

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-081239
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO Energy Inc.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 2700 Farmington Ave., Bldg K-1 Farmington, NM 87401	3b. Phone No. (include area code) (505) 324-1090	8. Lease Name and Well No. L C Kelly 18
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2545' FSL & 1975' FWL At proposed prod. zone Same		9. API Well No. 30-045-32421
14. Distance in miles and direction from nearest town or post office* 3 air miles N of Flora Vista Post Office		10. Field and Pool, or Exploratory Blanco Mesa Verde & Basin Dakota
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2,545'		11. Sec., T., R., M., or Blk. and Survey or Area K 3-30n-12w NMPM
16. No. of Acres in lease 2,410.24		12. County or Parish San Juan
17. Spacing Unit dedicated to this well ≈W2 (318.41 acres)		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,800'*		20. BLM/BIA Bond No. on file BLM nation wide: 57 91 73
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,905' ungraded		22. Approximate date work will start* Upon Approval
23. Estimated duration 6 weeks		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

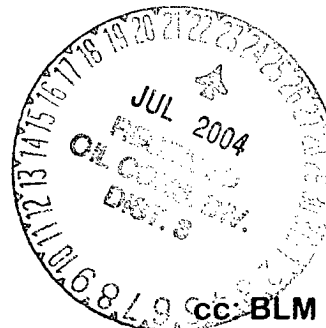
- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the 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. |

Comments

*to XTO's L C Kelly 14, a Fruitland coal gas well
APD/ROW (GulfTerra)

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".



25. Signature <i>Brian Wood</i>	Name (Printed/Typed) Brian Wood	Date 6-12-04
Title Consultant	Phone: 505 466-8120	FAX: 505 466-9682
Approved by (Signature) <i>D. Mantie</i>	Name (Printed/Typed)	Date 7-13-04
Title AFM	Office FFO	

Application approval does not warrant or certify the 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.

NMOCD

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

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

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

DISTRICT IV
1220 South 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 87504-2088

Form C-102

Revised June 10, 2003

Instructions on back

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-af5-32421		² Pool Code 72319 & 71599		³ Pool Name BLANCO MESA VERDE & BASIN DAKOTA	
⁴ Property Code 72620		⁵ Property Name L.C. KELLY		⁶ Well Number 18	
⁷ GRID No. 167067		⁸ Operator Name XTO ENERGY INC.		⁹ Elevation 5905	

¹⁰ Surface Location

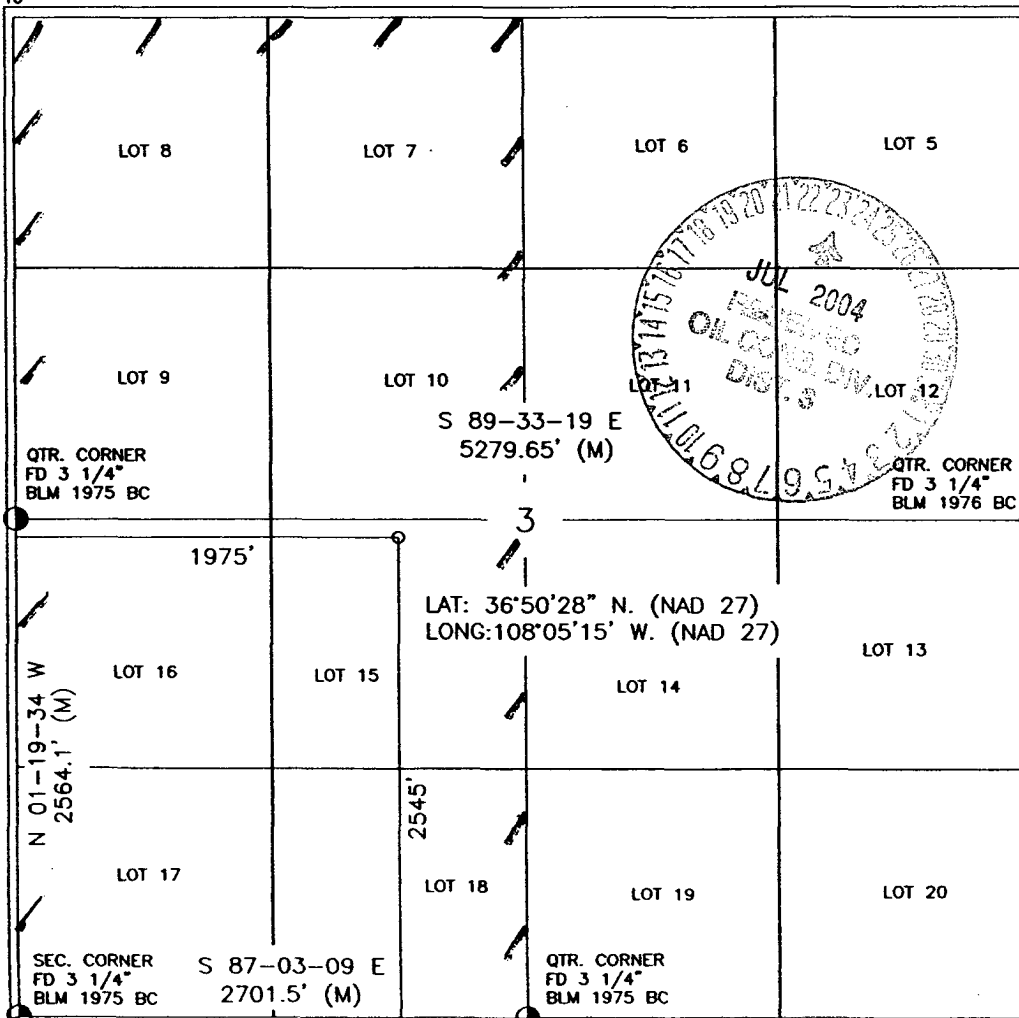
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K.	3	30-N	12-W	.	2545	SOUTH	1975	WEST.	SAN JUAN

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 318.41					¹³ Joint or Infill		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

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17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature Brian Wood
Printed Name **BRIAN WOOD**
Title **CONSULTANT**
Date **JUNE 12, 2004**

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 JUL 12 2004
Signature and Seal of Professional Surveyor: DAVID A. JOHNSON
14827
REGISTERED PROFESSIONAL SURVEYOR
Certificate Number

XTO Energy Inc.
L C Kelly 18
2545' FSL & 1975' FWL
Sec. 3, T. 30 N., R. 12 W.
San Juan County, New Mexico

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Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimient	000'	12'	+5,905'
Ojo Alamo Sandstone	685'	697'	+5,220'
Kirtland Shale	755'	767'	+5,150'
Fruitland Coal	1,880'	1,892'	+4,025'
Pictured Cliffs Ss	2,220'	2,232'	+3,685'
Lewis Shale	2,330'	2,342'	+3,575'
Mesa Verde Sandstone	3,805'	3,817'	+2,100'
Mancos Shale	4,930'	4,942'	+975'
Gallup Sandstone	5,830'	5,842'	+75'
Greenhorn Limestone	6,580'	6,592'	-675'
Dakota Sandstone	6,705'	6,717'	-800'
Morrison	6,985'	6,997'	-1,080'
Total Depth*	7,000'	7,012'	-1,095'

* all elevations reflect the ungraded ground level of 5,905'

2. NOTABLE ZONES

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal or Uranium Zones</u>
Fruitland	Nacimient	Fruitland
Pictured Cliffs	Ojo Alamo	Menefee
Mesa Verde	Fruitland	Morrison
Dakota		

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

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3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP system to be used is not yet known. A typical 2,000 psi stack, manifold, and test procedures are on PAGE 3.

4. CASING & CEMENT

	<u>Surface Casing</u>	<u>Production Casing</u>
Interval	0' - 320'	0' - 7000'
Hole Diameter	12-1/4"	7-7/8"
Casing Diameter	8-5/8"	4-1/2"
Weight (pounds/foot)	24	10.5
Grade	J-55	J-55
Coupling	S T&C	S T&C
Collapse Rating (psi)	1370	4010
Burst Rating (psi)	2950	4790
Joint Strength (M-lbs)	244	132
I. D. (inches)	8.097	4.052
Drift (inches)	7.972	3.875
SF Coll	9.44	1.28
SF Burst	13.72	1.06
SF Ten	33.89	1.87
Centralizers	3-4	20

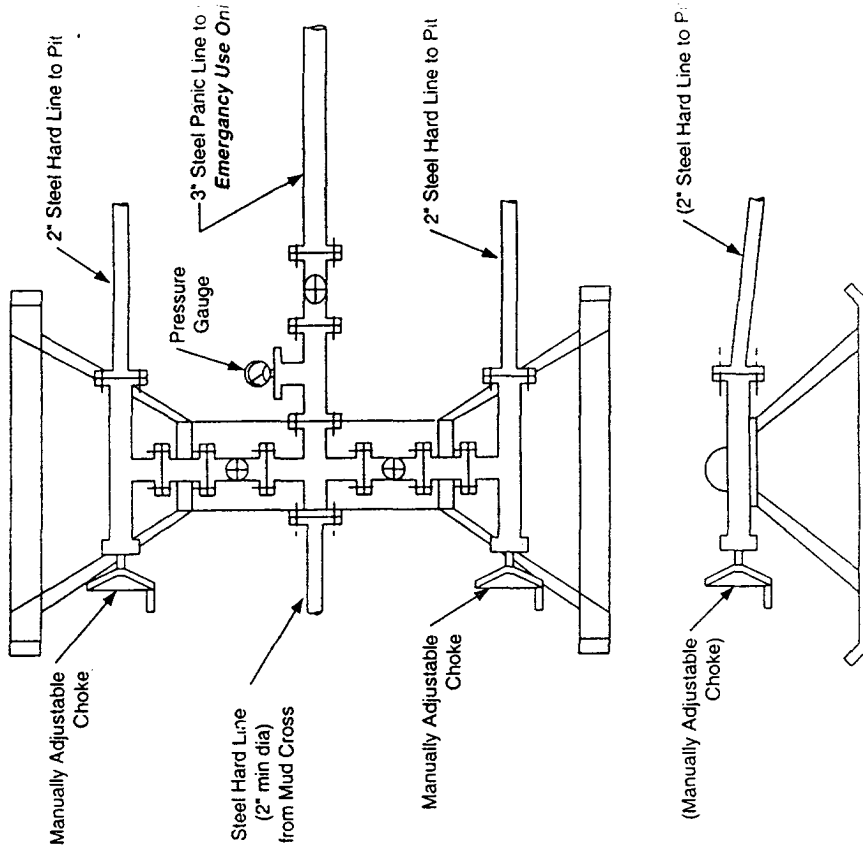
Casing head will be Larkin Fig 92 or its equivalent, 9" nominal 2,000 psi WP, (4,000 psi test) with 8-5/8" 8 rounded thread on bottom, and 11-3/4" 8 rounded thread on top.

Tubing head will be Larkin Fig 612 or its equivalent, 2000 psi WP (4,000 psi test), 4-1/2" 8 rounded female thread on bottom, and 8-5/8" rounded thread on top.

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

TESTING PROCEDURE

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.



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Surface casing will be cemented to surface with ≈ 200 sacks Type III cement with 2% CaCl_2 + 1/4 pound per sack cello flake mixed with 6.33 gallons of water per sack. Weight = 14.8 pounds/gallon. Density = 1.34 cubic feet/sack. Total volume = 268 cubic feet based on 100% excess.

Production casing will be cemented to surface in two stages. DV tool will be set at $\approx 4,000'$. Total first stage volume = 890 cubic feet. Total second stage volume = 1,185 cubic feet. Volumes to be based on caliper log + 30% excess.

First stage lead will be ≈ 375 sacks 65/35 Class H with 6% gel + 1/4 pound per sack cello flake + 3% NaCl + 0.5% fluid loss additive + 0.2% dispersant mixed with 10.59 gallons of water per sack. Weight = 12.5 pounds/gallon. Yield = 2.08 cubic feet/sack.

First stage tail will be cemented with ≈ 100 sacks Class H + 1/4 pound per sack cello flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack.

Second stage lead will be cemented with ≈ 350 sacks Class H with 3% extender + 1/4 pound per sack cello flake mixed with 10.19 gallons of water per sack. Weight = 11.2 pounds per gallon. yield = 3.07 cubic feet per sack.

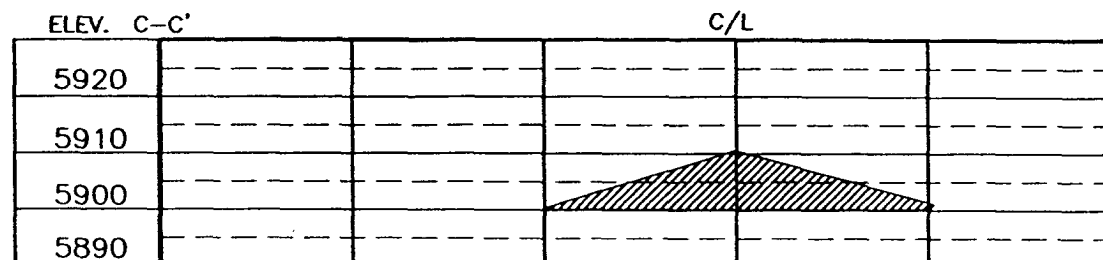
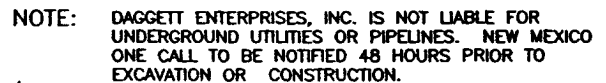
Second stage tail will be cemented with ≈ 100 sacks Class H with 1/4 pound per sack cell flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack.

5. MUD PROGRAM

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0' - 320'	Fresh Water-Spud	8.6-9.0	28-32	NC
320' - 4,000'	Fresh Water-Polymer	8.4-8.8	28-32	NC
4,000' - TD	LSND	8.6-9.0	45-60	8-10 cc

GROUND ELEVATION: 5905, DATE: FEBRUARY 23, 2004

LAT. = 36°50'28" N
LONG. = 108°05'15" W
NAD 27



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.

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15088 • Farmington, NM 87401
Phone (505) 328-1772 • Fax (505) 328-6019
NEW MEXICO L.S. No. 14827
COURT REPORTERS



DRAWN BY: A.G.
NO. CR273