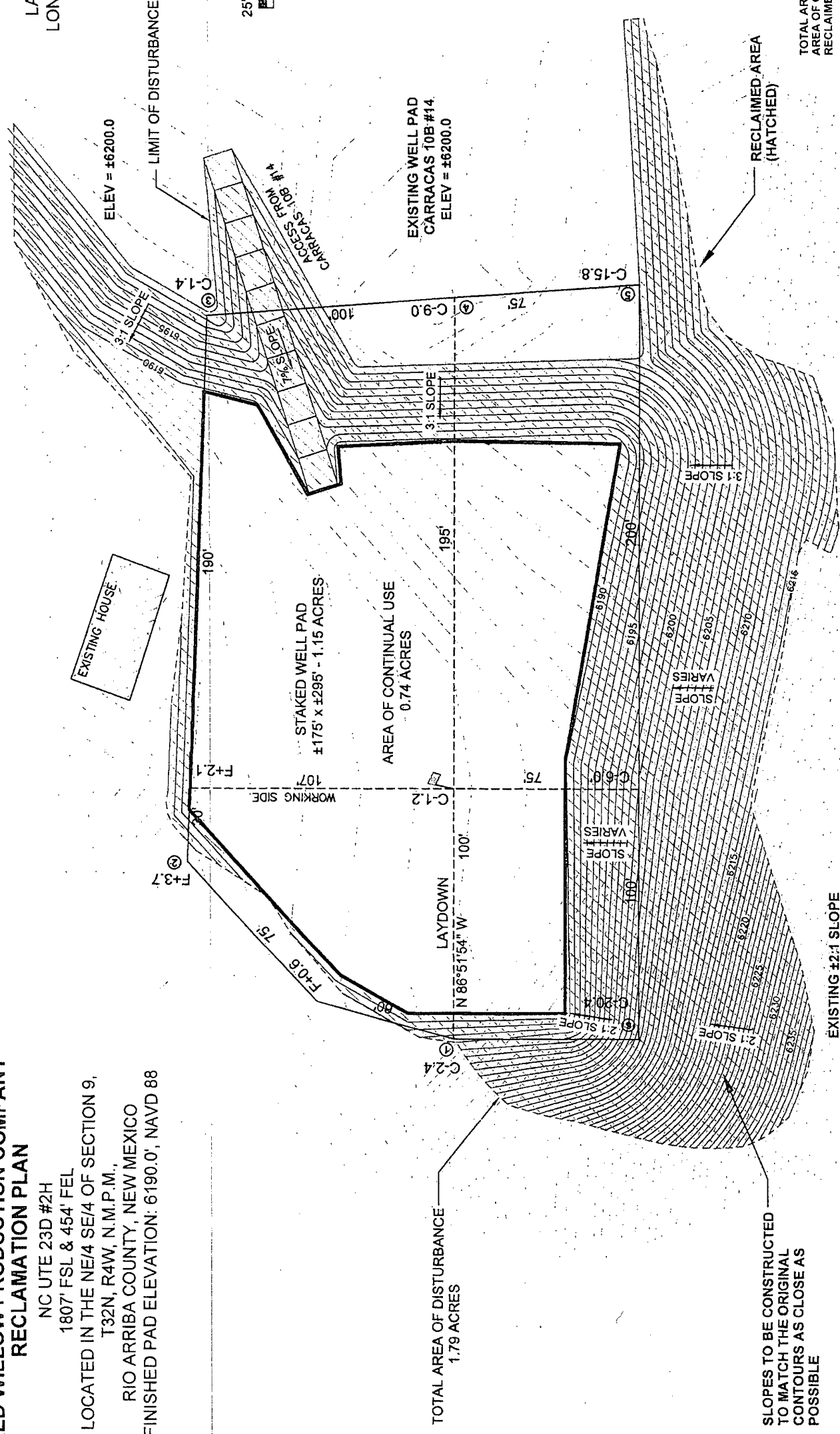
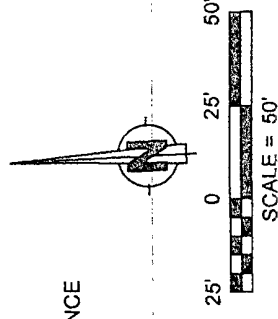
Directional Plan

25 February, 2010

**RED WILLOW PRODUCTION COMPANY
RECLAMATION PLAN**

NC UTE 23D #2H
1807' FSL & 454' FEL
LOCATED IN THE NE/4 SE/4 OF SECTION 9,
T32N, R4W, N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO
FINISHED PAD ELEVATION: 6190.0', NAVD 88

WELL FLAG
LATITUDE: 36.99879° N
LONGITUDE: 107.25266° W
DATUM: NAD 83



TOTAL AREA OF DISTURBANCE: 1.78 ACRES
AREA OF CONTINUAL USE 0.74 ACRES
RECLAIMED AREA 1.05 ACRES

1 FOOT CONTOUR INTERVAL SHOWN
SCALE: 1" = 50'
JOB No.: ERG196_ALT-REV1
DATE: 09/30/10
DRAWN BY: GRR

FOREST ROAD 218A

Russell Surveying
1409 W. Aztec Blvd. #2
Aztec, New Mexico 87410
(505) 334-8637



Red Willow Production Company

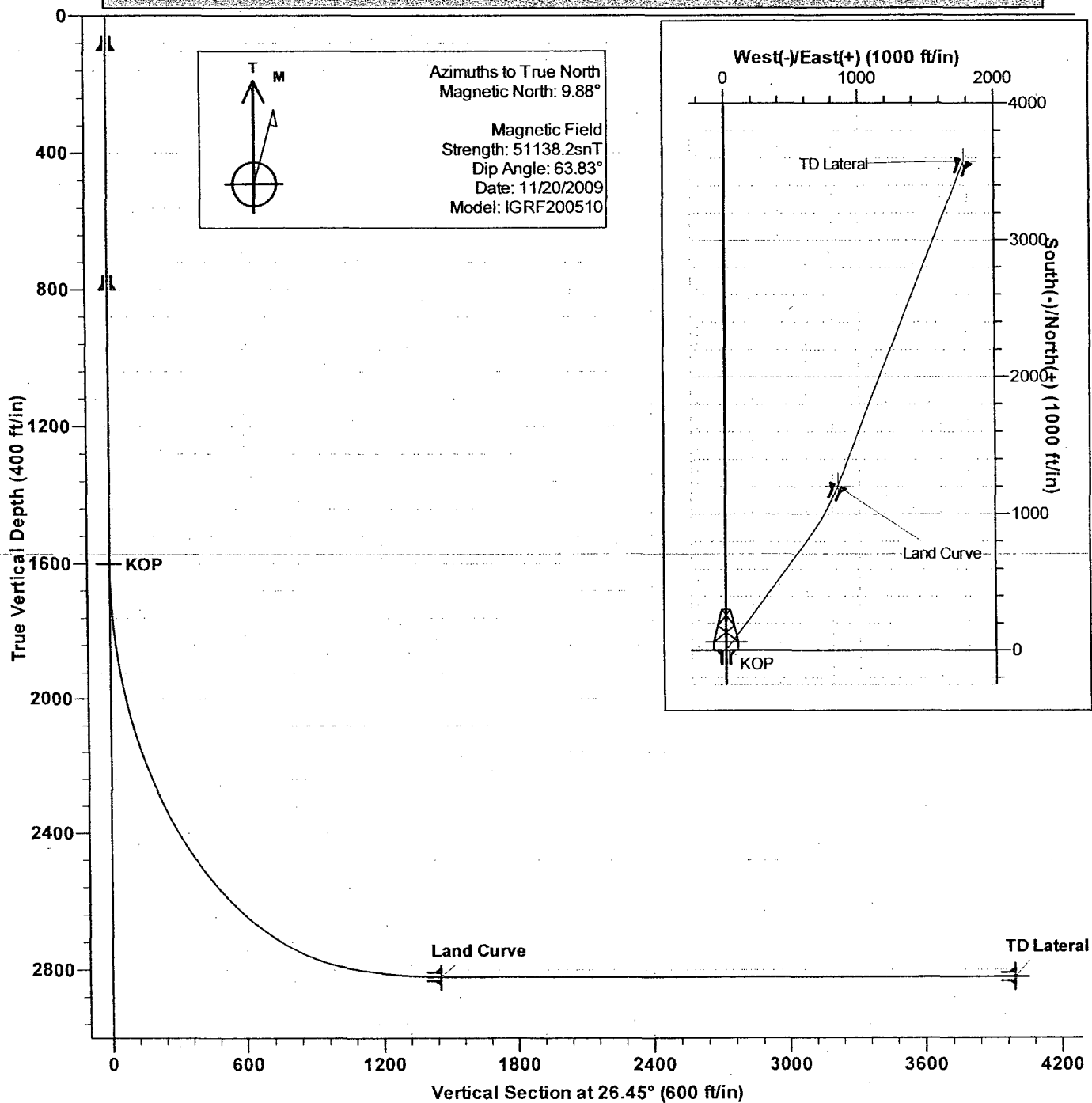
Project: North Carracas Sec.9-T32N-R04W
Site: Payne Properties
Well: NC Ute 23D #2H
Wellbore: Horizontal OPE FTC

PROJECT DETAILS:

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

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	1600.0	0.00	0.00	1600.0	0.0	0.0	0.00	0.00	0.0	KOP
3	3341.5	82.89	37.00	2794.5	842.4	634.7	4.76	37.00	1037.0	
4	3349.4	82.89	37.00	2795.5	848.7	639.5	0.00	0.00	1044.7	
5	3759.4	90.00	21.63	2821.0	1204.3	838.9	4.12	-65.76	1451.9	Land Curve
6	6309.6	90.00	21.63	2821.0	3575.0	1778.9	0.00	0.00	3993.1	TD Lateral





Company:	Red Willow Production Company	Local Co-ordinate Reference:	Well NC Ute 23D #2H
Project:	North Carracas Sec.9-T32N-R04W	TVD Reference:	KB @ 6208.0ft (Drilling Rig)
Site:	Payne Properties	MD Reference:	KB @ 6208.0ft (Drilling Rig)
Well:	NC Ute 23D #2H	North Reference:	True
Wellbore:	Horizontal OPE FTC	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	EDM 2003.16 Single User Db

Project	North Carracas Sec.9-T32N-R04W		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Central Zone		

Site	Payne Properties				
Site Position:		Northing:	2,184,397.78 ft	Latitude:	36° 59' 55.644 N
From:	Lat/Long	Easting:	1,347,627.88 ft	Longitude:	107° 15' 9.576 W
Position Uncertainty:	0.0 ft	Slot Radius:	"	Grid Convergence:	-0.60 °

Well	NC Ute 23D #2H					
Well Position	+N-S	0.0 ft	Northing:	2,184,397.78 ft	Latitude:	36° 59' 55.644 N
	+E-W	0.0 ft	Easting:	1,347,627.88 ft	Longitude:	107° 15' 9.576 W
Position Uncertainty		0.0 ft	Wellhead Elevation:	6,193.0 ft	Ground Level:	6,193.0 ft

Wellbore	Horizontal OPE FTC				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	11/20/2009	9.89	63.83	51,138

Design	Plan #1			
Audit Notes:				
Version:	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	26.45

Survey Tool Program	Date	11/20/2009		
From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0.0	6,309.6	Plan #1 (Horizontal OPE FTC)		

Planned Survey								
MD (ft)	TVD (ft)	Inc. (°)	Azi (°)	Build (°/100ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	
0.0	0.0	0.00	0.00	0.00	0.0	0.0	0.0	
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	
1,100.0	1,100.0	0.00	0.00	0.00	0.0	0.0	0.0	

Company: Red Willow Production Company
Project: North Carracas Sec.9-T32N-R04W
Site: Payne Properties
Well: NC Ute 23D #2H
Wellbore: Horizontal OPE FTC
Design: Plan #1

Local Co-ordinate Reference: Well NC Ute 23D #2H
TVD Reference: KB @ 6208.0ft (Drilling Rig)
MD Reference: KB @ 6208.0ft (Drilling Rig)
North Reference: True
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Planned Survey

MD (ft)	TVD (ft)	Inc (°)	Azi (°)	Build (°/100ft)	N/S (ft)	E/W (ft)	V. Sec (ft)
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
KOP							
1,700.0	1,699.9	4.76	37.00	4.76	3.3	2.5	4.1
1,800.0	1,799.1	9.52	37.00	4.76	13.2	10.0	16.3
1,900.0	1,896.9	14.28	37.00	4.76	29.7	22.4	36.6
2,000.0	1,992.7	19.04	37.00	4.76	52.6	39.6	64.7
2,100.0	2,085.7	23.80	37.00	4.76	81.8	61.6	100.6
2,200.0	2,175.5	28.56	37.00	4.76	117.0	88.1	144.0
2,300.0	2,261.2	33.32	37.00	4.76	158.0	119.1	194.5
2,400.0	2,342.4	38.08	37.00	4.76	204.6	154.2	251.9
2,500.0	2,418.5	42.84	37.00	4.76	256.4	193.2	315.7
2,600.0	2,488.9	47.60	37.00	4.76	313.1	235.9	385.4
2,700.0	2,553.2	52.36	37.00	4.76	374.2	282.0	460.7
2,800.0	2,610.9	57.12	37.00	4.76	439.4	331.1	540.9
2,900.0	2,661.6	61.88	37.00	4.76	508.2	382.9	625.6
3,000.0	2,705.0	66.64	37.00	4.76	580.2	437.1	714.1
3,100.0	2,740.8	71.40	37.00	4.76	654.7	493.3	805.9
3,200.0	2,768.8	76.16	37.00	4.76	731.4	551.1	900.3
3,300.0	2,788.6	80.92	37.00	4.76	809.6	610.0	996.6
3,341.5	2,794.5	82.89	37.00	4.76	842.4	634.7	1,037.0
3,349.4	2,795.5	82.89	37.00	0.00	848.7	639.5	1,044.7
3,400.0	2,801.3	83.75	35.09	1.70	889.3	669.0	1,094.3
3,500.0	2,810.7	85.47	31.32	1.72	972.6	723.5	1,193.1
3,600.0	2,817.1	87.21	27.58	1.74	1,059.5	772.6	1,292.7
3,700.0	2,820.5	88.96	23.84	1.75	1,149.5	815.9	1,392.7
3,759.4	2,821.0	90.00	21.63	1.75	1,204.3	838.9	1,451.9
Land Curve							
3,800.0	2,821.0	90.00	21.63	0.00	1,242.1	853.9	1,492.4
3,900.0	2,821.0	90.00	21.63	0.00	1,335.0	890.7	1,592.0
4,000.0	2,821.0	90.00	21.63	0.00	1,428.0	927.6	1,691.7
4,100.0	2,821.0	90.00	21.63	0.00	1,520.9	964.5	1,791.3
4,200.0	2,821.0	90.00	21.63	0.00	1,613.9	1,001.3	1,891.0
4,300.0	2,821.0	90.00	21.63	0.00	1,706.8	1,038.2	1,990.6
4,400.0	2,821.0	90.00	21.63	0.00	1,799.8	1,075.0	2,090.3
4,500.0	2,821.0	90.00	21.63	0.00	1,892.8	1,111.9	2,189.9
4,600.0	2,821.0	90.00	21.63	0.00	1,985.7	1,148.8	2,289.5
4,700.0	2,821.0	90.00	21.63	0.00	2,078.7	1,185.6	2,389.2
4,800.0	2,821.0	90.00	21.63	0.00	2,171.6	1,222.5	2,488.8
4,900.0	2,821.0	90.00	21.63	0.00	2,264.6	1,259.3	2,588.5
5,000.0	2,821.0	90.00	21.63	0.00	2,357.6	1,296.2	2,688.1
5,100.0	2,821.0	90.00	21.63	0.00	2,450.5	1,333.1	2,787.8

Company: Red Willow Production Company
 Project: North Carracas Sec.9-T32N-R04W
 Site: Payne Properties
 Well: NC Ute 23D #2H
 Wellbore: Horizontal OPE FTC
 Design: Plan #1

Local Co-ordinate Reference: Well NC Ute 23D #2H
 TVD Reference: KB @ 6208.0ft (Drilling Rig)
 MD Reference: KB @ 6208.0ft (Drilling Rig)
 North Reference: True
 Survey Calculation Method: Minimum Curvature
 Database: EDM 2003.16 Single User Db

Planned Survey

MD (ft)	TVD (ft)	Inc (°)	Azi (°)	Build ("/100ft)	N/S (ft)	E/W (ft)	V. Sec (ft)
5,200.0	2,821.0	90.00	21.63	0.00	2,543.5	1,369.9	2,887.4
5,300.0	2,821.0	90.00	21.63	0.00	2,636.4	1,406.8	2,987.1
5,400.0	2,821.0	90.00	21.63	0.00	2,729.4	1,443.6	3,086.7
5,500.0	2,821.0	90.00	21.63	0.00	2,822.3	1,480.5	3,186.4
5,600.0	2,821.0	90.00	21.63	0.00	2,915.3	1,517.4	3,286.0
5,700.0	2,821.0	90.00	21.63	0.00	3,008.3	1,554.2	3,385.6
5,800.0	2,821.0	90.00	21.63	0.00	3,101.2	1,591.1	3,485.3
5,900.0	2,821.0	90.00	21.63	0.00	3,194.2	1,628.0	3,584.9
6,000.0	2,821.0	90.00	21.63	0.00	3,287.1	1,664.8	3,684.6
6,100.0	2,821.0	90.00	21.63	0.00	3,380.1	1,701.7	3,784.2
6,200.0	2,820.9	90.00	21.63	0.00	3,473.1	1,738.5	3,883.9
6,309.6	2,821.0	90.00	21.63	0.00	3,575.0	1,778.9	3,993.1

TD Lateral

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N-S (ft)	+E-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Land Curve - plan hits target - Point	0.00	0.00	2,821.0	1,204.3	838.9	2,185,593.17	1,348,479.42	37° 0' 7.551 N	107° 14' 59.234 W
KOP - plan hits target - Point	0.00	0.00	1,600.0	0.0	0.0	2,184,397.78	1,347,627.88	36° 59' 55.644 N	107° 15' 9.576 W
TD Lateral - plan hits target - Point	0.00	0.00	2,821.0	3,575.0	1,778.9	2,187,953.84	1,349,444.34	37° 0' 30.991 N	107° 14' 47.644 W

Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (")	Hole Diameter (")
100.0	100.0	Conductor	13-3/8	15
800.0	800.0	Surface	9-5/8	12-1/4
3,759.0	2,821.0	Intermediate	7	8-3/4
6,309.0	2,820.9	Liner	4-1/2	6-1/4

Checked By: _____ Approved By: _____ Date: _____

4/1/2010



Red Willow Production Company

OPERATIONS PLAN

WELL NAME.....NC Ute 23D #2H
JOB TYPE.....Horizontal OPE FTC
DEPT.....Drilling and Completions

GENERAL INFORMATION

Surface Location	1807 FSL 454 FEL
S-T-R	(I) Sec.09, T32N, R04W
Bottom Hole Location	760 FNL 760 FEL
S-T-R	(A) Sec.23, T32N, R04W
County, State	Archuleta, Colorado
Elevations	6193' GL
Total Depth	6309' +/- (MD); 2821' (TVD)
Formation Objective	Basin Fruitland Coal

FORMATION TOPS

San Jose	Surface
Nacimiento	933' (TVD)
Ojo Alamo Ss	2290' (TVD) water
Kirtland Sh	2506' (TVD)
Fruitland Fm	2668' (TVD) 2913' MD water/gas
Top Target Coal	2808' (TVD) 3467' MD water/gas
Base Target Coal	2834' (TVD) water/gas
Total Depth	2821' (TVD), 6309' (MD)

DRILLING

Conductor: 15" wellbore will be drilled with a freshwater mud system (spud mud)

Surface: 12-1/4" wellbore will be drilled with a fresh water mud system (spud mud).

Intermediate: 8-3/4" wellbore will be drilled with a LSND mud system. Weighting materials will be drill cuttings and if needed barite. Mud density is expected to range from 8.4 ppg to 9.0 ppg.

Production: 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 1600 psi.

Projected KOP is 1600' TVD with 4.76°/100' doglegs.

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. **Pressure test BOP to 250 psi for 15 min and 2000 psi for 15 min.**

Logging Program:

DST: None

Coring: None

Cased hole logs: None

Open hole logs: None

Mudlogs: 2608' TVD, 3267' MD to TD (sample frequency every 30'. ROP dependent)

Surveys: Surface to KOP every 500' and a minimum of every 200' for directional.

4/1/2010



Red Willow Production Company

CASING, TUBING & CASING EQUIPMENT

String	Start Depth	End Depth	Wellbore	Size	Wt	Grade
Conductor	0	100	15"	13-3/8"	48 lb/ft	H-40 ST&C
Surface	0	800	12-1/4"	9-5/8"	32.3 lb/ft	H-40 ST&C
Intermediate	0	3759	8-3/4"	7"	23 lb/ft	J-55 LT&C
TVD	0	2821				
Prod. Liner	3659	6309	6-1/4"	4-1/2"	11.6 lb/ft	J-55 LT&C
TVD	2819	2821				
Tubing	0	3459	none	2-3/8"	4.7 lb/ft	J-55

Conductor Casing: Texas Pattern Guide Shoe on bottom of first joint and an insert float valve on top of first joint. Casing centralization with a minimum of 3 standard bow spring centralizers to achieve optimal standoff.

Surface Casing: Texas Pattern Guide Shoe on bottom of first joint and an insert float valve on top of first joint. Casing centralization with a minimum of 3 standard bow spring centralizers to achieve optimal standoff.

Intermediate Casing: Self fill float shoe with self fill float collar on bottom and top of first joint. Casing centralization with double bow spring and centralizers to optimize standoff.

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

WELLHEAD

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

CEMENTING

Conductor Casing: 50 sks Type V with 2.0 % CaCl_2 and 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk 50 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test conductor casing to 750 psi for 30 min.

Surface Casing: 425 sks Type V with 2.0 % CaCl_2 and 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk 500 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test surface casing to 750 psi for 30 min.

Intermediate Casing: Depending on wellbore conditions, cement may consist of 402 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 Class G with 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk). (1011 ft³ of slurry, 60% excess to circulate to surface). WOC 12 hours. Test casing to 1200 psi for 30 min.

Production Liner: NO CEMENT, Open Hole Completion

4/1/2010



Red Willow Production Company

Set slips with full string weight

If cement does not circulate, run temperature survey in 8 hrs. to determine TOC.

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) This gas is dedicated.

5) No shallow gas zones are anticipated.

6) No H_2S is anticipated.

FINNEY LAND CO.

OIL & GAS CONSULTING

P.O. BOX 2471

DURANGO, CO 81302

PHONE: (970) 259-5691 • FAX (970) 259-4279

RECEIVED

NOV 12 2010

Bureau of Land Management
Durango, Colorado

November 10, 2010

BLM

Att: Brenna Kampf

15 Burnett Ct.

Durango, CO 81301

RE: Red Willow Production Co.
North Carracas 32-5 #10C-2 APD Deficiency Letter
NC Ute 23D #2H APD Deficiency Letter

Dear Brenna:

Please find enclosed maps showing the location of all water wells within a one mile radius of the proposed surface location for the subject APDs. In addition, the maximum salt chloride concentration anticipated for the brine water system that may be utilized is 75,000 ppm.

Thank you for your attention to this matter. Please contact me with any additional questions or comments on these APDs.

Sincerely:



Chandler Marechal
Agent for Red Willow Production Co.

Enclosures (2)

SURFACE DAMAGE AGREEMENT & RELEASE

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Ten and More Dollars (\$10.00 +), paid to the undersigned by **Red Willow Production Company**, (hereinafter "Operator"), receipt of which is hereby acknowledged, **Energen Resources Corporation** its successors and assigns, (hereinafter "OWNER") as the OWNER of the hereinafter described lands, does hereby release Operator, its successors, agents and employees from any and all claims for damages to the surface of the hereinafter described lands in Rio Arriba County, New Mexico resulting from the ingress and egress, drilling, completion, operation, maintenance and/or abandonment of the NC Ute 23D #2H well situated upon and under the hereinafter described lands:

Township 32 North, Range 4 West, NMPM
Section 9: A tract of land located in the NE/4SE/4
Rio Arriba County, New Mexico.

The wellpad to be located around the wellhead located 1807 feet from the South section line and 454 feet from the East section line.

Operator shall use only such portions of the described lands as are reasonably necessary as more particularly shown on attached Exhibit "A"; however, the surface area actually disturbed for the wellpad shall not be more than 1.75 acres in size for drilling and completion operations. Operator shall have full and complete access to the original 1.75 acre wellpad at all times for subsequent well operations.

OWNER hereby grants unto Operator an easement for the access road across the above referenced property as shown on the attached Exhibit "B". The parties hereto shall cooperate with each other concerning the use and enjoyment of the subject road except for the purposes herein granted, but such use shall not hinder, conflict, or interfere directly, or indirectly, with the exercise of Operator's rights hereunder.

OWNER further releases Operator, its successors, agents and employees from any and all claims for damages for loss of growing crops on the hereinafter described lands resulting directly or indirectly from the drilling, completion, operation, maintenance and/or abandonment of the well identified above.

The consideration paid hereunder shall also compensate the OWNER for damages sustained or which may be sustained, as a direct or indirect result of the construction, maintenance and subsequent use of the access road and production facilities necessary for Operator, its successor, agents, and employees to properly conduct operations and maintenance activities associated with the well identified above. Operator shall conduct its operations in a manner which will cause the least practical interference with OWNER'S use of the leased lands.

Operator agrees to repair all fences, build gates and construct the access road and crossings in a manner which will allow OWNER to continue its use of the property in its current manner. Drainage areas or irrigation ditches will be re-constructed in a manner agreed to with OWNER. Upon completion of the well, the wellpad shall be reduced in size to the minimum necessary to allow for normal production operations and the remainder of the wellpad will be reclaimed. Reclamation shall consist of grading disturbed areas to pre-existing grade and seeding with a seed mixture recommended by the NRCS office for the area. Rig anchors may be left in place, if identified in a manner which will avoid damage to OWNER'S equipment. Restoration will observe Colorado Oil & Gas Conservation Commission (COGCC) rules and regulations governing the same. Operator shall maintain disturbed areas and facilities free of weeds. Well equipment shall be fenced.

OWNER acknowledges that the Operator is not bound by the COGCC rules, but both OWNER and Operator may refer to said rules as guidance for the obligations of the Operator hereunder. Accordingly, OWNER hereby agrees to the commencement of drilling operations without a thirty (30) day notification prior to commencement thereof and acknowledges that OWNER has received, for their reference and convenience, the brochure, "Information for Oil and Gas Operators, Surface Owners and Surface Tenants" as per COGCC Rule 305.c(6). This agreement shall serve as evidence that the consultation requirements of the COGCC Rules 305 and 306 have been fulfilled. Owner agrees that the terms of this agreement reasonably accommodate Surface Owner's use of the Subject Land pursuant to C.R.S. § 34-60-127.

Operator, in its discretion, may use synthetic liners for any pits utilized; however, Operator must remove said liners upon interim reclamation.

Operator shall install hospital grade mufflers, buried in series, sound walls, and/or other devices as necessary for noise abatement.

The consideration due hereunder shall be payable prior to the commencement of drilling operations on the subject lands.

Operator hereby agrees to indemnify and hold OWNER harmless from and against any and all expenses, losses or damages resulting from or relating to Operator's operations and maintenance of the well, equipment, road and related activities on the property, provided however Operator does not indemnify OWNER for expenses, losses or damages resulting from OWNER's conduct on the Property.

The Operator's rights under this Agreement shall be in addition to, and shall not diminish, any and all rights under its Oil and Gas Leases covering all or any portion of the Subject Property.

This Agreement shall be for as long as the above captioned well is operated by Operator, its successors and assigns, and for a period of one year after the abandonment of the well during which time Operator shall have the right to remove all facilities and other fixtures installed pursuant to this agreement. Upon abandonment of the well, Operator agrees to restore the surface of the lands to as near as condition as it was prior to Operator's operations in observance with COGCC Rules.

The terms of this written Agreement and Side Letter shall constitute the full agreement between the parties hereto and no modification or amendment of this Agreement shall be effective unless made in writing and signed by the parties.

IN WITNESS WHEREOF, this Release is voluntarily entered into and executed as of the date of the Acknowledgement of each Party's signature hereto, however, effective as of January 15, 2010 (the "effective date").

OWNER:

ENERGEN RESOURCES CORPORATION

BY: [Signature]
Gary Brink, General Manager San Juan Basin

OPERATOR:

RED WILLOW PRODUCTION COMPANY

BY: [Signature]
Robert J. Voorhees, President / COO

NOTARY PUBLIC

STATE OF NEW MEXICO)

) ss.

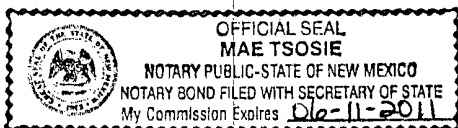
COUNTY OF SAN JUAN)

The foregoing instrument was acknowledged before me this 5th day of, February, 2010, by Energen Resources Corporation, by Gary Brink, General Manager San Juan Basin.

Witness my hand and official seal.

My Commission Expires:

June 11, 2011



[Signature]

Notary Public

NOTARY PUBLIC

STATE OF COLORADO)

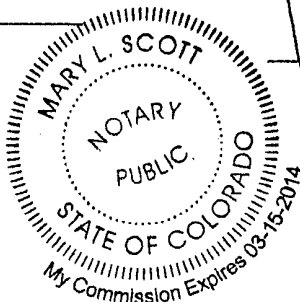
) ss

COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 1st day of April, 2010, by Red Willow Production Company, By Robert J. Voorhees, President / COO.

Witness my hand and official seal.

My Commission expires:



[Signature]
Notary Public

EXHIBIT "A"

Attached to and made a part of that certain
Surface Damage Agreement and Release
by and between Red Willow Production Co.
and Energen Resources Corp.

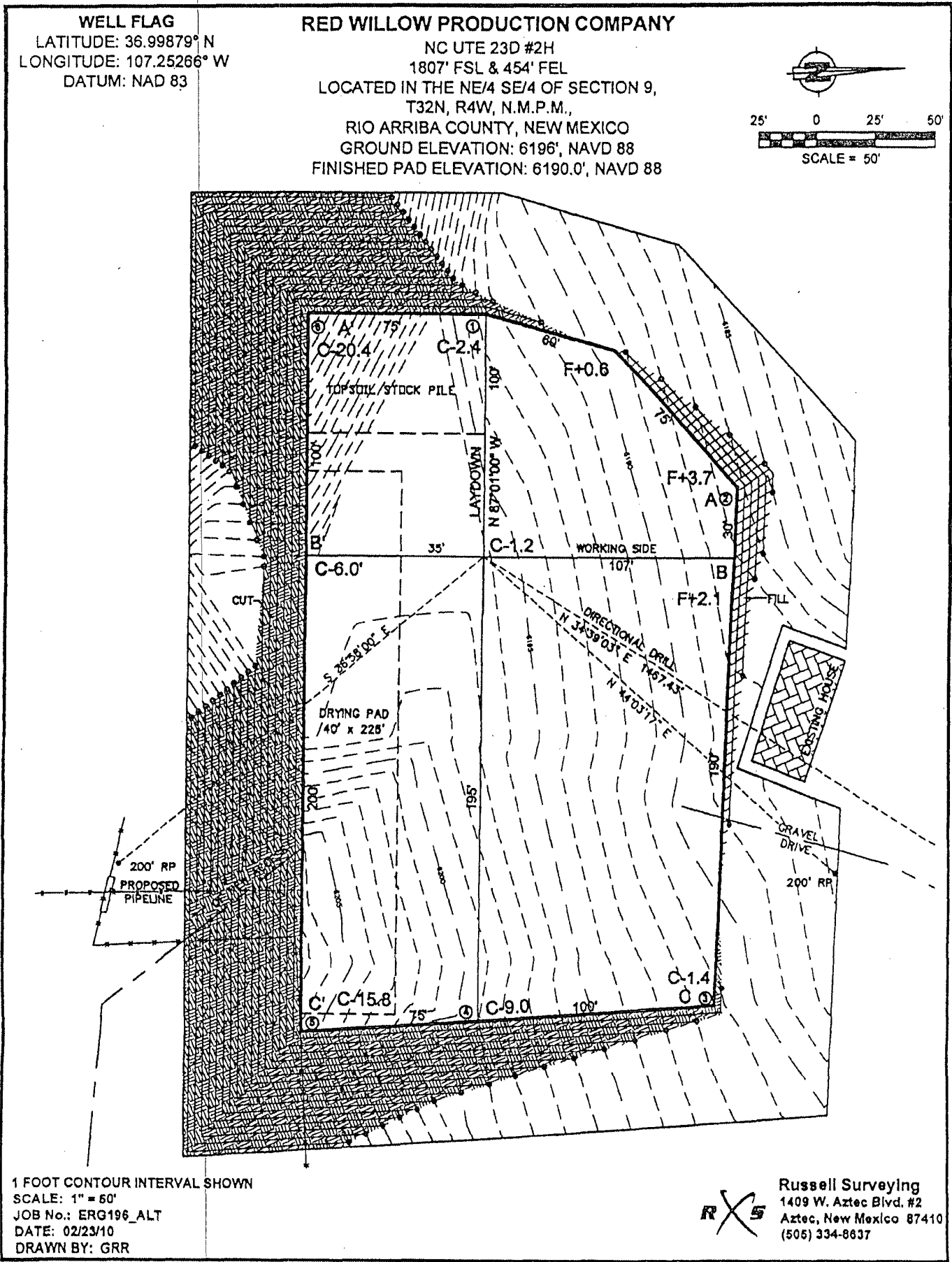
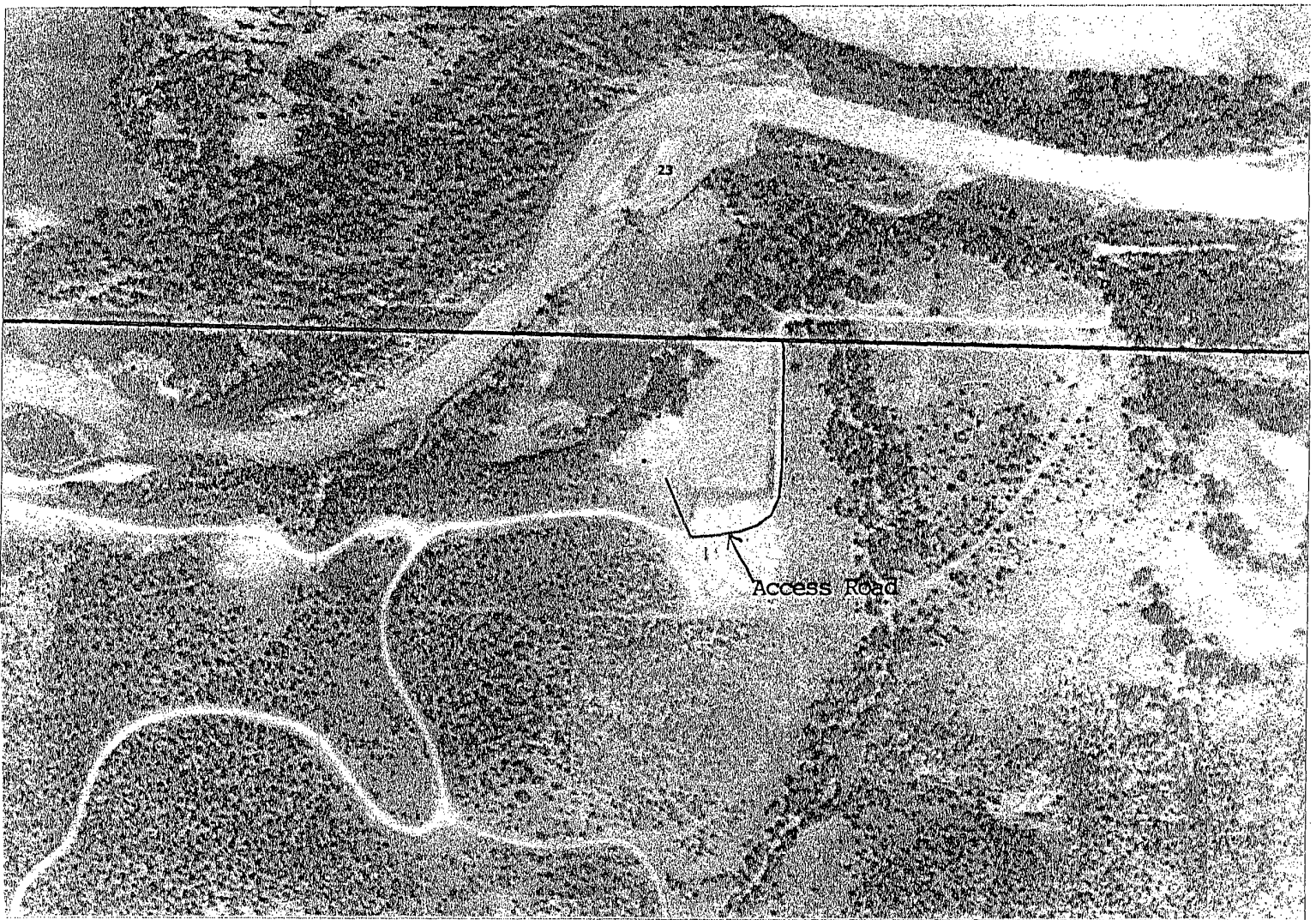


EXHIBIT "B"

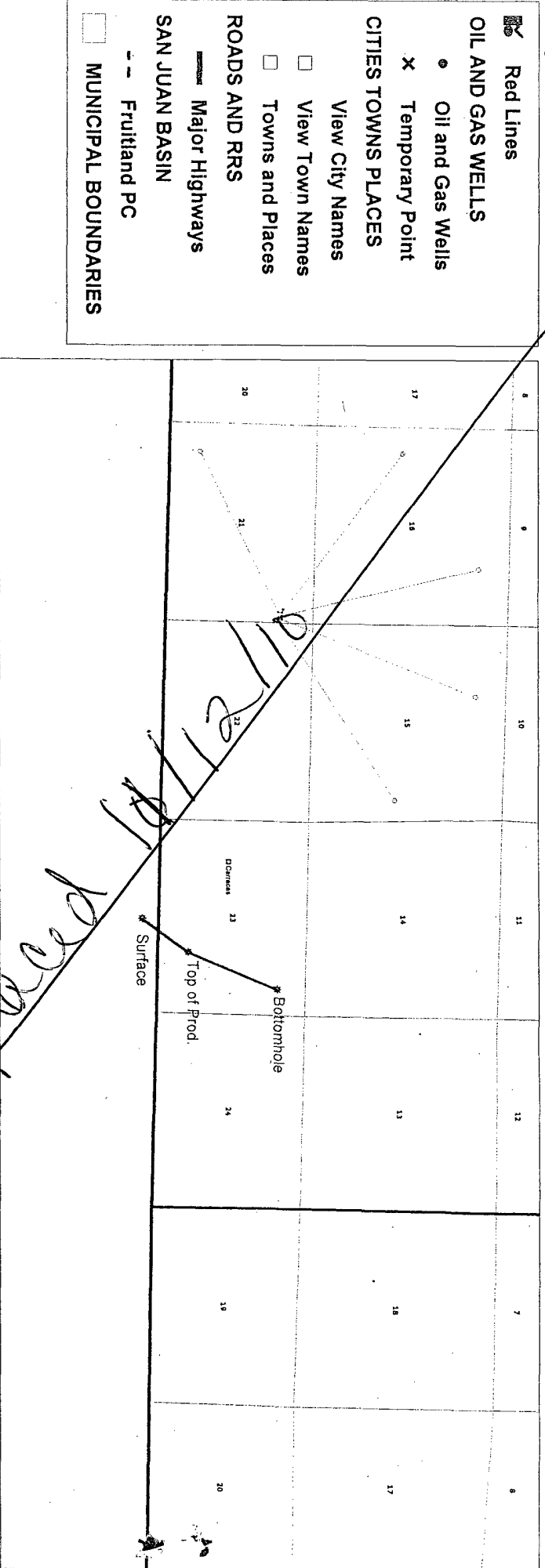
Attached to and made a part of that certain
Surface Damage Agreement and Release
by and between Red Willow Production Co.
and Energen Resources Corp.



SCALE 1 : 6,000



Red Willow Production Co., NC Ute 23D #2H



New Mexico State Land Office - Oil and Gas, Minerals Map Service



X: 295330.628 Latitude: 36°59'56.18"N
Y: 4098962.890 Longitude: 107°17'51.612"W

CONTENTS**LEGEND**

☒ Map ☐ Relief ☐ Imagery ☐ Topo

LOADING...

Oil, Gas and Minerals Map Service**Point Locations****Geologic Features**

- ☐ Volcanic Vents
- ☐ Oil and Gas Geologic Regions
- ☐ Geologic Map of New Mexico

Transportation**NMOCD Wells**

- ☒ Active Wells
- ☒ Dry or Plugged/Abandoned Wells

Boundaries**Public Land Survey System**

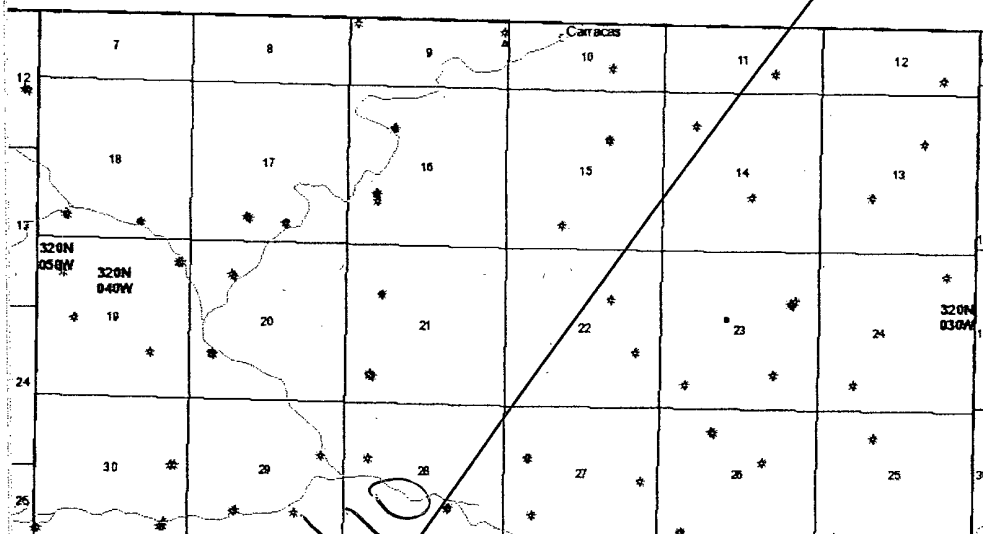
- ☒ Townships
- ☒ Sections
- ☒ Subdivisions

NMSLO Active Leases

- ☐ Commercial Leases
- ☐ Minerals Leases
- ☐ Oil and Gas Leases
- ☐ Agricultural Leases
- ☐ Oil, Gas Leasing Restrictions

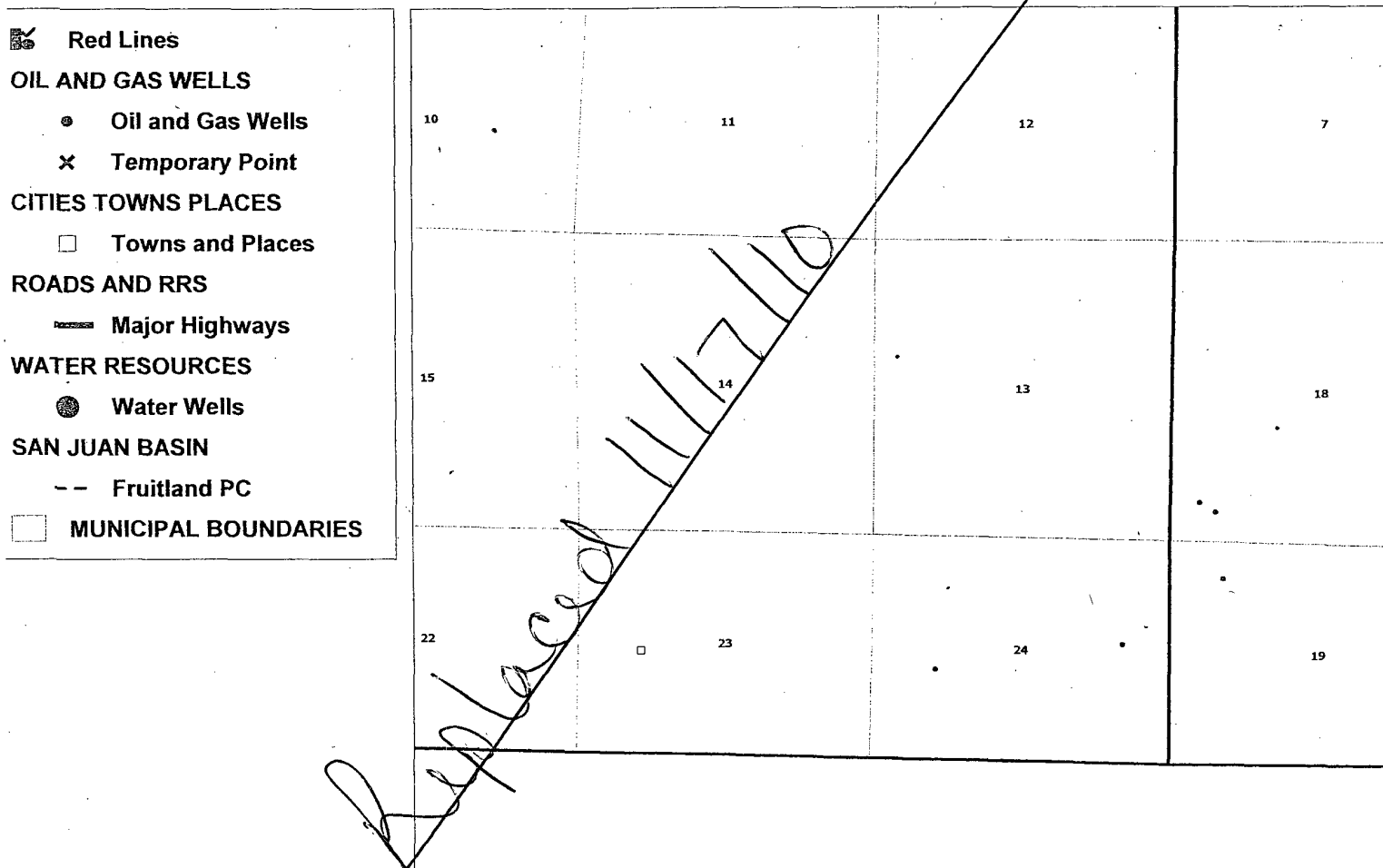
Land Status

- ☐ Land Grants
- ☒ New Mexico State Trust Lands
- ☐ Federal Minerals Ownership



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NC Ute 23D #2H, Oil, Gas, and Water Wells



RECEIVED

NOV 12 2010

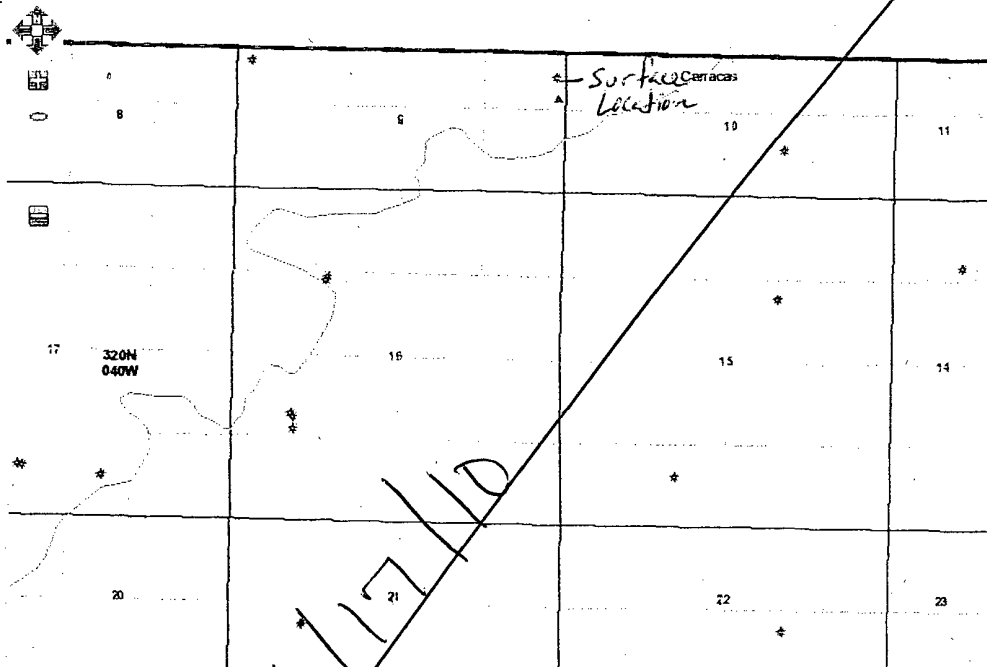
Bureau of Land Management
Durango, Colorado

New Mexico State Land Office - Oil and Gas, Minerals Map Service

X : 296974.752 Latitude : 37°0'0.87"N
Y : 4097235.687 Longitude : 107°16'50.899"W**CONTENTS****LEGEND**☒ Map ☐ Relief ☐ Imagery ☐ Topo

Oil, Gas and Minerals Map Ser

- Point Locations
- Geologic Features
- Transportation
- NMOCD Wells
 - Active Wells
 - Carbon Dioxide
 - Gas
 - Injection
 - Miscellaneous
 - Oil
 - Salt Water Disposal
 - Water
 - Dry or Plugged/Abandoned Wells
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- NMSLO Active Leases
- Land Status

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NC Ute 23D #2H

RECEIVED

NOV 12 2010

Bureau of Land Management
Durango, Colorado

ENGINEERING/GEOLOGY COA'S

Operator Red Willow Production Co.

Well Name & Number: NC Ute 23D #2H

Location: 1807 FSL 454 FEL 9-32N-4W (NMEX)

Field: BHL 760 FNL 760 FEL 23-32N-7W

Lease Number: Ignacio Blanco

750-08-2008

ENG
FMS

Drilling Plan Conditions of Approval:

Engineer/date:

11/29/2010

In addition to the standard COA's include the following:

1. Notify this office at least 24 hours prior to:
 - a. Spudding well (including dry hole digger or rat hole rigs)
 - b. Running and cementing all casings strings
 - c. BOP Tests
2. All BOP tests will be done per Onshore Order # 2.
3. If a BLM inspector is not present during the initial BOP test, please provide chart record.
4. Surface/intermediate casing volumes to be determined from caliper logs and adjusted to insure cement to surface. If cement does not circulate to surface on surface/intermediate string, verify top of cement with a cement bond log. Cement must be circulated to the surface as per COGCC Order 112-85.
5. Submit copies of all logs to this office both paper and in Log ASCEE Standard (LAS) format.
6. If any operations are to start over the weekend, notify this office by noon the Friday before. If any problems arise after hours or on weekends, call BLM personnel using the home phone numbers listed on the "INFORMATION NOTICE" of the APD. Do not leave a message on an answering machine.
7. Collect and submit stabilized bottom hole pressure data in accordance with COGCC Orders 112-156/157, to BLM upon acquisition of data.
8. On directional wells, submit a copy of as drilled directional survey to BLM.
9. IF FLEX HOSES ARE TO BE USED DURING THE DRILLING OPERATIONS THEN A VARIANCE REQUEST VIA A SUNDRY NOTICE NEEDS TO BE SUBMITTED ALONG WITH MANUFACTURES SPECIFICATIONS.

Operator:

Well Name & Number:

Location:

BHL

Field:

Lease Number:

Red Willow Production Co.

NC Ute 23D #2H

1807 FSL 454 FEL 9-32N-4W (NMEX)

760 FNL 760 FEL 23-32N-7W

Ignacio Blanco

750-08-2008

10. NO CHANGES ARE TO BE MADE TO THIS APPROVAL WITHOUT CONTACTING THE BLM BEFORE HAND.

INFORMATIONAL NOTICE - APDs

San Juan Field Office

This notice is an abstract of some major regulations and Onshore Orders and includes notification requirements and information.

1. Drilling Operations (Onshore Order No. 2)

- a. If DSTs are run, all applicable safety precautions outlined in Onshore Order No. 2 shall be observed.
- b. All indications of usable water (10,000 ppm or less TDS) shall be reported to the San Juan Field Office prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

2. Well Abandonment (43 CFR 3162.3-4, Onshore Order No. 1-Sec.V)

Approval for abandonment shall be obtained prior to beginning plugging operations. Initial approval for plugging operations may be verbal, but shall be followed-up in writing within 30 days. Subsequent and final abandonment notifications are required and shall be submitted on Sundry Notice (Form 3160-5), in triplicate.

3. Reports and Notifications (43 CFR 3162.3-2, 3162.4-1, 3162.4-3, 00-6)

- a. Within 30 days of completion of the well as a dry hole or producer, a copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample descriptions or data obtained and compiled during the drilling, workover, and/or completion operations shall be filed with a Completion Report (Form 3160-4), in triplicate. Submit casing/cementing reports and other subsequent reports via Sundry Notice, Form 3160-5.
- b. In accordance with 43 CFR 3162.4-3, this well shall be reported on MMS Form 3160, A Monthly Report of Operations, starting with the month in which drilling operations commence, and continuing each month until the well is physically plugged and abandoned.
- c. Notify this office within 5 business days of production start-up if either of the following two conditions occur:
 - (1) The well is placed on production, or
 - (2) The well resumes production after being off production for more than 90 days.

APlaced on production@ means shipment or sales of hydrocarbons from temporary tanks, production into permanent facilities or measurement through permanent facilities. Notification may be written or verbal with written follow-up within 15 days.

- d. As per Onshore Order No. 6, III.A.2.b., if hydrogen sulfide is present the operator shall initially test the H₂S concentration of the gas stream for each well or production facility. Submit the results of this test within 30 days of filing Form 3160-4, Well Completion or Recompletion Report and Log.

4. Environmental obligations and disposition of production (00-7, NTL-3A, NTL-4A, 43 CFR 3162.5-1, 3162.7 and 40 CFR 302-4)
- a. With BLM approval, water produced from newly completed wells may be temporarily disposed into unlined pits up to 90 days. During this initial period, application for the permanent disposal method shall be made to this office in accordance with 00-7.
- If underground injection is proposed, an EPA or State UIC permit shall also be required and submitted to this office.
- b. Spills, accidents, fires, injuries, blowout and other undesirable events shall be reported to this office within the time frames in NTL-3A.
- c. Gas may be vented or flared during emergencies, well evaluation, or initial production tests for a time period of up to 30 days or the production of 50 MMCF of gas, whichever occurs first. After this period, approval from this office shall be obtained to flare or vent gas in accordance with NTL-4A.
- d. Off-lease measurement and commingling of production must be approved by the authorized officer.

5. Well Identification (43 CFR 3162.6)

Each drilling, producing or abandoned well shall be identified with the operator's name, the lease serial number, the well number, and the surveyed description of the well (either footages or the quarter-quarter section, the section, township and range). The Indian lessors name may also be required. All markings shall be legible and in a conspicuous place.

6. Bureau of Land Management, San Juan Field Office Address and Contacts:

ADDRESS: Public Lands Center PHONE: (970) 247-4874
15 Burnett Court
Durango, Colorado 81301

BUSINESS HOURS: 7:45 A.M. to 4:30 P.M. (Mountain Time), Monday-Friday

AFTER HOURS:

Loren Wickstrom	Lead Petroleum Engineering Technician	
	Home:	Cell: (970) 749-9703
Marie Lope	Petroleum Engineering Technician	
	Home: (505) 860-6773	Cell: (970) 759-0182
Rodney Brashear	Petroleum Engineering Technician	
	Home: (970) 588-3699	Cell: (970) 799-1244
Gabe Trujillo	Petroleum Engineering Technician	
	Home:	Cell: (970) 394-4868

All Surface Construction Personnel Note
Appendix E

Attachment to DNA #DOI-BLM-CO-S010-2010-033
NC Ute23D-2H Gas Well and Pipeline

SUIT FEIS "ROD" and PEA "DR" Management Requirements"

Management Requirements for Implementation of the Agency and Tribal Preferred Alternative. Consult Attachment #1 (a 19 page document of the SUIT EIS Record of Decision, October 2002 and Attachment #2 to the SUIT Programmatic EA Decision Record and Finding of No significant Impact for 80 Acre Infill oil and Gas development on the Southern Ute Indian Reservation, July 28, 2009 for minimum general requirements that describes environmental protection measures for Oil and Gas operations on the Southern Ute Indian Reservation which are based on existing procedures, policies and regulations, as well as, new measures developed in the EIS and Programmatic EA processes). The measures therein and below are annotated to indicate their origin, and organized by resource in the same manner as in the EIS.

Implementation of the Agency and Tribal Preferred Alternatives in the EIS and the PEA is **contingent upon compliance with those environmental protection requirements and site specific requirements from the onsite listed below.**

Site Specific Mitigations Identified through the Onsite Process
APD Conditions of Approval

(Result of "on-site" & the DNA process as provided for in the EIS/ROD and the PEA /DR):

In order to comply with the provisions of the SUIT EIS Record Of Decision and the SUIT PEA Decision Record, the following *mitigations* are attached to the approved APD, and pertain to the *specific well pad (italic red type)* and for all wells (**black normal type**), pipeline and access road actions proposed.

◆NO SURFACE DISTURBANCE shall begin until the Edge of Disturbance Corners and Midline markers of the permitted area have been established and are clearly designated with permanent carsenite or "T" post markers.

◆REQUIRED NOTIFICATIONS

The BLM Minerals Division - Surface Protection Specialist shall be notified **5 days** prior to the onset of pad/road construction at 970-247-4874 or 970.385.1370.

The BLM Minerals Division shall be notified at least **48 hours** prior to commencement of interim and/or final surface reclamation activities at 970-247-4874 or 970.385.1370 (BLM) and 563-4780 (SUIT-Range).

◆AIR QUALITY: (PEA 4.2.8) Follow equipment emissions standards as set forth in the *Programmatic Environmental Assessment for 80 Acre Infill Oil & Gas Development on the Southern Ute Indian Reservation* – electrification, NO_x + NMHC & HC + NO_x emissions (EPA emission regulation, see PEA Vol. 2, #2.2.)

◆CLEAN WATER ACT: EPA "Reasonable and Prudent Practices for Stabilization" Best Management practices shall be employed to control storm water and erosion.

◆CULTURAL (SUIT FEIS Sec 4.8.9) as specified

◆HEALTH & SAFETY (SUIT FEIS 4.1.12.7)

•The wellhead and equipment of existing well(s):Ute D#1 and Pargin #1-36 shall be protected by effective barriers from inadvertent damage during construction of the new well.

•SPILLS :The company shall verbally report to the BLM within 24 hours spills of greater than 100 BBLs or greater than 500 MCF of gas. (There shall be a written report delivered to the BLM, Durango Office at 385-1370 or FAX 375-2338 within 10 days of the loss of greater than 10 BBLs of liquid or 50MCF gas).

Spills shall be contained immediately upon discovery, reclaimed as possible and contaminated soils removed.

◆**LANDS USE- (SUIT FEIS Sec 4.6.8)** The contractor shall use Best Management Practices (BMP's) to protect natural resources by eliminating or minimizing adverse impacts to the environmental public health and the natural resources to control storm water and erosion..

- The stripped topsoil (generally minimum 6-8") shall be stockpiled separately and clearly marked for interim reclamation. Where soil is placed over *Temporary Use Areas* care must be taken so as not to disturb topsoil. A straw interface or comparable may be required to accomplish this.

- Tree stumps shall not be buried, but may be used for erosion control (See SUIT well site stipulations)

- On roadway construction, topsoil must be salvaged where available during construction and re-spread to the greatest degree practical on cut slopes, fill slopes, and borrow ditches prior to seeding.

- On any pre-existing well pad designed to host an additional wellbore, repairs shall be made to any erosion gullies on cut and fill slopes. Geo-textile blankets, hydro-mulch, mechanically bonded fibre matrix, or rip-rap shall be applied as required to control erosion. Slopes shall be seeded with a BIA approved seed mix.

- Interim Reclamation (SUIT-FEIS Sec4.6.8)**

Interim reclamation outside of the well-bore anchors to that area needed for routine maintenance and service with a graveled pull through shall be accomplished directly after the drilling of the well. If areas of the pad or fill slopes have been graveled in anticipation of the construction phase, that gravel must be removed from all interim reclaimed areas including pad surface and developed slopes. The well pad shall be contoured to blend with the surrounding natural landscape. All topsoil shall be evenly spread on areas not on the graveled turnaround, soil prepared, stabilized, and seeded in the Fall or Spring with a BIA approved seed mix.

Topsoil segregated from stockpiled spoil shall be replaced during reclamation in its respective original position (last out, first in) to minimize mixing of soil horizons. Soil will be amended in accordance with reclamation plans and reseeded with BIA approved weed-free seed mix. Subsurface material should never be placed on top of topsoil material at any point in the operation (2007 Gold Book, p.17)

Vegetation and topsoil may require removal and stockpiling to enable workover operations to prevent soil compaction and mixing of material. If the interim reclaimed area is disturbed it shall again be reclaimed, as previously described.

- Reclamation (43 CFR 3162.3-4, CFR3162.6 (d), Onshore Order #2)**

Final well reclamation: According to regulations, a well site is to be reclaimed and re-vegetated directly following plugging. The BLM-SJRA stipulates that surface reclamation be completed within 180 days of the final plugging operation. The final reclamation shall include all equipment and trash removal, slash piles chipped and scattered, pits, mouse hole, rat hole and boreholes filled, gravel removed, an identifying above ground marker erected (designating lease operator, lease number, API #, well name and number, plugging date) contoured to approximate original terrain as closely as possible, top soil evenly redistributed, soil prepared, weed control exercised, and soil seeded with a BIA approved seed mix which shall be monitored for growth. **The Bureau of Land Management, SJPLC (970.385.1370) shall be notified at least 48 hours prior to commencement of surface reclamation. The Landowner shall be contacted prior to surface reclamation procedures for specific requirements and seed mixtures.**

◆**NOXIOUS WEEDS (SUIT FEIS 4.3.1.8):** on permitted lands areas shall be controlled for the life of the project. Russian knapweed was identified on the south side of the location and must be controlled.

◆ **PAD (WELL PAD) (SUIT FEIS Sec 4.1.5)**

Well site equipment shall be placed so that any production tanks are located close to the access road/pad junction and other facilities are clustered to enable maximum interim reclamation contraction of the well pad.

• **PAD/ACCESS/PIPELINE MITIGATION (SUIT FEIS Sec 4.1.5)**

Allow proper drainage to keep runoff precipitation from entering the well pad.

• Access roads shall be bladed, crowned and ditched with appropriate minimum 18" culverts as needed and BMP erosion controls in place if well is successful. Roads shall be ditched on the high side with storm water runoff directed to existing drainages below the road through armored inlet and outlet culverts at flow line or suitably constructed Low Water Crossings. **All access roadways shall be constructed at an elevation higher than surrounding terrain. Adequate borrow ditches shall be constructed along the sides of the roads to facilitate storm water run-off. Culverts shall be placed at regular intervals where needed to allow water to cross the roadway and enter the existing drainages.**

• On pipeline ROWs, excavated topsoil shall be segregated from spoils. Upon backfilling, topsoil shall be placed on top, soils stabilized, prepared and seeded. Below applies as applicable:

1. All pipes shall be buried at a safe depth below existing culverts and 30" below scour line of arroyos.
2. Repair/replace all existing culverts removed to bury pipeline, armor inlets and outlets
3. Replace all borrow ditches impacted by construction.
4. Pipeline fill shall be compacted, mounded for settlement and finally seeded with a BIA /landowner specified seed mix.

• **Workover**

Any subsequent completions involving the drilling of a new lateral segment or other workover necessitating the use of a reserve pit or workover pit shall meet the requirements stipulated for a new well reserve pit. The pit floor shall be in undisturbed cut materials several feet above the ground water table, lined with an impermeable fabric of 12 mil or greater, diked, fenced, have fluids covered with bird netting and ultimately reclaimed within 180 days with fluids removed or solidified and fabric cut at mud line prior to back filling with 3' of clean soils.

♦ **SURFACE WATER- (SUIT FEIS Sec 4.5.2.8)**

• **DEWATERING OF RESERVE PITS**

The operator is prohibited from using mechanically-aided evaporation techniques which involve the use of misters and/or sprayers to enhance removal of reserve pit fluids.

• **Closed loop drilling systems** without reserve pits: *A closed loop system is planned and approved and shall be used at this well. Cuttings from this well are to be stored on a drying bed onsite until hauled off to an approved landfill.*

• **Partially self-contained drilling systems using a cuttings trench:** In the use of a cuttings trench, top soil shall not be stored directly above a reserve pit or cuttings storage area *but may be positioned along cut pad edges or at grade level. A ditch to carry potential stormwater shall be constructed at the toe of cut slope between that slope and any diked "cuttings storage area" to carry stormwater to grade off the pad over an armored area.* Top soil shall not be stored directly above a reserve pit or cuttings storage area *but may be positioned along cut pad edges or at grade level. A ditch to carry potential stormwater shall be constructed at the toe of cut slope between that slope and any diked "cuttings storage area" to carry stormwater to grade off the pad over an armored area.*

During drilling operations the "temporary cuttings storage area" must be lined with a minimum 12 mil minimum impermeable barrier and surrounded with a sufficient retaining dike whether the cuttings are held in a lined trench, a lined "drying pit" with side water collection channels, or against an earthen bank to decelerate foam cuttings above an excavated lined trench at the toe of the cuttings pile to collect fluids

channeled or pumped into a lined storage trench.) Only dry cuttings and cement will be stored in the cuttings storage area. Any cement wash or other fluids shall not be mixed with dry cuttings, but must be placed in a self contained tank and removed for disposal at an approved off-reservation location. *Any free liquid accumulating shall be vacuumed off consistently prior to burial in the reclamation phase cuttings trench.*

Upon completion of drilling operations, the cuttings shall be kept covered or removed as soon as possible. *Dry cuttings may be permanently buried in a lined cuttings trench located in cut material (pending Landowner approval on Fee lands).* Alternatively, cuttings may be sampled for compliance with COGCC pit closure standards (Table 910-1). If all results meet closure standards, and are approved by the authorized officer via Sundry Notice 3160-5, the dry cuttings and cement may be buried in an unlined trench, located in cut material. The cuttings trench shall be maintained with 3' of free board & covered with a minimum of three (3) feet of clean compacted backfill material during interim reclamation. *If the sampling option is exercised, laboratory reports showing compliance shall be submitted to the BLM and the SUI-Environmental Programs Department.*

MINERAL OIL, Polymer additives or other non-water based fluids stored on site to facilitate horizontal drilling operations shall have adequate impermeable containment dikes surrounding Storage Tanks to protect against potential spills.

◆ **SURFACE WATER- (SUIT FEIS Sec 4.5.2.8)** *Following Surface COAs are subject to be pre-empted by the stormwater plan of Prymors Environmental Consulting, Inc. where conflicting.*

- *Drainage shall be constructed from the outfall of the road culvert above and at the top of the cut slope through an armored and sufficiently diked/bermed permanent structure carrying stormwater westerly down an armored outfall with rock water bars as necessary on the NW corner of the pad cut slope near corner #1 to grade. The road north borrow ditch shall be channeled to the same drainage through an armored ditch in the vicinity of corner #5 with the road bermed on the north so as not to contribute runoff to the pad.*

- **SURFACE WATER- (SUIT FEIS Sec 4.5.2.8)** *An armored ditch and dike shall run along the top of the slope from corner #5 past corner #4 to a rock rundown alongside the entrance road and be channeled thru a minimum 18" adequate culvert beneath the access road with armored outfall and ditch to the north to disperse at grade.*

- **SURFACE WATER- (SUIT FEIS Sec 4.5.2.8)** *The drainage on the west pad periphery shall follow the existing ditch below the topsoil pile from midpoint right to #2 and exit the pad near corner #1 in the same area as the outflow from the trench at the top of the cut slope exits in an armored outflow. Excelsior shall be place at both toes of the topsoil berm on the west side of the pad.*

- **SURFACE WATER- (SUIT FEIS Sec 4.5.2.8)** *The entrance road shall be graveled and have edges bermed to deter erosion off the sides. The entrance road shall have the side-slopes stabilized adequately to deter erosion, as with crimped straw and seeding with excelsior at the toe.*

- **SURFACE WATER- (SUIT FEIS Sec 4.5.2.8)** *Mechanically Bonded Fiber Matrix shall be applied to the south cut slope and to the topsoil berm to stabilize temporarily until surface reclamation can be completed in the Spring with crimped straw seeding on maximum 3:1 slopes.*

- *Temporary slopes greater than 3:1 shall not exceed 2:1 and shall be lined with continuous excelsior wattles at top of fill slopes inside of a shallow 6" ridge (dike) at the top of slope and excelsior wattles properly staked at the base of fill slopes to prevent sediment losses and to divert water away from the pad with slope stabilization as needed. A ditch and dike shall be required at the top of cut slopes to prevent*

precipitation from entering the well pad. Long term temporary slopes shall be seeded. ***Construction slopes of 2:1 may be employed with reclamation to 3:1 upon interim reclamation.***

- **Permanent pad slopes shall not exceed 3:1.** During interim reclamation the temporary stabilization at the top of the fill slope may be removed as the pad is contoured to mimic surrounding terrain. A **trough and minimal dike shall be lined with continuous securely staked excelsior wattles at the top edge of the cut slopes** and remain at the toe of fill slopes if needed to stabilize soil. This shall be maintained until vegetation growth stabilizes the fill slope. Erosion inhibiting material as geo-textile matting, blankets, hydro-mulching, mechanically bonded fiber matrix, rip-rap (as required) and timely seeding with a BIA/landowner specified seed mix shall be applied as soon as pad construction is completed.

- A correctly installed silt fence or a continuous line of excelsior wattles (or similar retention device) shall be installed at the toe of "top soil" and "spoils storage" piles to prevent loss of soils. All disturbed slopes shall be seeded and stabilized. ***Topsoil should be placed on top of undisturbed soil. If topsoil is placed on top of gravel it must be placed on a layer of straw or other separation device so as not to mix gravel with topsoil.***

- **Disposal of PRODUCED WATER: Onshore #7**

Shall not be stored in lined or unlined earthen pits but may be stored in steel tanks and disposed of at an approved site or piped to an approved water disposal well.

**** Submit Sundry Notice of Intent to BLM for approval to dispose of water at an approved disposal site within 90 days. Include items: (1) From: (Well name), (2) Legal Loc, (3) API#, (4) Lease, (5) Fm, (6) Off Lease disposal well site? (a ROW is required from BIA), TO: (7) Inj well name, (8) UIC#, (9) Legal location of water disposal well.***

♦ **TES SPECIES (SUIT FEIS 4.3.3.9):**

If any TES species are identified during well construction or operation, the SUIT and the BIA shall be contacted immediately. Operations that would adversely affect the TES species must be discontinued until consultation with the USFWS indicates that the impacts are deemed "Not Likely to Effect".

TES SPECIES (Attachment #2 to Decision record of PEA)

- No disturbance shall take place within 20 meters of federally **listed plant** occupied habitat. Any disturbance proposed within 200 meters of listed plants occupied habitat shall be analyzed in separate site specific consultation with the SUIT and the USFWS.

- Pre-construction surveys shall be conducted of proposed well pad and access route locations for **Gunnison prairie dogs**. Direct impacts to prairie dog colonies shall be avoided where possible and in the light of other resource tradeoffs resulting from access road and well pad relocation.

♦ **VISUAL RESOURCE MANAGEMENT: (SUIT FEIS 4.9.8)**

All static equipment shall be painted a non reflective environmental green color within seven (7) days of completion of construction as weather permits. The color shall be one shade darker than **background** vegetation (as "Beetle" Green) and may be selected by consulting the BLM Standard Environmental Colors Chart CC-001: June 2008.

♦ **WILDLIFE (SUIT FEIS 4.3.3.9):**

Avian species as birds and bats shall be protected from the enticement of warm vent stacks by wire grid or cone covers. Following well drilling during the liquid drying stage for reserve pits, **all pits** shall be fully fenced with bird netting suspended and maintained to protect migratory birds from potential hydrocarbons or toxic chemicals until reclamation is completed.

WILDLIFE (Attachment #2 to Decision record of PEA)

- Construction or other intrusive activities shall be prohibited within 0.5 miles from an **active raptor nest**.
- New well locations and ROWs must be a minimum of 0.25 miles from a raptor nest or winter roost.

♦ **Bald and Golden Eagle Protection Act: Attachment #2 to Decision record of PEA**

If a construction project is planned during the **bald eagle nesting period (March 16-July 1)** and within 0.5 miles of suitable bald eagle nesting habitat, a pre-construction survey must be initiated by a qualified biologist within 10 days prior to the start of construction to verify the presence or absence of bald eagle nesting activity. (See attachment 2 for survey protocol & compliance requirements on results.)

♦ **Bald and Golden Eagle Protection Act: (Attachment #2 to Decision record of PEA)**

If a construction project is planned during the **bald eagle winter roosting period (November 15-March 15)** and within 0.25 mile of a riparian zone with mature cottonwood trees, a pre-construction survey shall be initiated by a qualified biologist within 10 days prior to the start of construction to verify the presence or absence of bald eagle roosting activity. (See attachment 2 for survey protocol & compliance requirements)

♦ **Bald and Golden Eagle Protection Act:**

Restrictions as prescribed in the Biological Assessment & PEA Addendum and the SUIT Department of Natural Resources-Wildlife Division:

• **Migratory Bird Treaty Act: (Attachment #2 to Decision record of PEA)**

If construction is to occur during **Migratory bird breeding season (March through August)** a survey for Migratory birds **shall be made just prior to construction with activities** avoiding nesting/fledgling individuals discovered. The least amount of trench shall be left open overnight and escape routes from trenches provided for wildlife per USFWS recommendation (3/16/2004 letter) in consultation # 2-22-04-I-362.

• **Migratory Bird Treaty Act: (Attachment #2 to Decision record of PEA)**

• No surface disturbing activities disturbance shall take place within 200 meters of known or discovered occupied **Southwest willow flycatcher** breeding habitat May 1 – August 15.



IN REPLY REFER TO:

Real Estate Services Program

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

SOUTHERN UTE AGENCY

P.O. Box 315

Ignacio, Colorado 81137



Mr. Richard Rymerson
San Juan Resources Minerals Staff Chief
Bureau of Land Management
15 Burnett Court
Durango, CO 81301

Attention: Mr. Dave Swanson

MAR 17 2011

RECEIVED

MAR 21 2011

Bureau of Land Management
Durango, Colorado

RE: Red Willow Production Company –
North Carracas 32-4 #NC Ute 23D #2H Well Pad
Located in T32N-R4W-Sec 9: NE/4SE/4 –
State of New Mexico
on FEE Surface / Tribal Minerals:
Surface = 1807' FSL X 454' FEL
Bottom Hole = 760' FNL X 760' FEL, T32N-R4W –
Sec. 23: NE/4NE/4 – State of Colorado
Lease#750-08-2008; Formation:Fruitland
~~80-acre Infill lateral~~

Dear Mr. Rymerson:

Based on the available information received in this office, we concur with the issuance of the Application for Permit to Drill (APD) for the above referenced well. Dr. Bruce Harrill, Archaeologist, Bureau of Indian Affairs, Southwest Regional Office, has reviewed the Cultural Resources Survey report.

The proposed project is in compliance with the provision of Section 106 of the National Historic Preservation Act and may proceed under the stipulations of the Southwest Region Archaeologist. In addition, the following general stipulations will apply:

1. All land altering activities shall be confined to the area surveyed for cultural resources, and the project sponsor shall control the action of its agents at the job site to ensure that no archaeological sites are disturbed or damaged. Site disturbance or damage is a violation of the Archaeological Resources Protection Act (16 U.S.C. § 470ee), which prohibits the excavation, removal, damage, alteration or defacement, or attempt to excavate, remove, damage, alter or deface any archaeological resources (cultural resources) located on Federal or Indian lands. Both criminal and civil penalties may be assessed (16 U.S.C. §§ 470ee and 470ff) for violations.
2. If subterranean cultural resources are encountered, all land-altering activities shall cease within 50 feet of the discovery and the Southern Ute Indian Tribe and the Bureau of Indian Affairs (BIA), Regional Archaeologist shall be notified immediately for consultation on the treatment of the discovery.

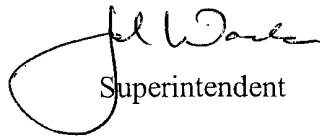
These stipulations must be followed or project suspensions will be issued. The responsibility of the project sponsor is to notify subcontractors of the project boundaries and stipulations. Any change in the type of development activities, change in project boundaries, or addition of new project areas, easements or improvements to existing easements, which are outside of the currently defined project area, shall require additional survey, review and consultation.

This letter only serves as notification that National Historic Preservation Act Section 106 compliance has been completed for the Southern Ute Tribal land portion of the subject project. It does not constitute approval of right-of-way or concurrence in the proposed activities by the BIA. This compliance is one of several legal requirements that must be accomplished before BIA approves of right-of-ways, easements, or other land use contracts for land modifying projects.

The above-mentioned site has been cleared for threatened and endangered or sensitive species. Copies of the report are on file with this office. This approval does not grant any easement rights.

Should you need further assistance, please contact Sue Bad Cob, Realty Specialist, or Steve Sullaway, Realty Officer, at 970/563-4511.

Sincerely,


Superintendent

Enclosures:

RECEIVED

MAR 21 2011

Division of Land Management
Bureau of Reclamation