Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JUL 02 2008
Bureau of Land Management
Farmington Field Office

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

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: USA NMNM 113432

1a. Type of Work: [X] DRILL [ ] REENTER

6. If Indian, Allotee or Tribe Name:

1b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

7. Unit or CA Agreement Name and No.:

2. Name of Operator: Energen Resources Corporation

8. Lease Name and Well No.: CJ Holder #600

3a. Address: 2198 Bloomfield Highway Farmington, New Mexico 87401

3b. Phone No. (include area code): (505) 325-6800

9. API Well No.: 30-045-34752

4. Location of Well (*Report location clearly and in accordance with any State equirements*)*

At surface: 387 FSL, 499 FWL SE/SW

At proposed prod. zone:

10. Field and Pool, or Exploratory: Basin Fruitland Coal

11. Sec., T., R., M., or Blk. and Survey or Area: N - Sec.30, T29N, R13W NMPM

14. Distance in miles and direction from nearest town or post office*: 5 miles south southwest of Farmington, NM

12. County or Parish: San Juan

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
387'	172.10	252.1 S/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
75'	1773'	
21. Elevations (Show whether DF, KDB, RT, GL, etc.	**22. Approximate date work will start***	**23. Estimated duration**
5791'	August 1, 2008	15 days

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

24. Attachments

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

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.
2. A Drilling Plan
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).
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 authorized officer.

25. Signature	Name (*Printed/Typed*)	Date
	Nathan Smith	07/02/08

Title: Drilling Engineer

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

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

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

(Instructions on page 2)

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

AUG 06 2008

NMOCD

Rec 2-8-08

Blm OK 3-5-08
Mineral Per ARCH

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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-045-34752	71629	Basin Fruitland Coal

[4] Property Code	[5] Property Name	[6] Well Number
21180	C.J. HOLDER	# 600

[7] OGRID No.	[8] Operator Name	[9] Elevation
162928	ENERGEN RESOURCES CORPORATION	5911'

[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
N	30	29N	13W		387	SOUTH	499	WEST	SAN JUAN

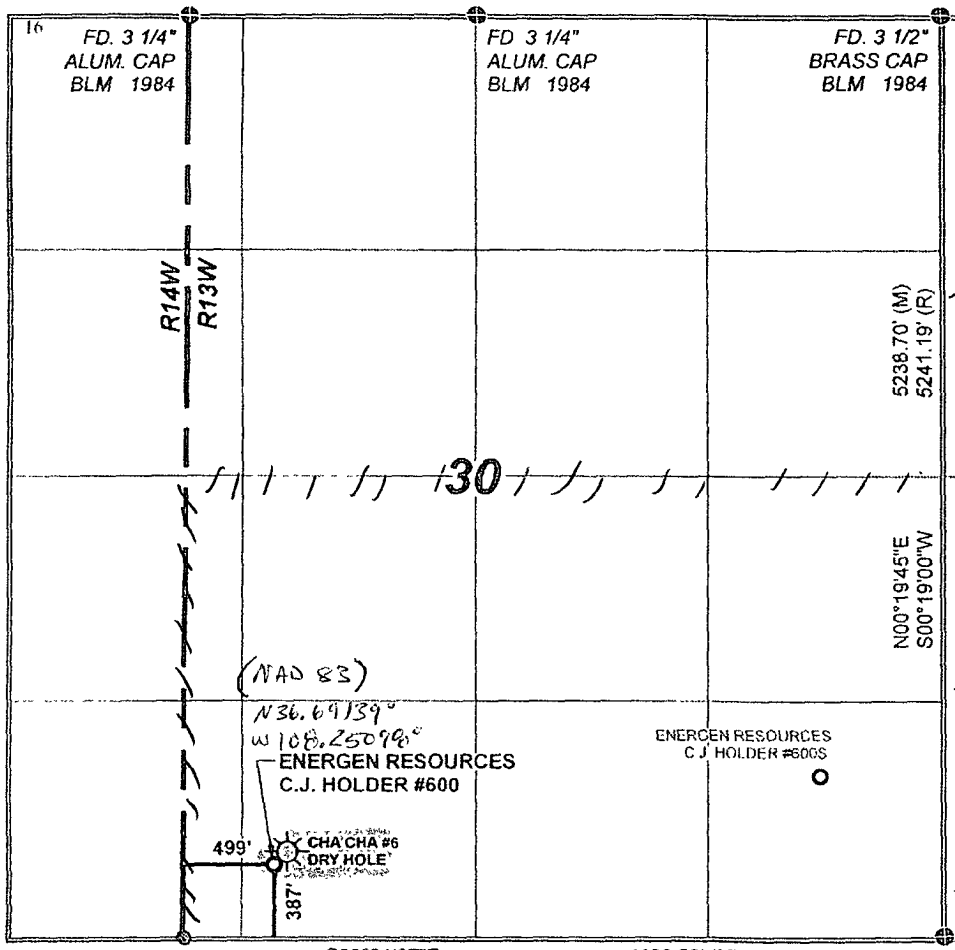
[11] Bottom Hole Location If Different From Surface

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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
252.1			

S/2 - 24.

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, 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 of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Nathan Smith 7/2/08
Signature Date

Nathan Smith
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.

11/3/08
Date of Survey

Signature and Seal of Professional Surveyor: NEW MEXICO 11952 REGISTERED PROFESSIONAL SURVEYOR

NM #11952
Certificate Number

Operations Plan

June 16, 2008

CJ Holder #600

General Information

Location	387' fsl, 499' fwl swse S30, T29N, R13W San Juan County, New Mexico
Elevations	5791' GL
Total Depth	1653' (MD)
Formation Objective	Basin Fruitland Coal

Formation Tops

Kirtland Sh	Surface
Fruitland Fm	1218'
Top Coal	1453'
Bottom Coal	1573'
Pictured Cliffs Ss	1573'
Total Depth	**1773'**

Drilling

The 12 1/4" wellbore will be drilled with a fresh water mud system.
The 8 3/4" wellbore will be drilled with a low solids non-dispersed fresh water/polymer mud system. Weighting materials will be drill cuttings and, if needed, barite. Mud density is expected to range from 8.3 ppg to 8.9 ppg.

Blowout Control Specifications:

A 3000 psi minimum double ram or annulus BOP stack will be used following nipple up of casing head. A 2" nominal, 2000 psi minimum choke manifold will also be used. An upper Kelly Cock valve handle and drill string valve should be available to fit each drill string and be available on the rig floor during drilling operations. Choke manifold will be tested to 1000 psi. BOP will be tested to 250 psi for 15 min and 1500 psi for 15 min after casing is set and cemented.

Logging Program:

Open hole logs: Induction/Gamma Ray and Density Logs
Coring: None
Surveys: Surface and/or every 500' to TD

Tubulars

Casing, Tubing, & Casing Equipment:

String	Interval	Wellbore	Casing	Csg Wt	Grade
Surface	0'-150'	12 1/4"	8 5/8"	24.0 ppf	J-55 ST&C
Production	150'-1773'	7 7/8"	5 ½"	15.5 ppf	J-55 LT&C
Tubing	0'-1400'		2 3/8"	4.7 ppf	J-55

Casing Equipment:

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

Production Casing: Depending on wellbore conditions, a Cement nose guide shoe with self fill insert float collar on top of bottom joint and casing centralization with standard bow spring centralizers to optimize standoff.

Cementing

Surface Casing: 125 sks Type V with 2.0 % $CaCl_2$ and ¼ #/sk Flocele (15.6 ppg, 1.18 ft^3/sk 145 ft^3 of slurry). WOC 12 hours. Pressure test surface casing to 750 psi for 30 min. Test BOP as outlined in the drilling section.

Cmt To Surface Both Strings

Production Casing: Before cementing, circulate hole at least 1 ½ hole volumes of mud and reduce funnel viscosity to minimum to aide in hole cleanout. Depending on wellbore conditions, cement may consist of 250 sks 65/35 with 6.0 % Bentonite, 2.0 % $CaCl_2$, 10 #/sk Gilsonite, and ½ #/sk Flocele (12.3 ppg, 1.93 ft^3/sk) and a tail of 150 sks of Class G cement with 5.0 #/sk Gilsonite, and ¼ #/sk Flocele (15.4ppg, 1.18 ft^3/sk). (660 ft^3 of slurry to circulate to surface).

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

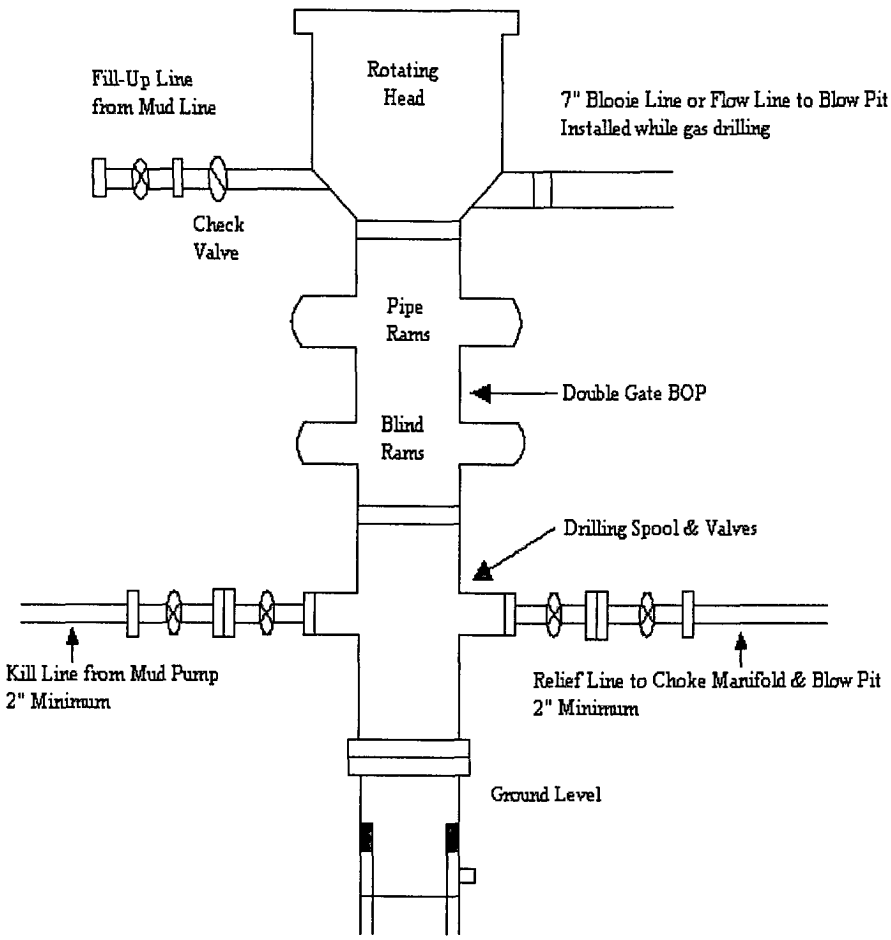
Cement volumes are subject to change if caliper logs are run and dictate otherwise.

Other Information

1) This well will be cased and the Basin Fruitland Coal fracture stimulated.
2) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control. The production string may need to be cemented in multiple stages with a slurry design deviated from that listed above.
3) If high reservoir pressures or water flows are encountered slurry design may need to be deviated to from those listed above to satisfy wellbore and formation conditions. Anticipated pressure is 300 psi.
4) No abnormal temperatures or pressures are anticipated.
5) This gas is dedicated.

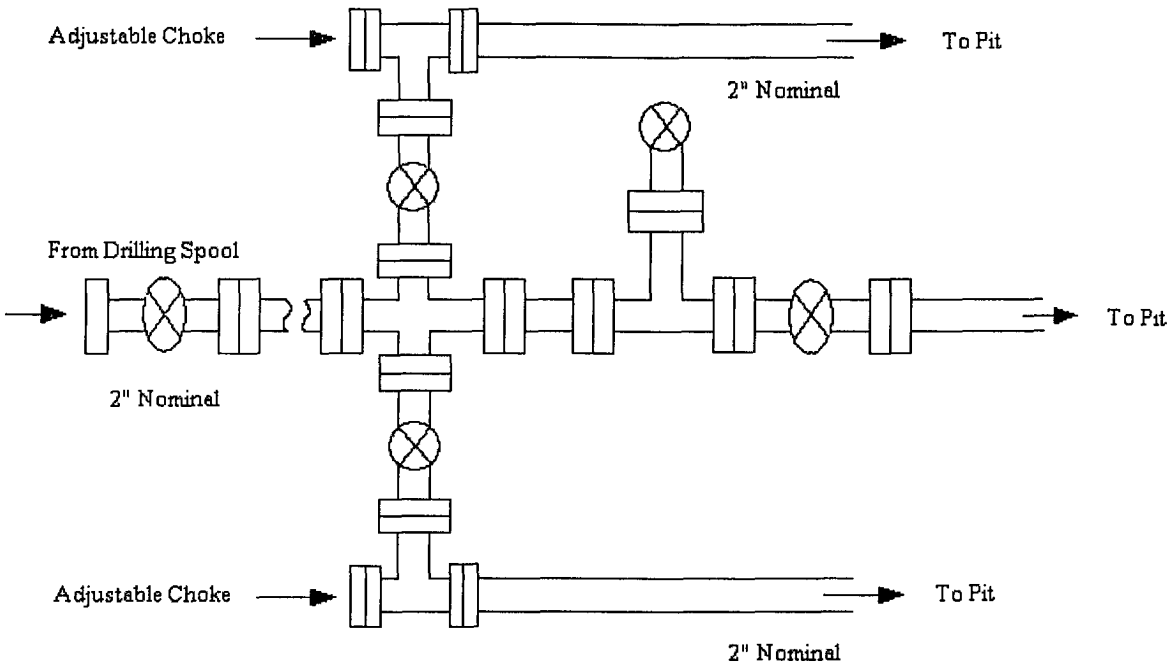
Energen Resources Corporation

Typical BOP Configuration for Gas Drilling



Energen Resources Corporation

Typical 2000 psi Choke Manifold Configuration



Choke manifold installed from surface to TD