

APPLICATION FOR PERMIT TO:

1. **Drill,** Deepen, Re-enter, Recomplete and Operate

2. TYPE OF WELL

OIL GAS COALBED OTHER _____

SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

Document Number:
2286404

PluggingBond SuretyID
19820016

3. Name of Operator: ENERGEN RESOURCES CORPORATION 4. COGCC Operator Number: 27480

5. Address: 2010 AFTON PLACE
City: FARMINGTON State: NM Zip: 87401

6. Contact Name: DOUG THOMAS Phone: (505)632-6162 Fax: (505)632-6112
Email: DOUG.THOMAS@ENERGEN.COM

7. Well Name: NAVAJO LAKE 32-5 Well Number: 16-1

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 9002

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 17 Twp: 32N Rng: 5W Meridian: N
Latitude: 37.012960 Longitude: -107.412850

Footage at Surface: 777 feet FSL 1905 feet FEL _____

11. Field Name: IGNACIO BLANCO Field Number: 38300

12. Ground Elevation: 6150 13. County: ARCHULETA

14. GPS Data:
Date of Measurement: 08/31/2010 PDOP Reading: 3.0 Instrument Operator's Name: SCOTT WEIBE

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL

2300 FNL 760 FWL _____ 760 FNL 760 FEL _____

Sec: 16 Twp: 32N Rng: 5W Sec: 16 Twp: 32N Rng: 5W

16. Is location in a high density area? (Rule 603b)? Yes No

17. Distance to the nearest building, public road, above ground utility or railroad: 82 ft

18. Distance to nearest property line: 270 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1900 ft

LEASE, SPACING AND POOLING INFORMATION

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| FRUITLAND COAL | FRLDC | 112-227 | 640 | ALL SEC. 16 T32N-R5W |

21. Mineral Ownership: Fee State Federal Indian Lease #: 750-11-2016

22. Surface Ownership: Fee State Federal Indian

23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? Yes No

23b. If 23 is No: Surface Owners Agreement Attached or \$25,000 Blanket Surface Bond \$2,000 Surface Bond \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

SEE ATTACHED MAP.

25. Distance to Nearest Mineral Lease Line: 760 ft 26. Total Acres in Lease: 640

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? Yes No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? Yes No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? Yes No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No

31. Mud disposal: Offsite Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method: Land Farming Land Spreading Disposal Facility Other: closed loop

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 17+1/2 | 13+3/8 | 48 | | 100 | 118 | 100 | 0 |
| SURF | 12+1/4 | 9+5/8 | 32.3 | | 800 | 425 | 800 | 0 |
| 1ST | 8+3/4 | 7 | 23 | | 5,040 | 515 | 5,040 | 0 |
| 2ND | 6+1/4 | 4+1/2 | 11.6 | | 9,002 | | | |

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None

33. Comments WELL WILL BE FRESH WATER MUD DRILLED TO 800'. LSND MUD SYSTEM DRILLED TO 5040 MD'. FRESH WATER OR BRINE WATER SYSTEM TO TD DEPENDING ON RESERVOIR CHARACTERISTICS.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? Yes No

36. Is this application part of submitted Oil and Gas Location Assessment ? Yes No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: TIM G. KELLEY

Title: AGENT Date: 12/7/2011 Email: TIM@FINNEYLAND.COM

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: David S. Nesline Director of COGCC Date: 1/24/2012

API NUMBER
05 007 06312 00

Permit Number: _____ Expiration Date: 1/23/2014

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

COA The operator will either re-route or bury the existing overhead power lines prior to MIRU on this location to comply with Rule 603.a.(1).

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 1792406 | CORRESPONDENCE |
| 2286404 | APD ORIGINAL |
| 2286405 | WELL LOCATION PLAT |
| 2286406 | TOPO MAP |
| 2286407 | MINERAL LEASE MAP |
| 2286408 | SURFACE AGRMT/SURETY |
| 2286409 | DEVIATED DRILLING PLAN |
| 2286410 | FED. DRILLING PERMIT |

Total Attach: 8 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------------|
| Permit | Final review completed. | 1/24/2012 6:13:53 AM |
| Permit | Samson agrees with the COA for the overhead power lines situation please see the attached letter from La Plata Electric Association. | 1/24/2012 6:11:01 AM |
| Permit | Pursuant to our telephone conversation this morning, in the comments section of the form 2 for the Navajo Lake 32-5, #16-1, #16-2 & 16-3 wells, please state that the surface ownership is fee and that the production zone of the horizontal well bore produces in fee and tribal minerals. | 1/10/2012 10:07:43 AM |
| Permit | Pursuant to our telephone conversation today, please amend the entry point footages and bottom hole locations footages on line #15 of the form 2 for the Navajo Lake 32-5 #16-1, #16-2 & #16-3 wells as follows: Entry Point Bottom Hole Navajo Lake 32-5 #16-1 2300' FNL x 760' FWL 760' FNL x 760' FEL Navajo Lake 32-5 #16-2 760' FSL x 760' FWL 760' FSL x 760' FEL Navajo Lake 32-5 #16-3 1900' FSL x 760' FWL 2500' FSL x 760' FEL Thank you for your help with this matter and if you have any questions or require any further information, please do not hesitate to contact me. Tim G. Kelley | 1/10/2012 10:07:24 AM |
| Permit | Emailed Tim Kelley for review of differences between the footages of the BHL on the plat versus the footages of the BHL on the form 2. | 1/10/2012 8:47:52 AM |
| Permit | 82 feet to the nearest utility is an overhead powerline, Energen is in the process of either rerouting the OHE or going underground around the pad from Tim Kelley. | 1/9/2012 3:05:17 PM |
| Permit | This form has passed completeness per area permitter. | 12/19/2011 9:18:04 AM |
| Permit | Missing plugging bond? 82' to utility/railroad/building/road? Need to verify surface and minerals information. First string originally had 515/100 for sacks of cement. | 12/14/2011 10:27:18 AM |

Total: 8 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|-------------|----------------|
| | |

Total: 0 comment(s)