

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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


APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 0606
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		6. If Indian, Allottee or Tribe Name
2. Name of Operator Energen Resources Corporation		7. Unit or CA Agreement Name and No.
3a. Address 2198 Bloomfield Highway Farmington, New Mexico 87401		8. Lease Name and Well No. Hart Canyon 26 #2S
3b. Phone No. (include area code) (505) 325-6800		9. API Well No. 30-845-32825
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2085' FSL, 610' FEL At proposed prod. zone		10. Field and Pool, or Exploratory Basin Fruitland Coal
14. Distance in miles and direction from nearest town or post office* Approximately 8.75 miles northwest of Aztec, NM		11. Sec., T., R., M., or Blk. and Survey or Area I - Sec.26, T31N, R10W NMEM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 610'	16. No. of Acres in lease 2394.72	17. Spacing Unit dedicated to this well 317.27 South 1/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1250'	19. Proposed Depth 3281'	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6344' GL	22. Approximate date work will start* 02/15/05	23. Estimated duration 14 days


24. Attachments

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

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

25. Signature 	Name (Printed/Typed) Nathan Smith	Date 01/10/05
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Title
Drilling Engineer

Approved by (Signature) 	Name (Printed/Typed) AFM	Date 9/24/05
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Title
AFM

Office
PFO

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)

HOLD ON FOR **directional survey**

NMOCB

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

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

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32825		² Pool Code 71629		³ Pool Name UP FRUITLAND COAL	
⁴ Property Code 300463		⁵ Property Name HART CANYON NO. 26			⁶ Well Number 2S
⁷ OCRID No. 162928		⁸ Operator Name ENERGEN RESOURCES CORPORATION			⁹ Elevation 6344'

¹⁰ Surface Location

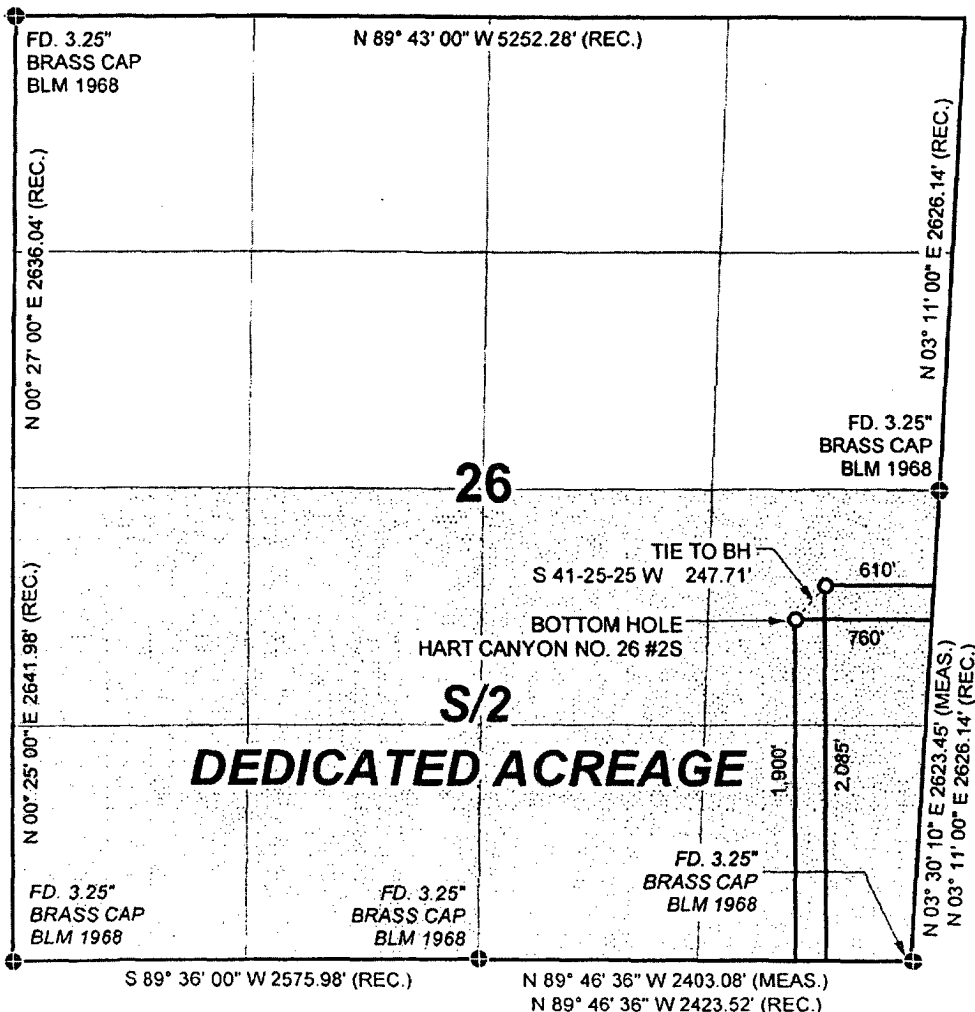
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	26	31N	10W		2085	SOUTH	610	EAST	SAN JUAN

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
I	26	31N	10W		1900	SOUTH	760	EAST	SAN JUAN

¹² Dedicated Acres 32037.27	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

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

Nathan Smith
Signature

Nathan Smith
Printed Name

Drilling Engineer
Title and E-mail Address

6/1/05
Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

6/1/05
Date of Survey

Signature and Seal of Professional Surveyor:
R. J. HOWARD DAGGETT

NM #9679
Certificate Number

REGISTERED PROFESSIONAL LAND SURVEYOR
9679

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FORM APPROVED
OMB NO. 1004-0137
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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

RECEIVED
070 FARMINGTON NM
1009 JUN 2 PM 3 58

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit or CA/Agreement, Name and/or No.
2. Name of Operator Energen Resources Corporation		8. Well Name and No. Hart Canyon 26 2S
3a. Address 2198 Bloomfield Highway, Farmington, NM 87401	3b. Phone No. (include area code) (505) 325-6800	9. API Well No. 30045 32825
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec. 26, T31N, R10W 2085' FSL, 610' FEL I - NE/SE		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	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other _____

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete 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 recompletion 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 change the Hart Canyon 26 #2S from a vertical drill plan to a deviated drill plan according to the attached directional survey with a new BHL of 1900' FSL and 760' FEL entering the coal at 1929' FSL and 736' FEL leaving the surface location the same at 2085' FSL and 610' FEL.

Surface Casing changed to: 9-5/8" 32.3# H-40 ST&C. Cement with 175 sks Class B (207 cu.ft.)

Production Casing setting depth changed to: 3281' TVD 3291' MD
Cement with 500 sks. 65/35 poz (980 cu.ft.) tailed by 150 sks Class B (186 cu.ft.)



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Nathan Smith	Title Drilling Engineer
<i>Nathan Smith</i>	Date 06/02/05

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>D. Mankiewicz</i>	Title AFM	Date 9/24/05
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.

NMOC

Operations Plan

Revised June 1, 2005

Hart Canyon 26 #2S

General Information

Location	2085' fsl, 0610' fel at Surface 1900 fsl, 0760 fel at TD S26, T31N, R10W San Juan County, New Mexico
Elevations	6344' GL
Total Depth	3291' (MD), 3281' TVD)
Formation Objective	Basin Fruitland Coal

Formation Tops

San Jose	Surface
Nacimiento	231' TVD
Ojo Alamo Ss	1705' (MD), 1701' TVD
Kirtland Sh	1816' (MD), 1811' TVD
Fruitland Fm	2695' (MD), 2686' TVD
Top Coal	2850' (MD), 2841' (TVD)
Bottom Coal	3091' (MD), 3081' (TVD)
Pictured Cliffs Ss	3096' (MD), 3086' (TVD)
Total Depth	3291' (MD), 3281' (TVD)

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 fresh water/polymer mud system. Weighting materials will be drill cuttings and if needed barite. Mud density is expected to range from 8.3 ppg to 8.9 ppg. Kick off point is approximately at 400' TVD.

Blowout Control Specifications:

A 2000 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.

Logging Program:

Open hole logs: MWD, Induction/Gamma Ray and Density Logs.

Coring: None

Natural Gauges: Surface and or as needed for directional drilling evaluation.

Tubulars

Casing, Tubing, & Casing Equipment:

String	Interval	Wellbore	Casing	Csg Wt	Grade
Surface	0'-300'	12 1/4"	9 5/8"	32.3 ppg	H-40 ST&C
Production	300'-3281' (TVD) 3291' (MD)	7 7/8"	5 1/2"	15.5 ppg	J-55 LT&C
Tubing	0'-3200'		2 3/8"	4.7 ppg	J-55

Casing Equipment:

Surface Casing: Depending on wellbore conditions, a Texas Pattern Guide Shoe on bottom. Casing centralization with standard bow spring centralizers to achieve optimal standoff.

Production Casing: Depending on wellbore conditions, a Cement nose guide shoe with self fill insert float collar on top of bottom joint and casing centralization with standard bow spring centralizers to optimize standoff. Two turbolating centralizers at the base of the Ojo Alamo are recommended.

Wellhead

9 5/8" 2000 x 5 1/2" Larkin casing head. 5 1/2" 2000 x 2" tubing head.

Cementing

Surface Casing: 175 sks Std (class B) with 2.0 % CaCl₂ and 1/4 #/sk Flocele (15.6 ppg, 1.18 ft³/sk 207 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test surface casing to 600 psi for 30 min.

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 500 sks 65/35 with 6.0 % Bentonite, 2.0 % CaCl₂, 10 #/sk Gilsonite, and 1/2 #/sk Flocele (12.3 ppg, 1.96 ft³/sk) and a tail of 150 sks of Standard (Class B) cement with 5.0 #/sk Gilsonite, and 1/4 #/sk Flocele (15.2ppg, 1.24 ft³/sk). (1166 ft³ of slurry, 100 % excess to circulate to surface).

Pump 30 sks of flyash scavenger spacer consisting of 15.0 % Benonite and 0.15 % HR-5 ahead of cement

Other Information

- 1) This well will be cased and the Basin Fruitland Coal fracture stimulated.
- 2) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control. The production string may need to be cemented in multiple stages with a slurry design deviated from that listed above.
- 3) If high reservoir pressures or water flows are encountered slurry design may need to be deviated to from those listed above to satisfy wellbore and formation conditions.
- 4) No abnormal temperatures or pressures are anticipated.
- 5) This gas is dedicated.



Field: San Juan County, NM
 Site: Section 26 T31N R10W
 Well: Hart Canyon #2S
 Wellpath: 1
 Plan: Plan #1

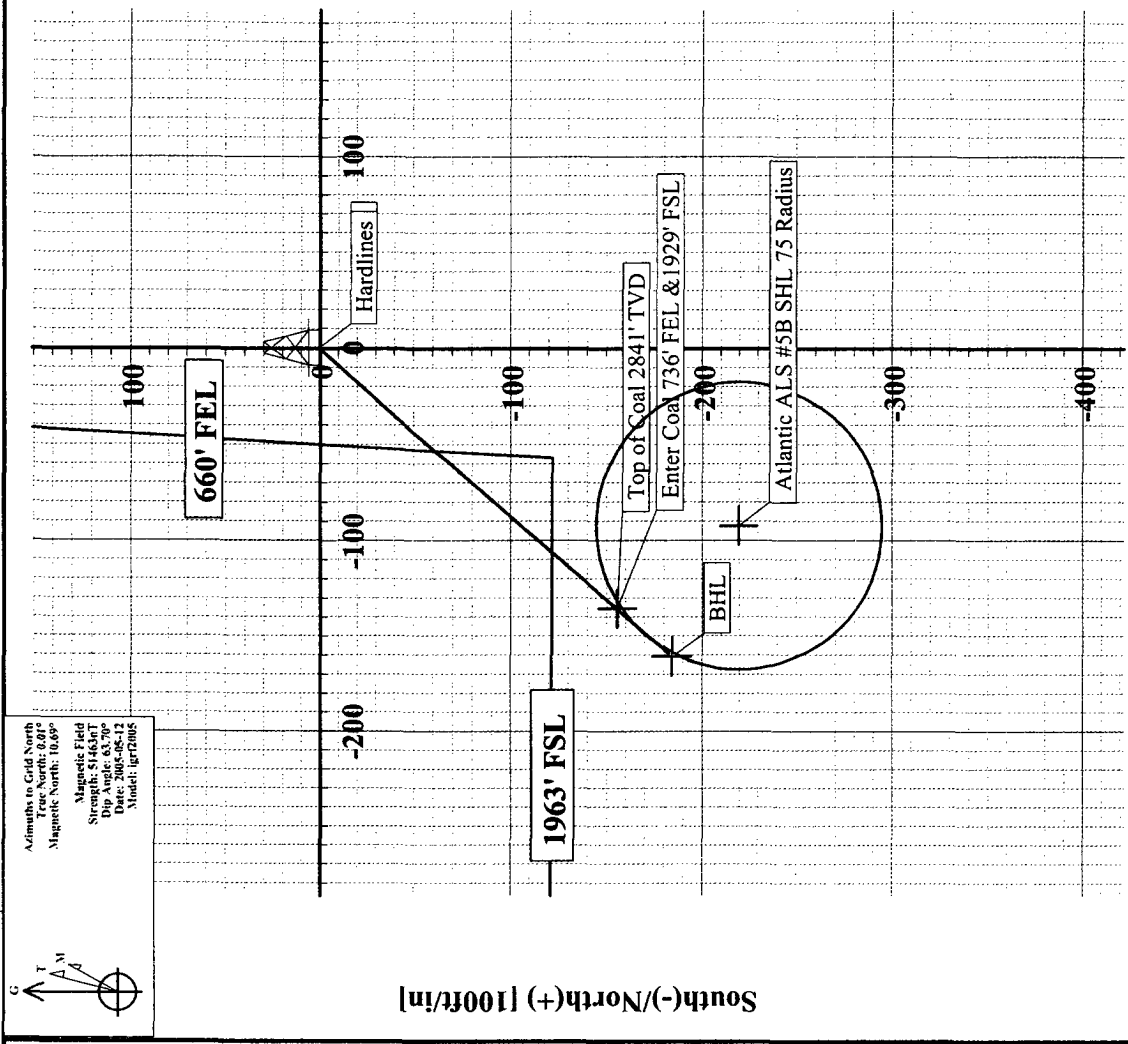
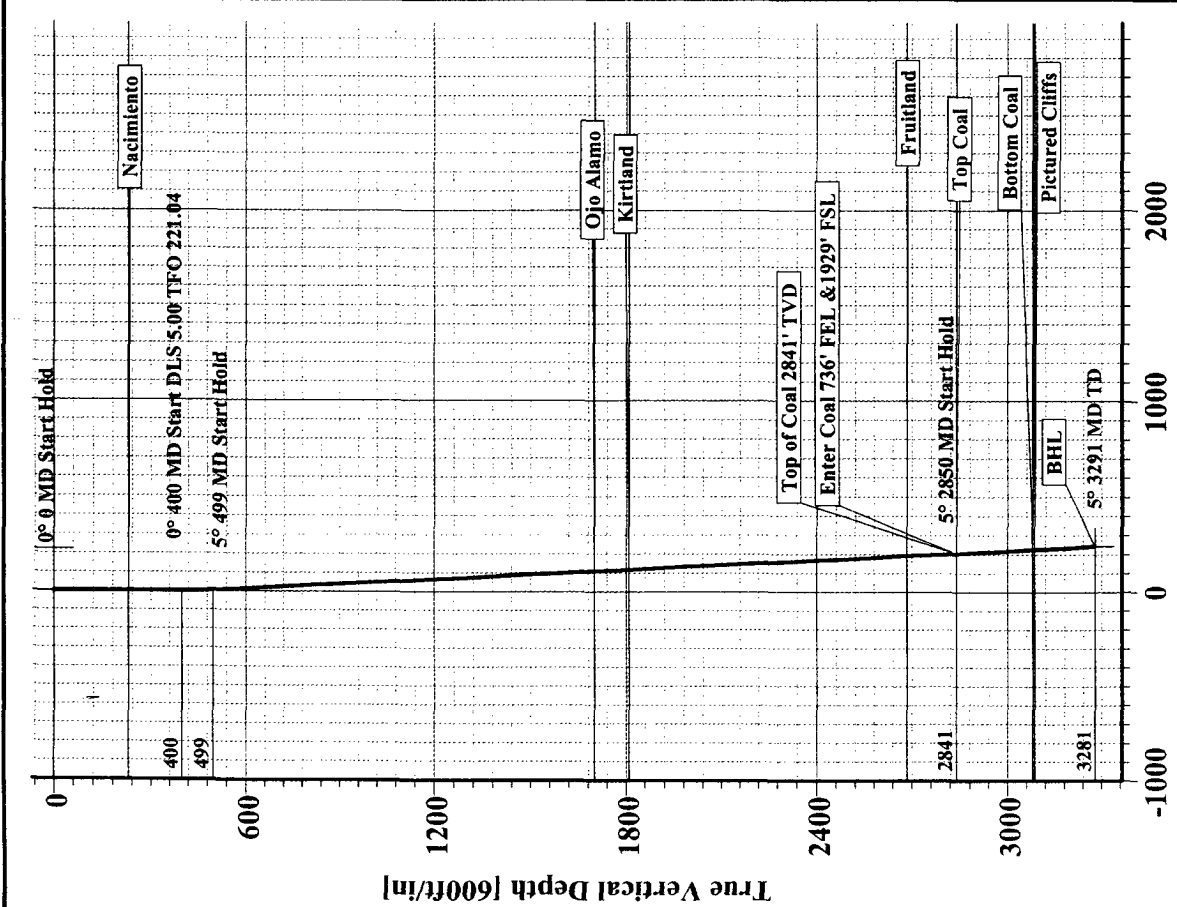
ENERGEN

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	
3	498.68	4.93	221.04	498.56	-3.20	-2.79	5.00	221.04	4.25	Tgt Coal
4	2849.83	4.93	221.04	2841.00	-155.72	-135.56	0.00	0.00	206.46	BHL
5	3291.47	4.93	221.04	3281.00	-184.37	-160.50	0.00	0.00	244.44	BHL

WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
Hart Canyon #2S	0.00	0.00	2135235.72	4964263.39	36°52'05.010N	107°50'43.980W	N/A

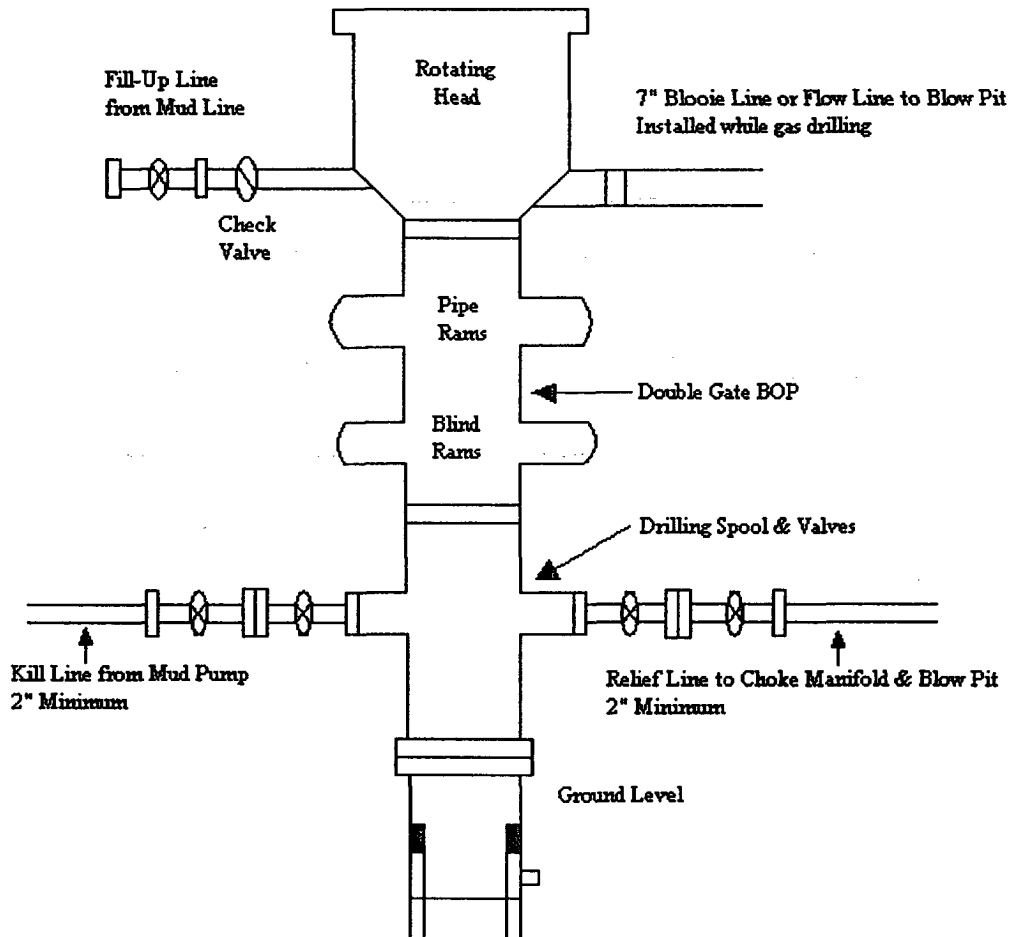


Vertical Section at 221.04° [1000ft/in]

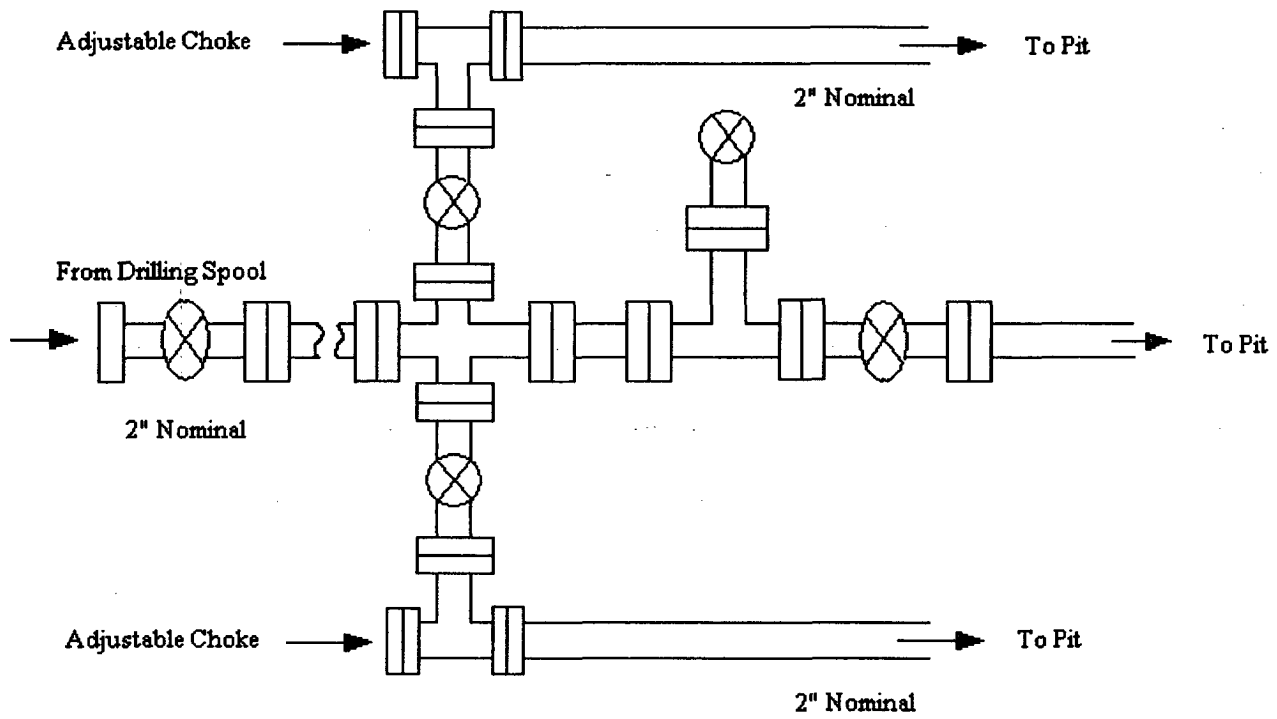
West(-)/East(+) [100ft/in]

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