

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires January 31, 2004


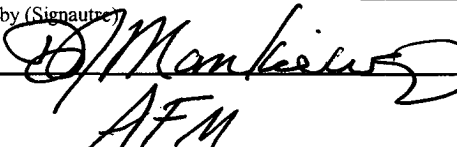
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF - 078841
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" 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 XTO Energy Inc.		7. Unit or CA Agreement Name and No.
3a. Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM	3b. Phone No. (include area code) 524-4090	8. Lease Name and Well No. Fee #3B
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1015' FSL x 1020' FEL in sec 3, T30N, R11W At proposed prod. zone		9. API Well No. 30045 32291
14. Distance in miles and direction from nearest town or post office* Location is approx 4 air miles northeast of Aztec Postoffice		10. Field and Pool, or Exploratory Blanco Mesaverde
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1015'	16. No. of Acres in lease 319.14	11. Sec., T., R., M., or Blk. and Survey or Area P Sec 3, T30N, R11W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,000'	19. Proposed Depth 5,000'	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,779' GL		13. State NM
22. Approximate date work will start* Summer 2004		17. Spacing Unit dedicated to this well 319.14 S/2
23. Estimated duration 1 week		20. BLM/BIA Bond No. on file

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) Jeffery W. Patton	Date 4/12/04
Title Drilling Engineer		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 5-18-04
Title AFM		

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 Reverse)

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

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

APD/ROW

NMOCD

DISTRICT I
1625 K. Fench Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised June 10, 2003

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87504-2088

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

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32291	² Pool Code 72319	³ Pool Name Blanca mesaverde
⁴ Property Code 32284	⁵ Property Name FEE	⁶ Well Number 3B
⁷ OGRID No. 1167067	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 5779

¹⁰ Surface Location

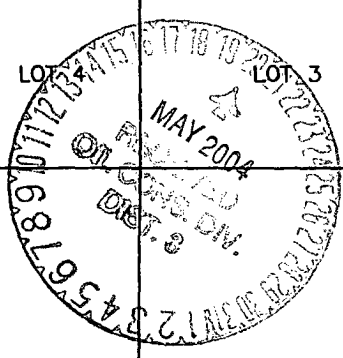
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	30-N	11-W		1015	SOUTH	1020	EAST	SAN JUAN

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 319.14 5/2			¹³ Joint or Infill I		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

16

 LOT 1 LOT 2 LOT 3 LOT 4 LOT 5 LOT 6 LOT 7 LOT 8 LOT 9 LOT 10 LOT 11 LOT 12 LOT 13 LOT 14 LOT 15 LOT 16 LOT 17 LOT 18 LOT 19 LOT 20 LOT 21 LOT 22 LOT 23 LOT 24 LOT 25 LOT 26 LOT 27 LOT 28 LOT 29 LOT 30 LOT 31 LOT 32 LOT 33 LOT 34 LOT 35 LOT 36 LOT 37 LOT 38 LOT 39 LOT 40 LOT 41 LOT 42 LOT 43 LOT 44 LOT 45 LOT 46 LOT 47 LOT 48 LOT 49 LOT 50 LOT 51 LOT 52 LOT 53 LOT 54 LOT 55 LOT 56 LOT 57 LOT 58 LOT 59 LOT 60 LOT 61 LOT 62 LOT 63 LOT 64 LOT 65 LOT 66 LOT 67 LOT 68 LOT 69 LOT 70 LOT 71 LOT 72 LOT 73 LOT 74 LOT 75 LOT 76 LOT 77 LOT 78 LOT 79 LOT 80 LOT 81 LOT 82 LOT 83 LOT 84 LOT 85 LOT 86 LOT 87 LOT 88 LOT 89 LOT 90 LOT 91 LOT 92 LOT 93 LOT 94 LOT 95 LOT 96 LOT 97 LOT 98 LOT 99 LOT 100				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature: Kelly K Small Printed Name: Kelly K Small Title: Drilling Assistant Date: 3/31/04	
QTR. CORNER FD 3 1/4" BC BLM 1969				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. Date of Survey: MAY 15, 2004 Signature and Seal of Professional Surveyor: [Signature] Certificate Number: 14827	
SEC. CORNER FD 1" REBAR LAT: 36°50'11" N. (NAD 27) LONG: 107°58'21" W. (NAD 27) N 89°29'07" W 5193.7' (M)				FD 5/8" REBAR N 00°28'36" E 1313.3' (M) 1020' 1015' N 00°28'50" E 1312.8' (M) SEC. CORNER FD 3 1/4" BC BLM 1969 BC	

XTO Energy Inc.

Fee #3B

APD Data

April 12, 2004

Location: 1,015' FSL & 1,020' FEL, Sec 3, T30N, R11W

County: San Juan

State: New Mexico

PROJECTED TOTAL DEPTH: ±5,000'

GR ELEV: 5,779'

OBJECTIVE: Mesaverde

Est KB ELEV: 5,791' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 4,700'	4,700' to TD
HOLE SIZE	12-1/4"	7-7/8"	7-7/8"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND
WEIGHT	8.6-9.0	8.4-8.8	8.6-9.0
VISCOSITY	28-32	28-32	45-60
WATER LOSS	NC	NC	8-10

Remarks: Use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing purposes.

2. CASING PROGRAM:

Surface Casing: 8-5/8" casing to be set at ± 360' in 8.8 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-360'	360'	24.0#	J-55	STC	1370	2950	244	8.097	7.972	7.32	7.95	29.39

Production Casing: 4-1/2" casing to be set at TD in 9.0 ppg mud.

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-TD	5,000'	10.5#	J-55	STC	4010	4790	132	4.052	3.875	1.66	1.33	2.44

3. WELLHEAD:

- A. Casing Head: Larkin Fig 92 (or equivalent), 9" nominal, 2,000 psig WP (4,000 psig test) with 8-5/8" 8rnd thread on bottom and 11-3/4" 8rnd thread on top.
- B. Tubing Head: Larkin Fig 612 (or equivalent), 6.456" nominal, 2,000 psig WP (4,000 psig test), 4-1/2" 8rnd female thread on bottom, 8-5/8" 8rnd thread on top.

EXHIBIT 8

4. CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):

A. Surface: 8-5/8", 24#, J-55, STC casing to be set at $\pm 360'$.

Lead: ± 200 sx of Type III (or equivalent) containing accelerator and LCM, typically mixed at 14.5 ppg, 1.41 ft³/sk, & 6.30 gal wtr/sk.

Total slurry volume is 282 ft³, >100% excess of calculated annular volume to 360'.

B. Production: 4-1/2", 10.5#, J-55, STC casing to be set at $\pm 5,000'$. DV Tool set @ $\pm 3,850'$

1st Stage:

Lead: 185 sx of Premium Lite High Strength (or equivalent) cement containing gel, dispersants, fluid loss additive, salt and typically mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

2nd Stage: (DV Tool @ 3,850')

Lead: 400 sx of Type III (or equivalent) cement containing 8% gel and LCM(s) typically mixed at 11.4 ppg, 3.03 ft³/sk, 18.51 gal wtr/sx.

Tail: 50 sx of Type III neat mixed at 14.5 ppg, 1.41 ft³/sk, 6.30 gal wtr/sx.

Total estimated slurry volume for the 4-1/2" production casing is 1,654 ft³.

Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined for the caliper logs plus 40%. It will be attempted to circ cement to surface.

5. LOGGING PROGRAM:

A. Mud Logger: There are no plans to use a mud logger at this time.

B. Open Hole Logs as follows: Run Dual Induction/MSFL/GR/SP fr/TD to the bottom of the surface csg. Run CNL/LDT (Lithodensity)/GR/Cal and Pe from TD to 2,000'.

EXHIBIT E

6. **FORMATION TOPS:**

Formation	Subsea Depth	Well Depth
Ojo Alamo SS	+4955'	836'
Kirtland Shale	+4825'	966'
Farmington SS	+4573'	1218'
Fruitland Formation	+4112'	1679'
Lower Fruitland Coal	+3740'	2051'
Pictured Cliffs SS	+3500'	2291'
Lewis Shale	+3435'	2356'
Chacra SS	+2423'	3368'
Cliffhouse SS*	+1870'	3921'
Menefee*	+1718'	4073'
Point Lookout SS*	+1216'	4575'
Mancos Shale	+850'	4941'
Projected TD	+791'	5000'

* Target Reservoir. Maximum anticipated reservoir pressure will be $\pm 1,550$ psig.

7. **COMPANY PERSONNEL:**

Name	Title	Office Phone	Home Phone
Jeff Patton	Drilling Engineer	505-324-1090	505-632-7882
Dennis Elrod	Drilling Foreman	505-486-6460 (cell)	505-326-2024
Reed Meek	Project Geologist	817-885-2191	432-687-0615
Robin Tracy	Reservoir Engineer	800-299-2800	

JWP
4/12/04

EXHIBIT E

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

1. Test BOP after installation:

Pressure test BOP to 200-300
psig (low pressure) for 5 min.

Test BOP to Working Press or
to 70% internal yield of surf csg
(10 min).

2. Test operation of (both) rams on every trip.

3. Check and record Accumulator pressure on every tour.

4. Re-pressure test BOP stack after changing out rams.

5. Have kelly cock valve with handle available.

6. Have safety valve and subs to fit all sizes of drill string.

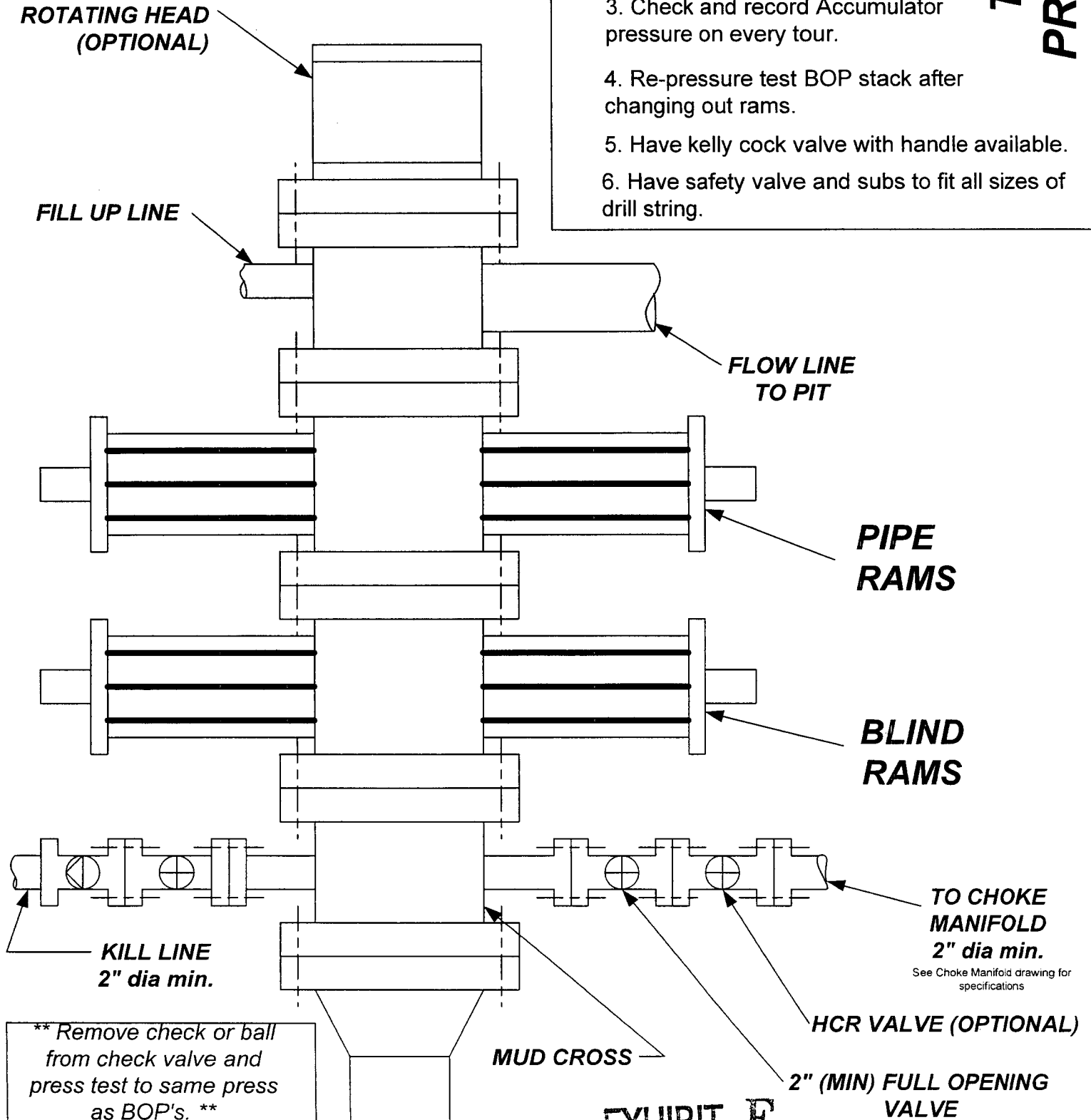
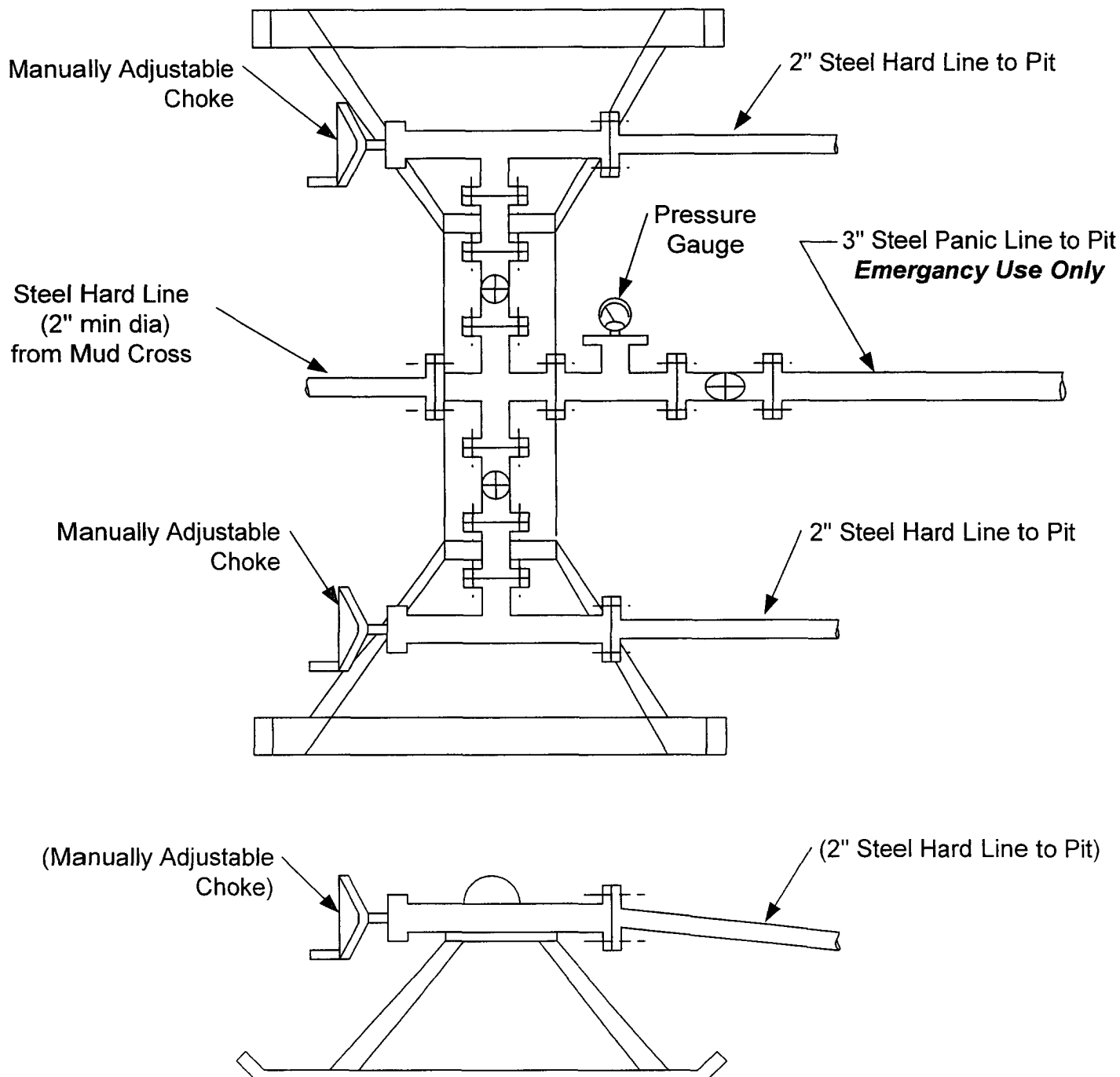


EXHIBIT E

CHOKE MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

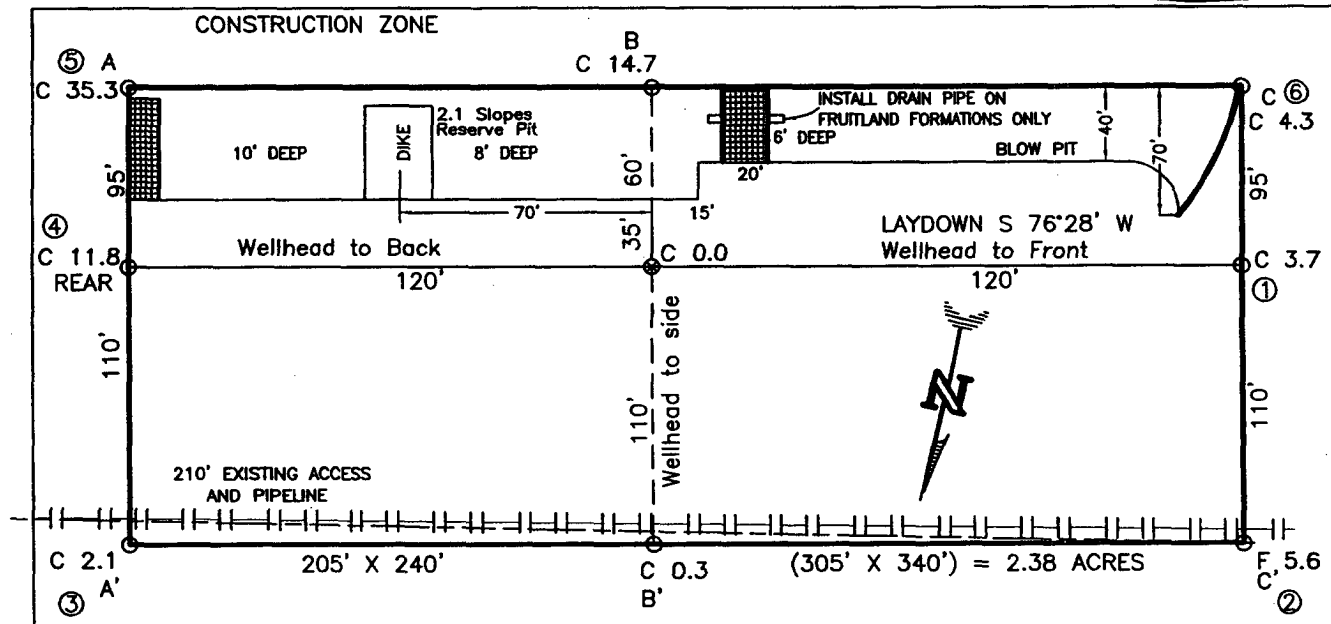
1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

TESTING PROCEDURE



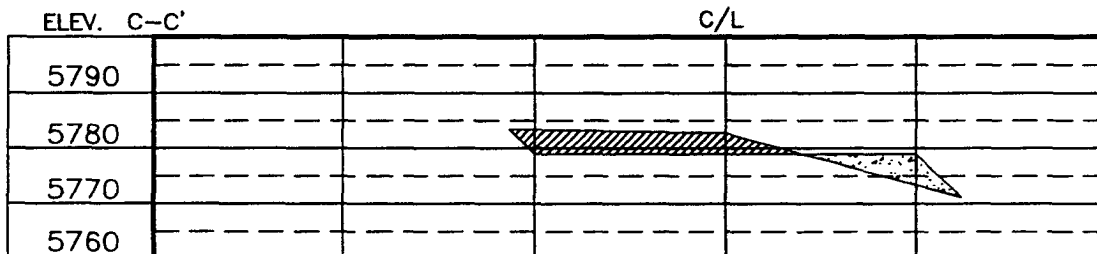
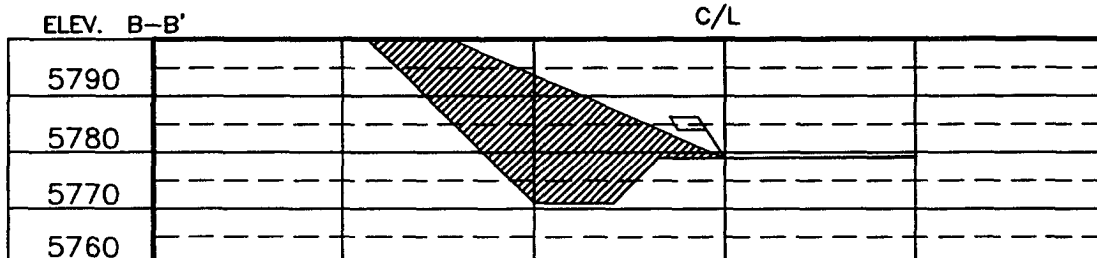
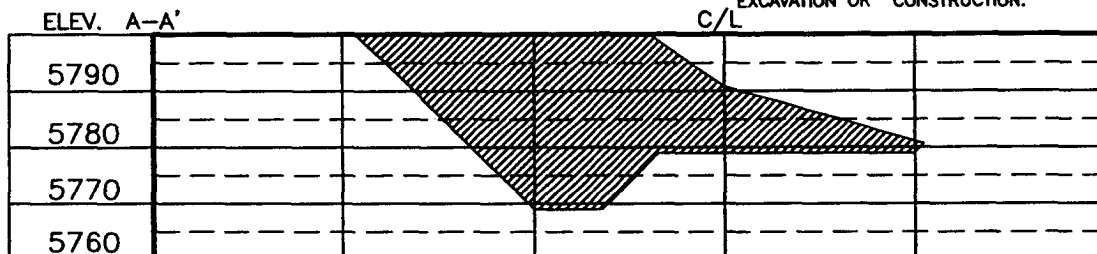
XTO ENERGY INC.
 FEE No. 3B, 1015 FSL 1020 FEL
 SECTION 3, T30N, R11W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5779, DATE: OCTOBER 1, 2003

LAT. = 36°50'11" N
 LONG. = 107°58'21" W
 NAD 27



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

DRAWN BY: A.G. ROW#: CR210 CADFILE: CR210CF8 DATE: 10/06/03

REVISION: RESTAKE BY: A.G. DATE: 01/09/04

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15068 Farmington, NM 87401
 Phone (505) 326-1772 Fax (505) 326-6019

EXHIBIT D