

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

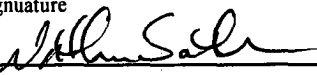
APPLICATION FOR PERMIT TO DRILL OR REENTER

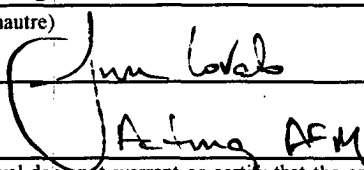
1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-079319
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Energex Resources Corporation 162928		7. Unit or CA Agreement Name and No.
3a. Address 2198 Bloomfield Highway Farmington, New Mexico 87401		8. Lease Name and Well No. Federal 28-8-31 #1S 300439
3b. Phone No. (include area code) (505) 325-6800		9. API Well No. 30-045-33396
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1510' fsl, 420' fel At proposed prod. zone		10. Field and Pool, or Exploratory Basin Fruitland Coal 71629
14. Distance in miles and direction from nearest town or post office* Approximately 9.7 miles south east of Blanco		11. Sec., T., R., M., or Blk. and Survey or Area I S31, T28N, R08W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 420'	16. No. of Acres in lease 2516.23	17. Spacing Unit dedicated to this well 304.8 E 1/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approx. 300'	19. Proposed Depth 3133'	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 6726'	22. Approximate date work will start* 1/10/06	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. |

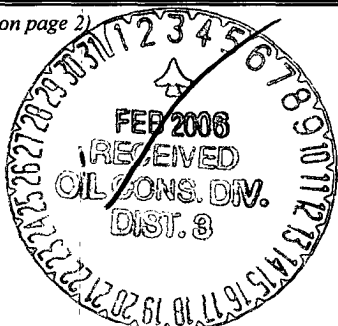
25. Signature 	Name (Printed/Typed) Nathan Smith	Date 10/27/05
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Approved by (Signature) 	Name (Printed/Typed) Acting AFM	Date 2/2/06
Title Drilling Engineer	Office	

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

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

*(Instructions on page 2)



WOLD C104 FOR **NSL**

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

NMOCD 6

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33396	² Pool Code 71629	³ Pool Name Brazos #1 FRUITLAND COAL
⁴ Property Code 300439	⁵ Property Name FEDERAL 28-8-31	⁶ Well Number 1S
⁷ OGRID No. 162928	⁸ Operator Name ENERGEN RESOURCES CORPORATION	⁹ Elevation 6726'

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	31	28N	8W		1510'	SOUTH	420'	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 304.8 305.00 Acres - (E/2)			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

<p>¹⁶</p>						<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature <u>Nathan Smith</u></p> <p>Printed Name <u>Nathan Smith</u></p> <p>Title <u>Drilling Engineer</u></p> <p>Date <u>10/27/05</u></p>
<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey <u>OCTOBER 14, 2005</u></p> <p>Signature and Seal of Professional Surveyor: <u>DAVID R. RUSSELL</u></p> <p>Certificate Number <u>10201</u></p>						

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO. 30-045-33396

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name:

Federal 28-8-31

8. Well Number

#1S

9. OGRID Number

162928

10. Pool name or Wildcat

Upper Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Energen Resources Corporation

3. Address of Operator

2198 Bloomfield Highway, Farmington, NM 87401

4. Well Location

Unit Letter I : 1510 feet from the South line and 420 feet from the East line

Section 31 Township 28N Range 08W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

6726' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drill Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >250'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Build drilling pit ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Energen Resources plans to build a lined pit according to "OCD Pit and Below-grade Tank Guidelines", as issued on November 1, 2004. Energen anticipates the submittal of a C-144 for closure of this pit in accordance with BLM and "OCD Pit and Below-grade Tank Guidelines".

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Nathan Smith TITLE Drilling Engineer DATE 10/27/05

Type or print name Nathan Smith

E-mail address: nsmith@energen.com
Telephone No. 505.325.6800

For State Use Only

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. # DATE FEB 03 2006

Conditions of Approval, if any:

ENERGEN RESOURCES CORPORATION

FEDERAL 28-8-31 #1S

1510' FSL & 420' FEL

LOCATED IN THE NE/4 SE/4 OF SECTION

31, T28N, R8W, N.M.P.M.,

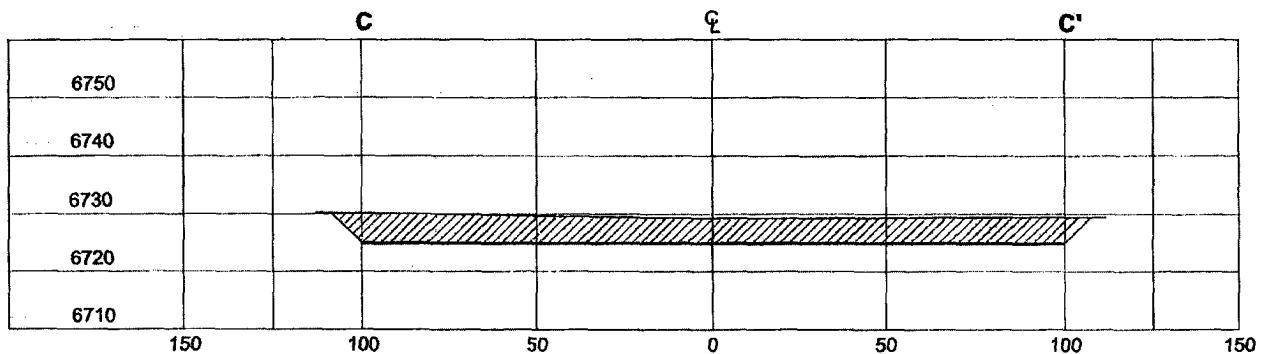
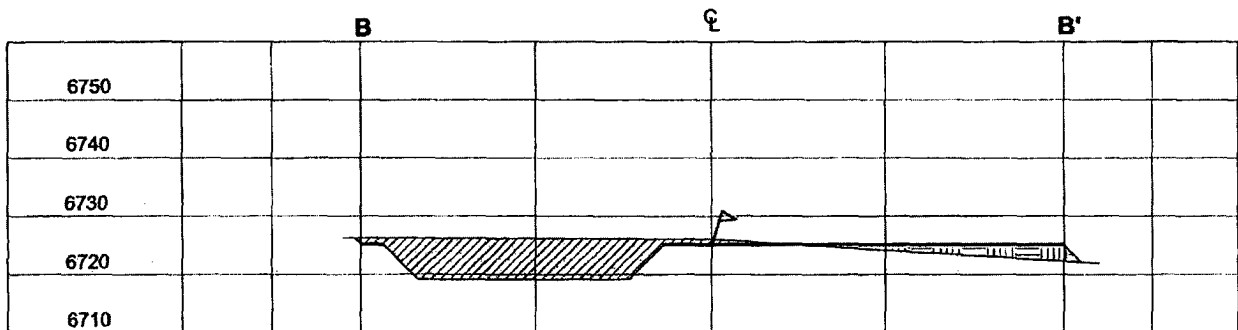
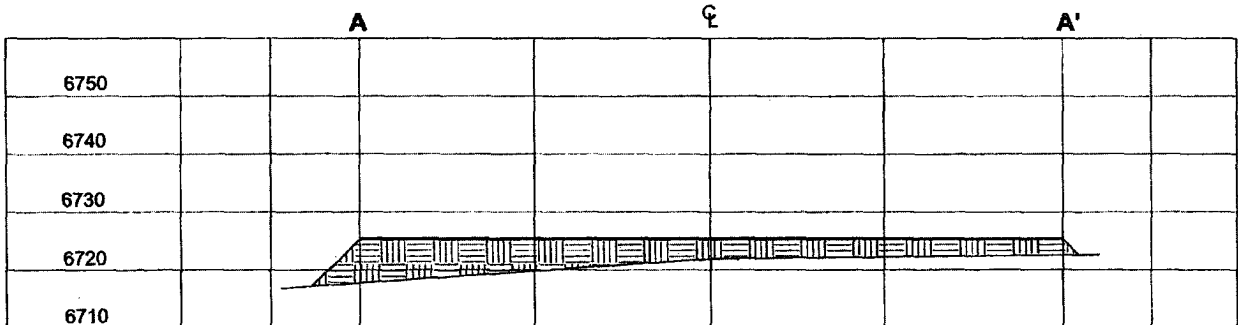
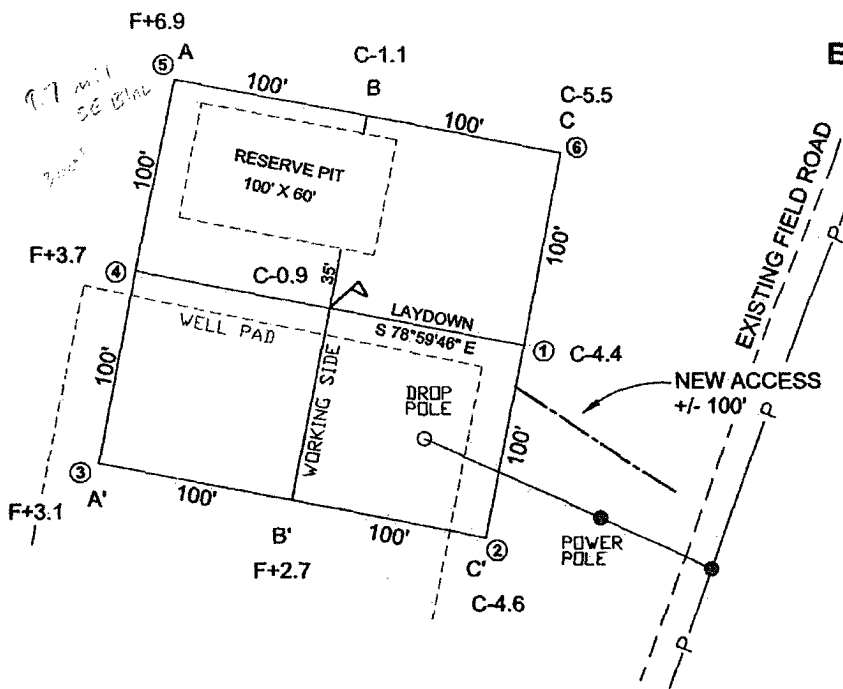
SAN JUAN COUNTY, NEW MEXICO

ELEVATION: 6726', NAVD 88

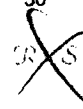


SCALE = 100'

LATITUDE: 36°36'55"N
LONGITUDE: 107°42'53"W
DATUM: NAD 83



HORIZ. SCALE: 1"=50'
VERT. SCALE: 1"=30'



Russell Surveying
1409 W. Aztec Blvd. #5
Aztec, New Mexico 87410

Operations Plan

October 26, 2005

Federal 28-8-31 #1S

General Information

Location	1510' fsl, 420' fsl T28N, R08W San Juan County, New Mexico
Elevations	6726' GL
Total Depth	3133' (MD)
Formation Objective	Basin Fruitland Coal

Formation Tops

San Jose	Surface
Nacimiento	913'
Ojo Alamo Ss	2023'
Kirtland Sh	2153'
Fruitland Fm	2653'
Top Coal	2843'
Bottom Coal	2933'
Pictured Cliffs Ss	2933'
Total Depth	3133'

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.

Blowout Control Specifications:

A 2000 psi minimum double ram or annulus BOP stack (figure 1) 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:

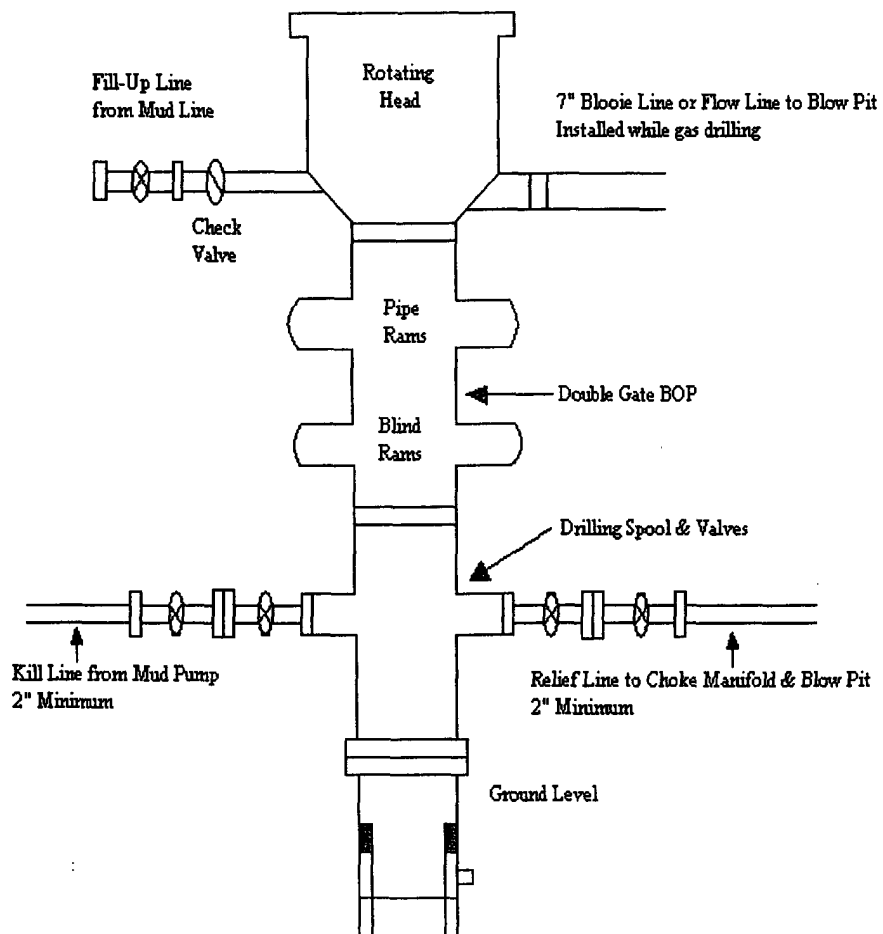
Open hole logs: Induction/Gamma Ray and Density Logs

Coring: None

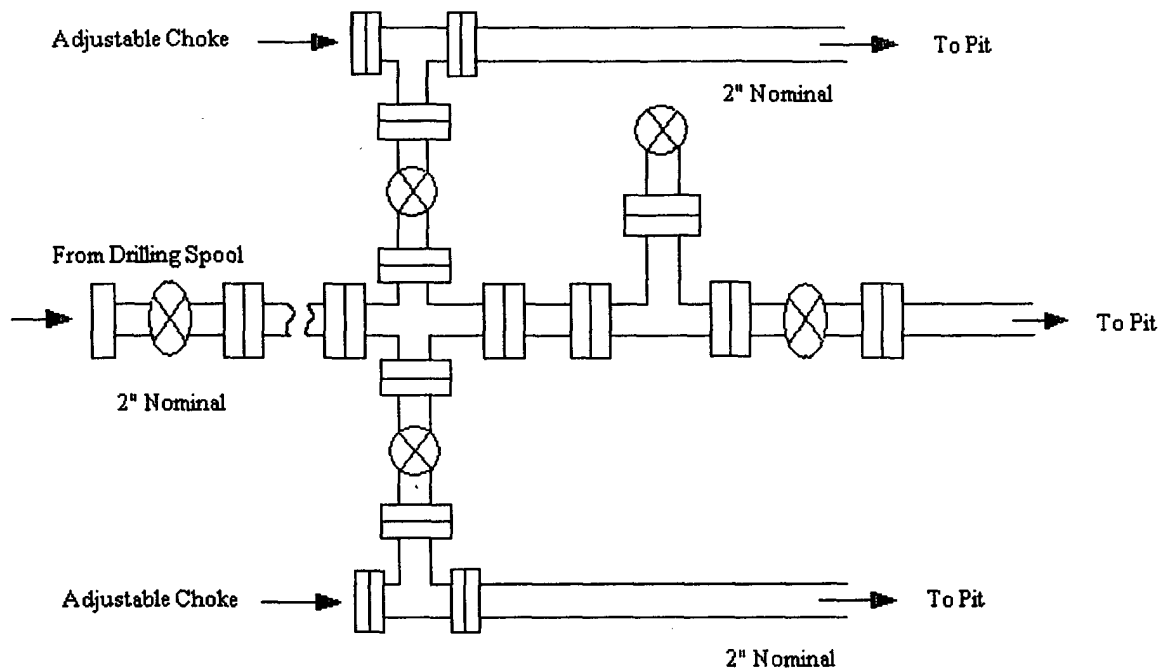
Natural Gauges: Surface and/or every 500 ft to TD.

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