

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Energen Resources Corporation

3a. Address

2198 Bloomfield Highway, Farmington, NM 87401

3b. Phone No. (include area code)

(505) 325-6800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec.35, T30N, R09W - SWNW - 1835' ENL, 1140' FWL

5. Lease Serial No.

NMSF 078139

6. If Indian, Allottee or Tribe Name

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

NNM 88288

8. Well Name and No.

Federal 30-9-35 1S

9. API Well No.

30-045-32678

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other

drill cuttings

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Energen Resources plans to transport drill cuttings from the Lopez 30-9-35 #1S and the Santa Rosa 5 #4 (which replaced the Gross 29-9-2 #1S) to the lined pit of the Federal 30-9-35 #1S, as outlined in the approved document, "Energen Resources Proposal for the Minimization of Environmental Impact to Private Lands and Sensitive Areas".

2005 MAY 9 PM 2 49
RECEIVED
OTO FARMINGTON NM

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Vicki Donaghey

Title

Regulatory Analyst

Date

05/05/05

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Ray Sunc

Title

Dir Chief EP/ROW

Date

5/10/05

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

Office

FFO

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

PROPOSAL FOR THE MINIMIZATION OF ENVIRONMENTAL IMPACT

ENERGEN RESOURCES PROPOSAL FOR THE
MINIMIZATION OF ENVIRONMENTAL
IMPACT TO PRIVATE LANDS AND SENSITIVE
AREAS

Prepared By: Kellie J. Skelton

Energen Resources Incorporated

Submitted to:

Denny Foust, Oil Conservation Division
Ed Martin, Oil Conservation Division
Jim Lovato, Bureau of Land Management
Ray Sanchez, Bureau of Land Management

2198 BLOOMFIELD HWY.
FARMINGTON, NM 87401

PROPOSAL FOR MINIMIZING ENVIRONMENTAL IMPACT

ENERGEN RESOURCES PROPOSAL FOR THE MINIMIZATION OF ENVIRONMENTAL IMPACT TO PRIVATE LANDS AND SENSITIVE AREAS

PURPOSE

Energen Resources Incorporated purposes the following remedies to reduce the impact of on shore oil/gas drilling with the intention of being a good neighbor to the affected entities and the environment. It is Energen Resource's intention to not only comply with the current regulations, but also take a leap above on behalf of the environment and land owners.

This report entails the details of how the surface impact area on multiple wells can be minimized by an estimated 30- 40 % by utilizing existing pad layouts by consolidating two pads onto one. The benefits in the report include but are not limited to; reducing the acreage usage of surface owner's, State or Federal land, reducing legal access, the minimization of storm water run off, and reducing the overall damage to vegetation.

The second of the minimization activities involves the placement of drill cuttings that have been separated by utilizing a closed loop system. Typically, these cuttings are buried on location. Due to the respective location of the wells involved, Energen Resources considers removing the drill cuttings an environmentally responsible decision.

By reducing the impact to private lands, we are providing consistency and commitment to the Good Neighbor Policy..

We appreciate your review of the plan and please advise of any additional stipulations that may be of concern and approve one or both of the methods hereby being presented:

- Place tanks and equipment on a shared location with an existing operator and pad.
- Alternative placement of drill cuttings into a lined pit as opposed to leaving them on the locations which most like have shallow ground water and/or water tables.

CONSOLIDATING LOCATIONS

WELL PAD CONSOLIDATION:

Location #1-Federal 28-8-21 #1S: This location is located on a hill and will require the hill to be excavated out allowing for the additional pad. This location is also located within the immediate proximity of the pre-existing BP America well Tapp O1E-Mesa Verde-Dakota API # 3004525185, Federal lease # NMNM 0122001. We hereby propose the consolidation of the adjacent pads. The reduced impact area is estimated to be $\frac{3}{4}$ of an acre. The proposal is to adjoin

the existing pit tank berms already on location with the future berms. Meter runs would be parallel to existing meter runs. This would also improve access to both wells for haul trucks by creating a tear drop construction of the location. Haul trucks therefore, could swing around, and line up with the facilities, therefore reducing the amount of surface disturbance created by well maintenance. This technique could be utilized at multiple wells given the support of the regulatory agencies and affected operators.

MANAGEMENT OF DRILL CUTTINGS

The Lopez 30-9-35 #1S and the Gross 29-9-2 #1S are both located close to the river and in areas where ground water estimated to be less than 50' deep. Energen Resources has a well in close proximity to the Gross and Lopez wells that is located on higher ground. The initial drilling plan for these two wells is to utilize a closed loop system to remove free liquids from the drill cuttings. The regulatory rules allow the operator to leave these cutting on the generating location, however, Energen Resources intends on removing the cuttings from the areas where ground water is <50'. Energen Resources would like to remove the drill cuttings from the Lopez 30-9-35 #1S and the Gross 29-9-2 #1S and place them in the lined pit at the Federal 30-9-35 #1S. The Federal well is located well above the ground water level and has a lined pit on location. Energen Resources chose to haul the cuttings from the Chapson 29-10-20 #2S to a land farm, which resulted in fees exceeding \$30,000.00.

BENEFITS

Plan 1: Consolidating locations

- Smaller locations
- Less land from land owners
- Down sizing legal access
- Minimizing surface impact
- Minimizing storm water runoff impact
- 1 road system with a single drive by for loading production tanks and pits

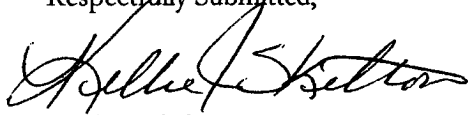
Plan 2: Management of Drill Cuttings

- Good Neighbor initiative

- Reduce any potential impact of leaving drill cuttings close to shallow ground water.
- Reduce any potential impact of having drill cuttings close to surface water.
- Cost savings->\$17,000.00 for removal of drill cuttings not currently required to be removed by regulatory agencies..



Energen Resources believes that both of the proposals result in a reduced impact and promote the good neighbor policy in a positive approach. We would like to thank you for your time in reviewing the proposed options for consolidating well pads and removing drill cuttings from shallow ground water areas. We look forward to discussing our options with you.

Respectfully Submitted,



Kellie J. Skelton
Environmental & Safety Coordinator
Energen Resources, Inc.

I concur

 4/28/05
 4/28/05

