UNITEL STATES FORM APPROVED Form 3160-3 OMB NO. 1004-0136 DEPARTMENT OF THE INTERIOR (August 1999) Expires: November 30, 2000 **BUREAU OF LAND MANAGEMENT** 5. Lease Serial No. APPLICATION FOR PERMIT TO DRILL OR REENTER Jic Cont 115 6. If Indian, Allotee or Tribe Name la. Type of Work X DRILL □ REENTER Jicarilla Apache 7. Unit or CA Agreement Name and No. 1b. Type of Well Multiple Zone Oil Well X Gas Well Other X Single Zone Name of Operator 8. Lease Name and Well No. Energen Resources Corporation Johnston Shear 1B 3b. Phone No. (include area code) 3a. Address 9. API Well No. 2198 Bloomfield Highway, Farmington, NM 87401 4. Location of Well (Report location clearly and in accordance with any State equirements) 10. Field and Pool, or Exploratory Blanco Mesaverde 660' FNL. 660 FEL 1.Sec., T., R., M., or Blk. and Survey or Area At proposed prod. zone Sec. 3, T26N, R3W, N.M.P.M. 14. Distance in miles and direction from nearest town or post office* New Mexico O'LOON DIV 12. County or Parish 13. State Rio Arriba 14 miles North of Lindrith, 16. No. of Acres in lease 17 Spacing Unit dedicated to this well 15. Distance from proposed* location to nearest 660 property or lease line, ft. 2542.30 E 1/2 (Also to nearest drg. unit line, if any) 20.BLM/BIA Bond No. on file 19. Proposed Depth 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 62381 1200 22. Approximate date work will start* 23. Estimated duration 21. Elevations (Show whether DF, KDB, RT, GL, etc. Dec 2001 10 days 7094' GL 24. Attachments The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form: 4. Bond to cover the operations unless covered by an existing bond on file (see 1. Well plat certified by a registered surveyor. Item 20 above). 2. A Drilling Plan 3. A Surface Use Plan (if the location is on National Forest System Lands, the 5. Operator certification. 6. Such other site specific information and/or plans as may be required by the SUPO shall be filed with the appropriate Forest Service Office). authorized officer. Date Name (Printed/Typed) 25. Signuature 8/1/01 Don Graham Title Drilling/Completion Foreman Date Name (Printed/Typed) Approved by (Signautre) OCT 16 2001 Office Title 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.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowlingly 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 Reverse)

Conditions of approval, if any, are attached.

6) All Comp Strip will 6,

District I PO Box 1980, Hobbs, NM 88241-1980

District II %0 Drawer DD, Antesia, NM 88211-0719

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

District IV PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

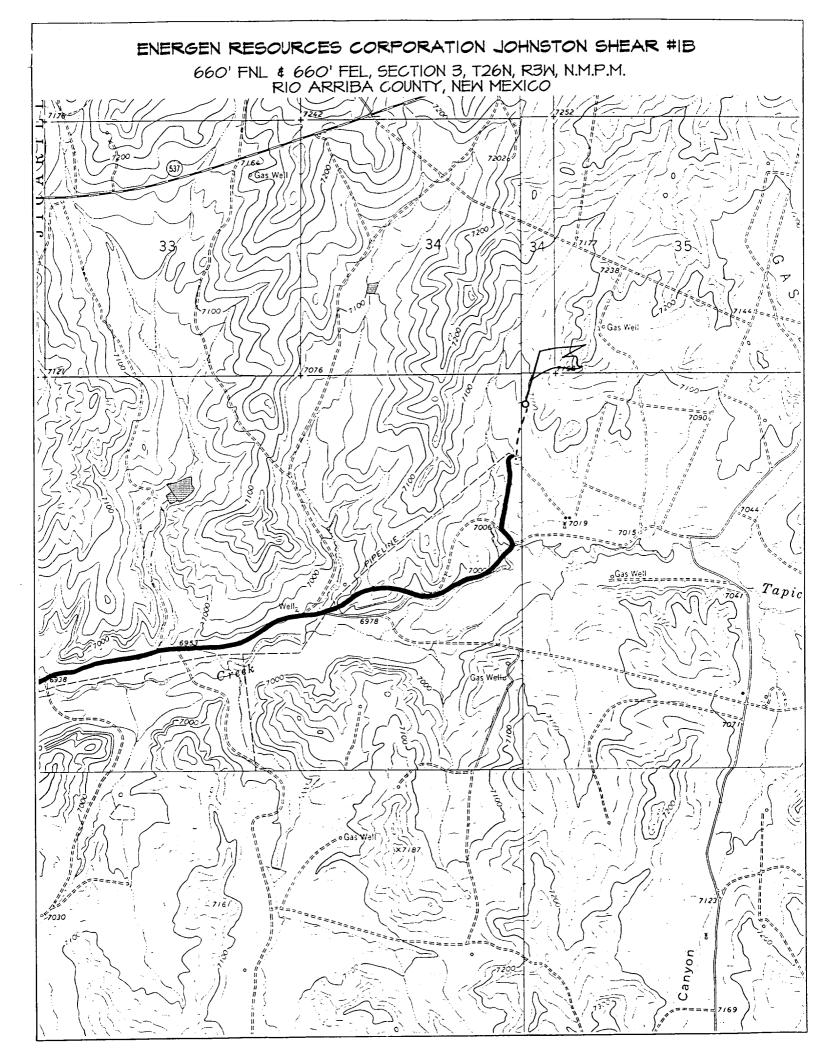
OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 21, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

Property Code Property Code Property Name Blanco Mesaverde					LUCAT			71071101111			
Property Name			- / /								
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OPERATIONS PLAN

WELL NAME: Johnston Shear #1B

LOCATION: 660' FNL, 660' FEL, Section 10, T26N, R3W, Rio Arriba, New Mexico

FIELD: Blanco Mesaverde ELEVATION: 7094' GL

FORMATION TOPS:

I OIGHIIIIOI LOND	-		
Surface	San Jose	Cliff House	5261
Ojo Alamo	3057	Menefee	5519
Kirtland	3375	Point Lookout	5788
Fruitland	3470		
Pictured Cliffs	3632		
Lewis	3960		
Huerfanito Benonite	4172	Total Depth	6238

LOGGING PROGRAM:

Open Hole Logs:

Surface to intermediate: None

Inter TD to total depth: Temp/HRI/CNT, LDT/GR

Mud Logs:

3600' to total depth

Coring:

None

Natural Gauges:

Every 500' from intermediate TD to total depth

<u>MUD PROGRAM</u>: Fresh water low solids mud from surface to intermediate TD. Air/mist from intermediate casing point to total depth.

CASING PROGRAM:

HOLE SIZE	DEPTH	<u>CSG SIZE</u>	<u>WT.</u>	<u>GRADE</u>
12-1/4"	200'	9-5/8"	36#	J-55
8-3/4"	4160'	7"	20#	J-55
6-1/4"	4010'-6238'	4-1/2"	10.5#	J-55

TUBING PROGRAM:

6100' 2 3/8" 4.7# J-55

WELLHEAD: 11" 3000 x 9 5/8" casing head. 11" 3000 x 7 1/16" 3000 xmas tree.

BOP SPECIFICATIONS:

An 11" 2000 psi minimum double gate BOP stack (Figure 1) will be used following nipple up of casing head. During air drilling operations, a Shaffer Type 50 or equivalent rotating head will be installed on top of the stack. A 2" nominal, 2000 psi minimum choke manifold will be used.

CEMENTING:

9 5/8 surface casing - Cement with 110 sks Class B Cement with 1/4" Flocele/sx and 2% calcium chloride (130 cu. ft. of slurry, 100% excess to circulate to surface). WOC 12 hrs. Test casing to 600# for 30 minutes.

Texas Pattern Guide Shoe on bottom with centralizers on the first three joints..

7" intermediate casing - cement with 420 sks 65/35 Class B Poz with 6% gel, 2% calcium chloride, 10% gilsonite, and 1/4# flocele/sk. Tail with 100 sks Class B w/2% calcium chloride, 10% gilsonite and 1/4# flocele/sk. (938 cu. Ft. of slurry, 50% excess to circulate to surface). WOC 12 hrs. If cement does not circulate, run temperature survey in 8 hrs. to determine TOC. Test casing to 1200 psi for 30 minutes.

Cement nose guide shoe on bottom with a self-fill insert float valve on top of shoe joint. 8 bow spring centralizers spaced every 2nd joint off bottom. Two turbolating centralizers at the base of the Ojo Alamo.

4 1/2 Production Liner

Cement with 270 sks 50/50 poz with 2% gel, 5 PPS gilsonite, .4% halad - 9 and 1/4# flocele/sk (343 cu. ft., 50% excess to circulate liner top). WOC 18 hrs prior to completion.

Cement nose guide shoe on bottom with float collar on top of shoe joint. Liner hanger will have a neopreme packoff on top.

OTHER INFORMATION:

- 1) The Blanco Mesaverde completed.
- 2) No abnormal temperatures or pressures are anticipated.
- 3) Anticipated pore pressure for the Mesa Verde is 800, Pictured Cliffs is 600 and the Fruitland 500 psi.
- 4) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control.
- 5) This gas is dedicated.