Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

2004 JUN 17 AM 9 58

RECEIVED
070 FARMINGTON NM

5. Lease Serial No.	NMSF-081239
6. If Indian, Allottee or Tribe Name	N/A
7. If Unit or CA Agreement, Name and No.	N/A
8. Lease Name and Well No.	L C Kelly 19
9. API Well No.	30-045- 32422
10. Field and Pool, or Exploratory	Blanco Mesa Verde & Basin Dakota
11. Sec., T., R., M., or Blk. and Survey or Area	P 3-30n-12w NMPM
12. County or Parish	San Juan
13. State	NM

1a. Type of Work: ☑ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☐ Single Zone ☑ Multiple Zone

2. Name of Operator: XTO Energy Inc.

3a. Address: 2700 Farmington Ave., Bldg K-1, Farmington, NM 87401

3b. Phone No. *(include area code)*: (505) 324-1090

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface: 660' FSL & 660' FEL
At proposed prod. zone: Same

14. Distance in miles and direction from nearest town or post office*: 2 air miles NNE of Flora Vista Post Office

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	660'	16. No. of Acres in lease: 2,410.24	17. Spacing Unit dedicated to this well: 318.65 ≈E2 (~~319.67~~ acres)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	1,069'*	19. Proposed Depth: 7,000'	20. BLM/BIA Bond No. on file: BLM nation wide: 57 91 73
21. Elevations (Show whether DF, KDB, RT, GL, etc.): 5,799' 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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

Comments

*to XTO's L C Kelly 13, a Fruitland coal gas well

APD/ROW (GulfTerra)

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OIL CONS. DIV.
DIST. 3

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".

cc: BLM (& OCD), Patton

25. Signature: B Wood	Name *(Printed/Typed)*: Brian Wood	Date: 6-11-04	
Title: Consultant	Phone: 505 466-8120	FAX: 505 466-9682	
Approved by *(Signature)*: /s/ Manuel Gonzales	Name *(Printed/Typed)*	Date: 8-18-04	
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. French, Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., 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 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹API Number	²Pool Code	³Pool Name
30045-32422	72319 & 71599	BLANCO MESA VERDE & BASIN DAKOTA

⁴Property Code	⁵Property Name	⁶Well Number
22620	L. C. KELLY	19

⁷OGRID No.	⁸Operator Name	⁹Elevation
167067	XTO ENERGY INC.	5799

¹⁰Surface Location

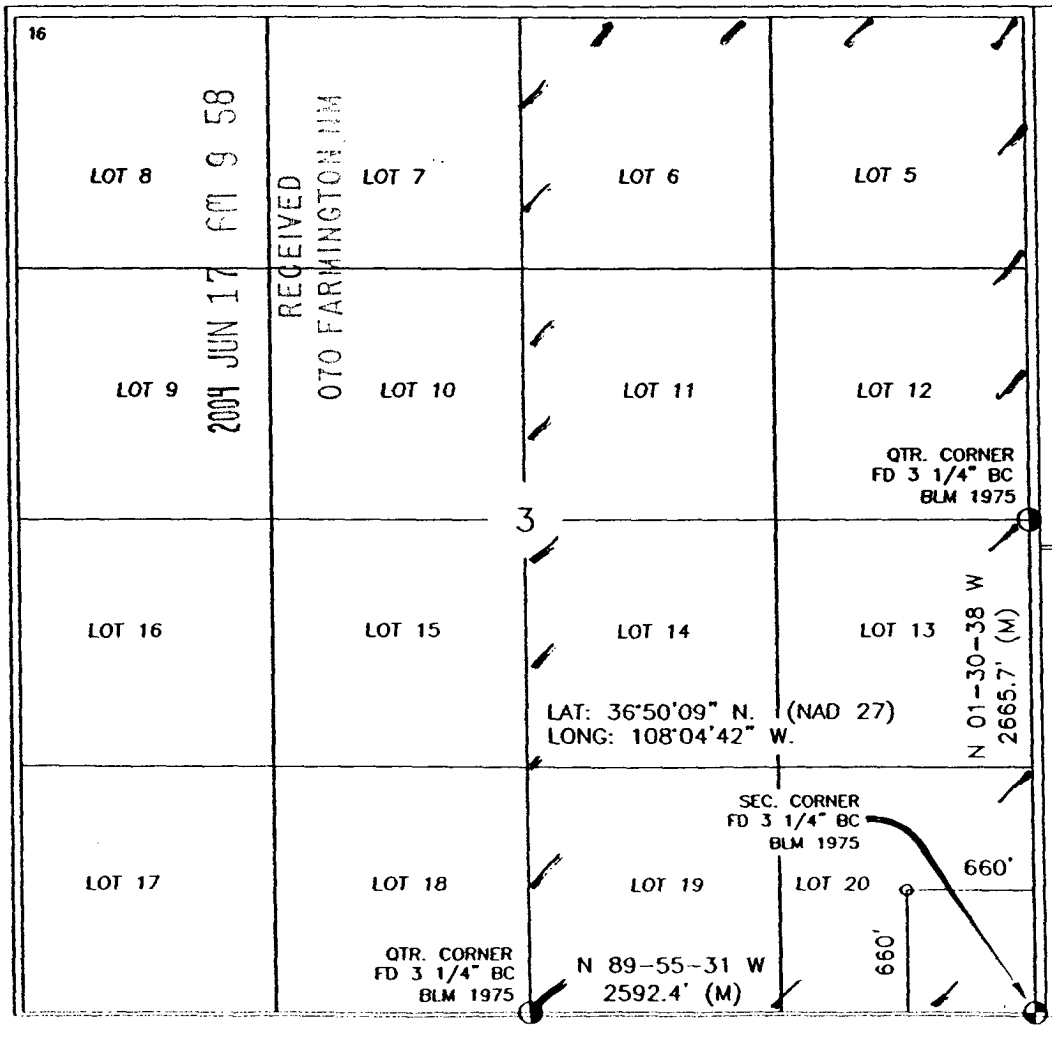
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
20	3	30-N	12-W		660	SOUTH	660	EAST	SAN JUAN

¹¹Bottom 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

¹²Dedicated Acres	¹³Joint or Infill	¹⁴Consolidation Code	¹⁵Order No.
318.65 ~~319.67~~			

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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2004 JUN 17 PM 9 58
070 FARMINGTON NM

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

CONSULTANT
Title

JUNE 11, 2004
Date

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

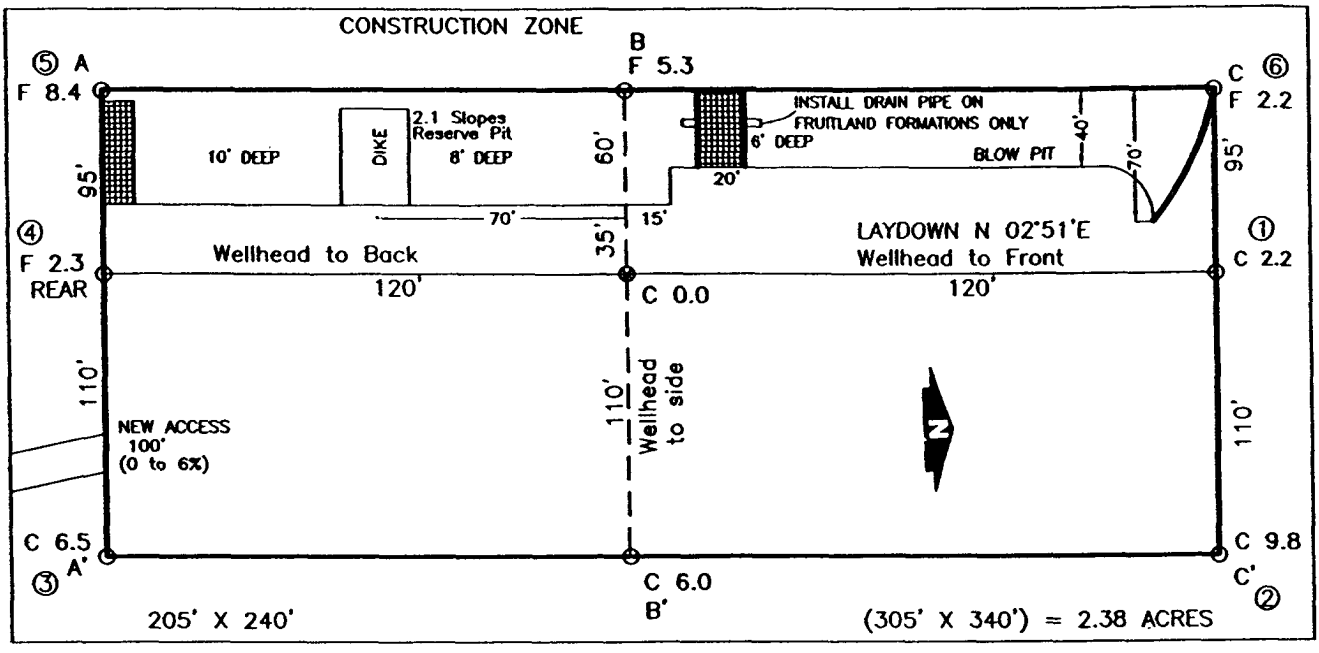
Signature and Seal of Professional Surveyor:

JOHN A. VUKONICH
NEW MEXICO
14831
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number

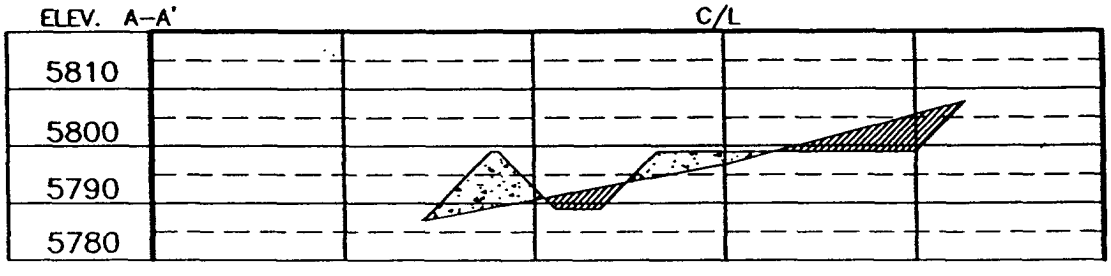
XTO ENERGY INC.
L. C. KELLY No. 19, 660' FSL 660' FEL
SECTION 3, T30N, R12W, N.M.P.M., SAN JUAN COUNTY, N. M.
GROUND ELEVATION: 5799', DATE: FEBRUARY 26, 2004

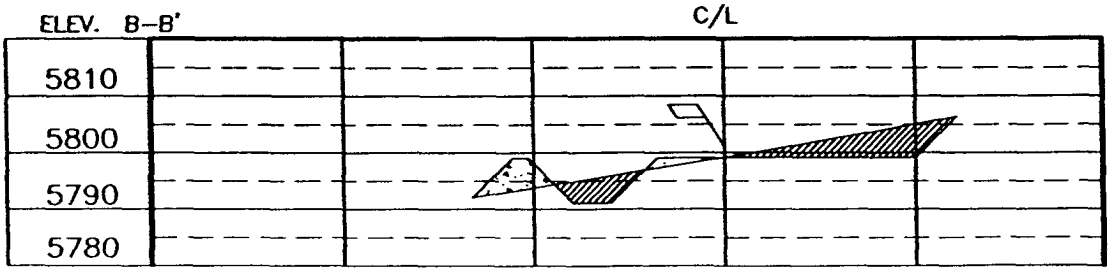
LAT. = 36°50'09" N.
LONG. = 108°04'42" W
NAD 27

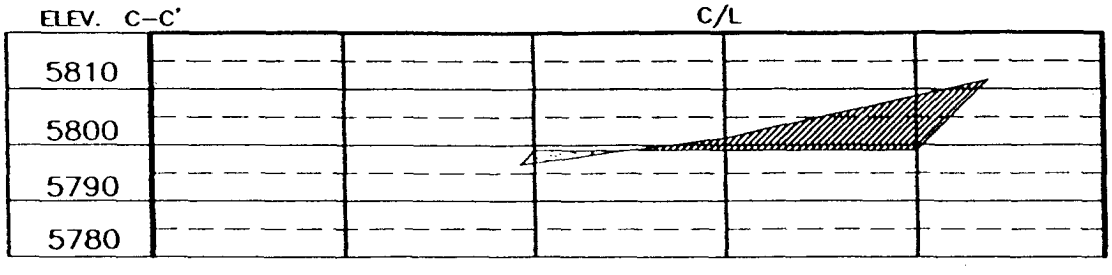


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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.

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 • Farmington, NM 87401
Phone (505) 326-1772 • Fax (505) 326-6019
NEW MEXICO L.S. No. 14831

REVISED BY:
DATE:
REVISION:
DRAWN BY: B.J.
SURVEY: CR274
DATE: 03/04/04
DWG. #: CR274CF8

XTO Energy Inc.
L C Kelly 19
660' FSL & 660' FEL
Sec. 3, T. 30 N., R. 12 W.
San Juan County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

Formation Name	GL Depth	KB Depth	Elevation
Nacimiento	000'	12'	+5,799'
Ojo Alamo Sandstone	594'	606'	+5,205'
Kirtland Shale	644'	656'	+5,155'
Fruitland Coal	1,799'	1,811'	+4,000'
Pictured Cliffs Ss	2,104'	2,116'	+3,695'
Lewis Shale	2,264'	2,276'	+3,535'
Mesa Verde Sandstone	3,799'	3,811'	+2,000'
Mancos Shale	4,764'	4,776'	+1,035'
Gallup Sandstone	5,719'	5,731'	+80'
Greenhorn Limestone	6,484'	6,476'	-685'
Dakota Sandstone	6,624'	6,636'	-825'
Morrison	6,884'	6,896'	-1,085'
Total Depth*	7,000'	7,012'	-1,201'

* all elevations reflect the ungraded ground level of 5,799'

2. NOTABLE ZONES

Gas or Oil Zones	Water Zones	Coal or Uranium Zones
Fruitland	Nacimiento	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.

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

	Surface Casing	Production Casing
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.

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 cemented to surface in two stages. DV tool will be set at ≈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.

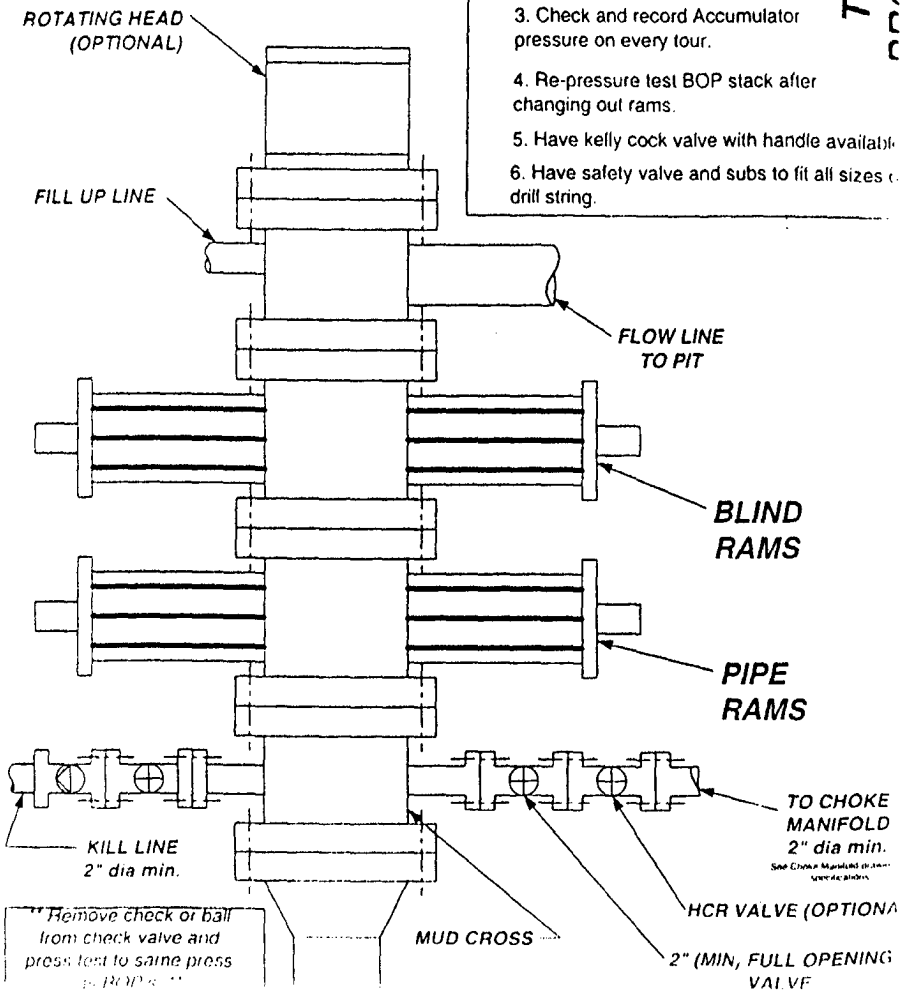
Second stage tail will be cemented with ≈100 sacks Class H with 1/4 pound per sack cell flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack.

5. MUD PROGRAM

INTERVAL	MUD TYPE	WEIGHT	VISCOSITY	WATER LOSS
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

Cross Timbers Operating Company

BOP SCEMATIC 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 availabl
6. Have safety valve and subs to fit all sizes drill string.

Cross Timbers Operating Company

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

TESTING PROCEDURE

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