

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCD-HOBBS

ATS-07-119
FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007
Rec'd 2/02/07

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------|--|
| 1a. Type of Work <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER | | 5. Lease Serial No. NM 04411 | |
| 1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" 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 3300 N. A St., Bldg. 4, Ste. 100 Midland, TX 79705 | | 8. Lease Name and Well No. <162928> West Lovington Strawn Unit #24 | |
| 3b. Phone No. (include area code) 432/687-1155 | | 9. API Well No. 30-025-36145 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 900' FSL & 488' FWL, U/L M At proposed prod. zone 1351 900' FSL & 700 488' FWL, U/L M <i>per SN approved 8-21-03</i> | | 10. Field and Pool, or Exploratory Lovington; Strawn, West | |
| 11. Sec., T., R., M., or Blk. and Survey or Area Sec. 33, T15S, R35E | | 12. County or Parish Lea | |
| 13. State NM | | 14. Distance in miles and direction from nearest town or post office* 3 miles NW from Lovington | |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 488 | | 16. No. of Acres in lease 320 | |
| 17. Spacing Unit dedicated to this well 80 | | 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1600' | |
| 19. Proposed Depth 11,800' | | 20. BLM/BIA Bond No. on file NM2707 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3984 GL | | 22. Approximate date work will start* 3-1-07 | |
| 23. Estimated duration 8-12 days | | 24. Attachments | |

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 (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 BLM |

| | | |
|----------------------------------------|----------------------------------------|-----------------|
| 25. Signature <i>Carolyn Larson</i> | Name (Printed/Typed) Carolyn Larson | Date 1-30-07 |
|----------------------------------------|----------------------------------------|-----------------|

| | |
|-------------------------------------------------|----------------------------------------|
| Title Regulatory Analyst | |
| Approved by (Signature) James Stovall | Name (Printed/Typed) James Stovall |
| Date MAR 20 2007 | |
| Title ACTING FIELD MANAGER | Office CARLSBAD FIELD 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.

APPROVAL FOR 1 YEAR

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)

APPROVAL SUBJECT TO known as Adams Moosetail 33 Federal #1
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CIT Test
on 8-5-11
CASING

LEA COUNTY CONTROLLED WATER BASIN

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, and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------|
| ¹ API Number 30-025-36145 | ² Pool Code 40875 | ³ Pool Name LOVINGTON; STRAWN, WEST |
| ⁴ Property Code 27820 | ⁵ Property Name ADAMS MOOSETAIL "33" WEST LOVINGTON STRAWN UNIT | ⁶ Well Number 24 |
| ⁷ OGRID No. 162928 | ⁸ Operator Name ENERGEN RESOURCES CORPORATION | ⁹ Elevation 3984' |

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 |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| M | 33 | 15 SOUTH | 35 EAST, N.M.P.M. | | 900' | SOUTH | 488' | WEST | LEA |

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 |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|---------|---------------|------------------|---------------|----------------|--------|
| L | 33 | 15 SOUTH | 35 EAST, N.M.P.M. | | 1351' | SOUTH | 700' | WEST | LEA |
| ¹² Dedicated Acres 80 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. | | | | | | |

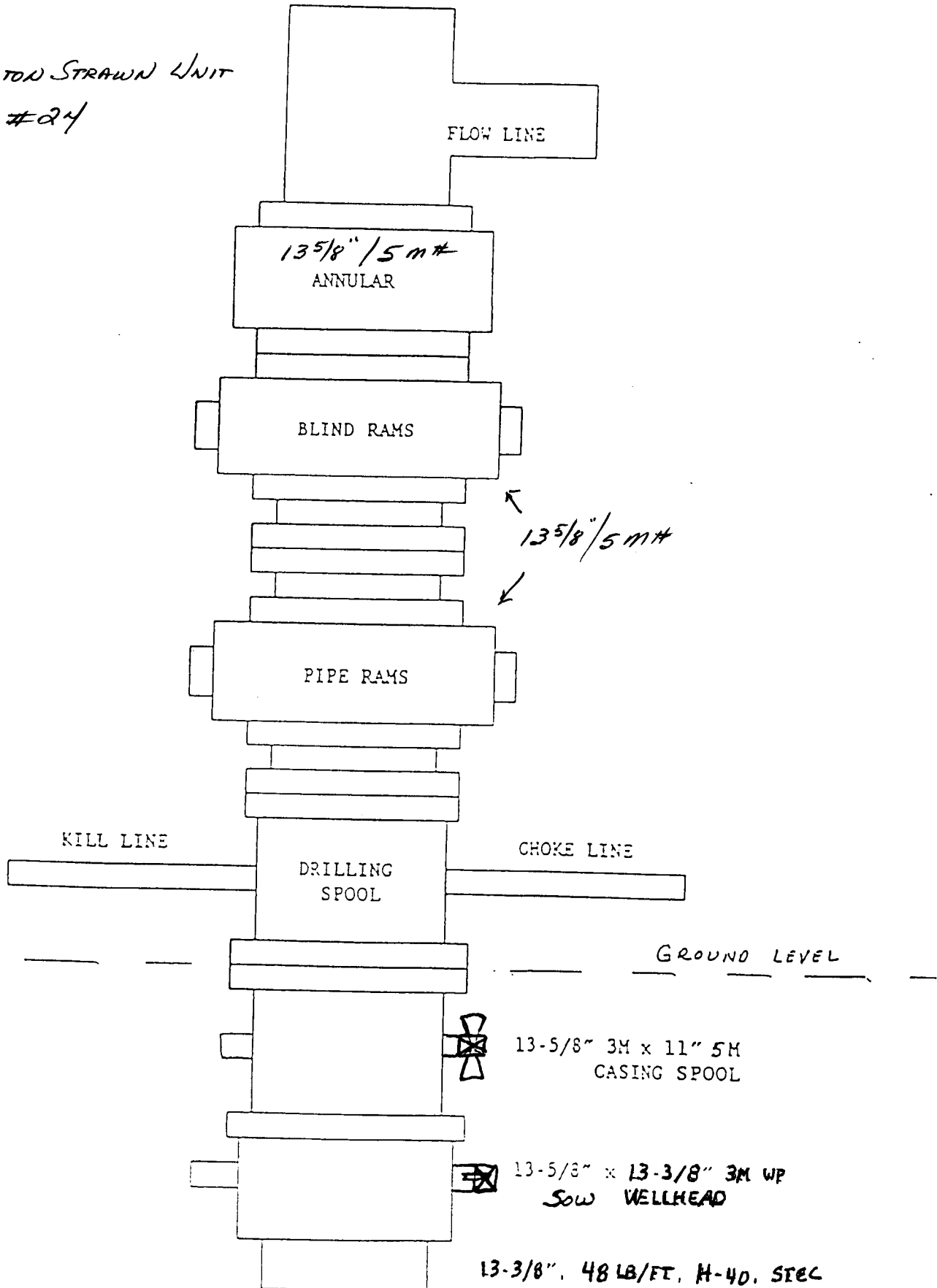
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div><p>16</p><p>TERMINUS #1 X = 780624 Y = 717865 N = 32.97013 W = 103.41833</p><p>NAD 27 NM E ZONE X = 780416 Y = 717412 N = 32.96889 W = 103.41902</p><p>700' 488' 1351' 900' 499.0' 24.69°</p><p>BOTTOMHOLE INFORMATION PROVIDED BY: EOG RESOURCES</p></div> | <div><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><i>Carolyn Larson</i> Signature Carolyn Larson Printed Name Regulatory Analyst Title December 29, 2006 Date</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>I hereby certify that the well location shown on this plat was placed from field notes and measurements made by me or under my supervision, and that the same are true and correct to the best of my knowledge.</p><p>OCTOBER 28, 2006 Date of Survey Signature and Seal of Registered Surveyor</p><p>Certificate Number V. L. BEZNER R.P.S. #7920 JOB #84322 / 96 NW / J.C.P.</p></div> |
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ENERGEN RESOURCES CORPORATION

BOP EQUIPMENT

WEST LOVINGTON STRAWN UNIT
WELL #24



MINIMUM BOP REQUIREMENT 5,000 PSI W.P.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Energen Resources Corp.
Well Name & No. West Lovington Strawn # 24
Location: 900'FSL, 488'FWL, SEC33, T15S, R35E, Lea County, NM
BHL: 1351'FSL, 700'FWL, SEC33, T15S, R35E, Lea County, NM
Lease: NM-04411

I. DRILLING OPERATIONS REQUIREMENTS:

A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance, at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 5.5 inch and CIT on the 8.625" before drilling out the shoe plug.
3. BOP tests

B. A **Hydrogen Sulfide (H₂S) Drilling Plan** should be activated **prior to drilling within 500 feet of the top of the Strawn formation.** A copy of the plan shall be posted at the drilling site.

C. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

D. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute. (R-111-P area only)

E. If floor controls are required, (3M or Greater) a controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

A. The minimum required fill of cement behind the 5.5 inch production casing is **cement shall extend upward a minimum of 700 feet above the base of the intermediate casing string.**

1. If cement does not circulate to 700 feet inside the intermediate casing, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
2. Wait on Cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, which ever is greater. (This is to include the lead cement)
3. WOC time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds of compression strength, which ever is greater.
4. If cement falls back, Remedial cementing shall be completed prior to drilling out that string.

B. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. and API RP53.
- B. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8.625 inch casing shall be 5000 psi.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
1. The tests shall be done by an independent service company.
 2. The results of the test shall be reported to the appropriate BLM office.
 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of the independent service company test will be submitted to the appropriate BLM office.
 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if the test is done with a test plug and 30 minutes without a test plug.
 5. BOP/BOPE must be tested by an independent service within 500 feet of the top of the **Wolfcamp** Formation. This test does not exclude the test prior to drilling out the casing shoe as per onshore order No. 2.
 6. A variance to test the _____ to the reduced pressure of ____psi with the rig pumps is approved the BOP/BOPE must be tested by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

Engineering may be contacted at 505-706-2779 for variances if necessary.

FWright 2/15/07

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office.

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operator: <u>Energen Resources Corporation</u> Telephone: <u>(432) 687-1155</u> e-mail address: <u>andy.cobb@energen.com</u> | | | | |
| Address: <u>3300 North A St., Bldg. 4, Ste. 100, Midland, TX 79705</u> | | | | |
| Facility or well name: <u>WLSU #24</u> API #: <u>30-025-36145</u> U/L or Qtr/Qtr: <u>M</u> Sec: <u>33</u> T: <u>15S</u> R: <u>35E</u> | | | | |
| County: <u>Lea</u> Latitude: <u>32.97013</u> Longitude: <u>103.41833</u> NAD: 1927 <input checked="" type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input checked="" type="checkbox"/> Indian <input type="checkbox"/> | | | | |
| <table border="1"> <tr> <td> Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlimited <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness: <u>12</u> mil Clay <input type="checkbox"/> Pit Volume: <u>9000</u> bbl </td> <td> Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____ </td> </tr> </table> | | | Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlimited <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness: <u>12</u> mil Clay <input type="checkbox"/> Pit Volume: <u>9000</u> bbl | Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____ |
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| Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) | Less than 50 feet | (20 points) | | |
| | 50 feet or more, but less than 100 feet | (10 points) X | | |
| | 100 feet or more | (0 points) | | |
| Wellhead protection area. (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) | Yes | (20 points) | | |
| | No | (0 points) X | | |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) | Less than 200 feet | (20 points) | | |
| | 200 feet or more, but less than 1000 feet | (10 points) | | |
| | 1000 feet or more | (0 points) X | | |
| Ranking Score (Total Points) | | 10 | | |

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface: _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described 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 ☐.

Date: 3-27-07

Printed Name/Title: Andrew Cobb

Signature: Andrew Cobb

HSE Specialist

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: 5/4/07

Printed Name/Title: CHRIS WILLIAMS / DIST. SUPO.

Signature: Chris Williams