

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 XTO Energy Inc.

3. ADDRESS AND TELEPHONE NO.
 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 735' FSL & 1,050' FWL in Sec 5, T30N, R12W *sw sw*
 At proposed prod. zone
 same as above

5. LEASE DESIGNATION AND SERIAL NO.
 SF - 081239

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 22620

8. FARM OR LEASE NAME, WELL NO.
 LC Kelly #11

9. API WELL NO.
 30-045-31114

10. FIELD AND POOL, OR WILDCAT
 Basin Fruitland Coal
 Aztec Pictured Cliffs

11. SEC., T., R., M., OR BLK.
 AND SURVEY OR AREA
 M Sec 5, T30N, R12W

12. COUNTY OR PARISH
 San Juan

13. STATE
 NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 9 air miles northwest of the Flora Vista Post Office

15. DISTANCE FROM PROPOSED*
 LOCATION TO NEAREST
 PROPERTY OR LEASE LINE, FT.
 (Also to nearest drlg. unit line, if any) 735'

16. NO. OF ACRES IN LEASE
 +-1,920

17. NO. OF ACRES ASSIGNED
 TO THIS WELL
 W/P 285.92 coal / 148.62 PC *SW*

18. DISTANCE FROM PROPOSED LOCATION*
 TO NEAREST WELL, DRILLING, COMPLETED,
 OR APPLIED FOR, ON THIS LEASE, FT. 15'

19. PROPOSED DEPTH
 2,425'

20. ROTARY OR CABLE TOOLS
 0-2,425' with Rotary Tools

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5,918' Ground Level

22. APPROX. DATE WORK WILL START*
 Fall 2002

23. PROPOSED CASING AND CEMENTING PROGRAM

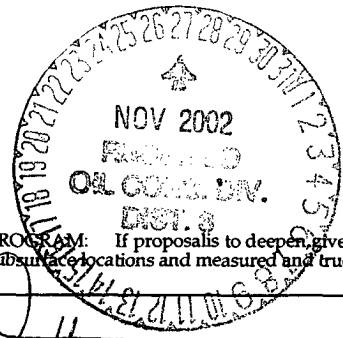
SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7", J-55	20.0#/ft	+200'	75 sx Type III or C1 B cement
6-1/4"	4-1/2", J-55	10.5#/ft	+2,425'	250 sx Premium Lite cement

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

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

XTO ENERGY INC. Request approval to drill the above mentioned well as described in the enclosed
Surface Use Plan and proposed Drilling Program.

Note: XTO Energy also plans to surface commingle the above mentioned well with a nearby existing
XTO well that is within 1/2 mile and within the same lease.



APPROVED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or
deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Drilling Engineer DATE 5/23/02

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

David J. Mankiewicz

NOV 25 2002

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

BLM/OCDC

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30045-3114		² Pool Code 71280		³ Pool Name AZTEL PICTURED CLIFFS	
⁴ Property Code 22620		⁵ Property Name L.C. KELLY			⁶ Well Number 11
⁷ OGRID No. 167067		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 5918'

¹⁰ Surface Location

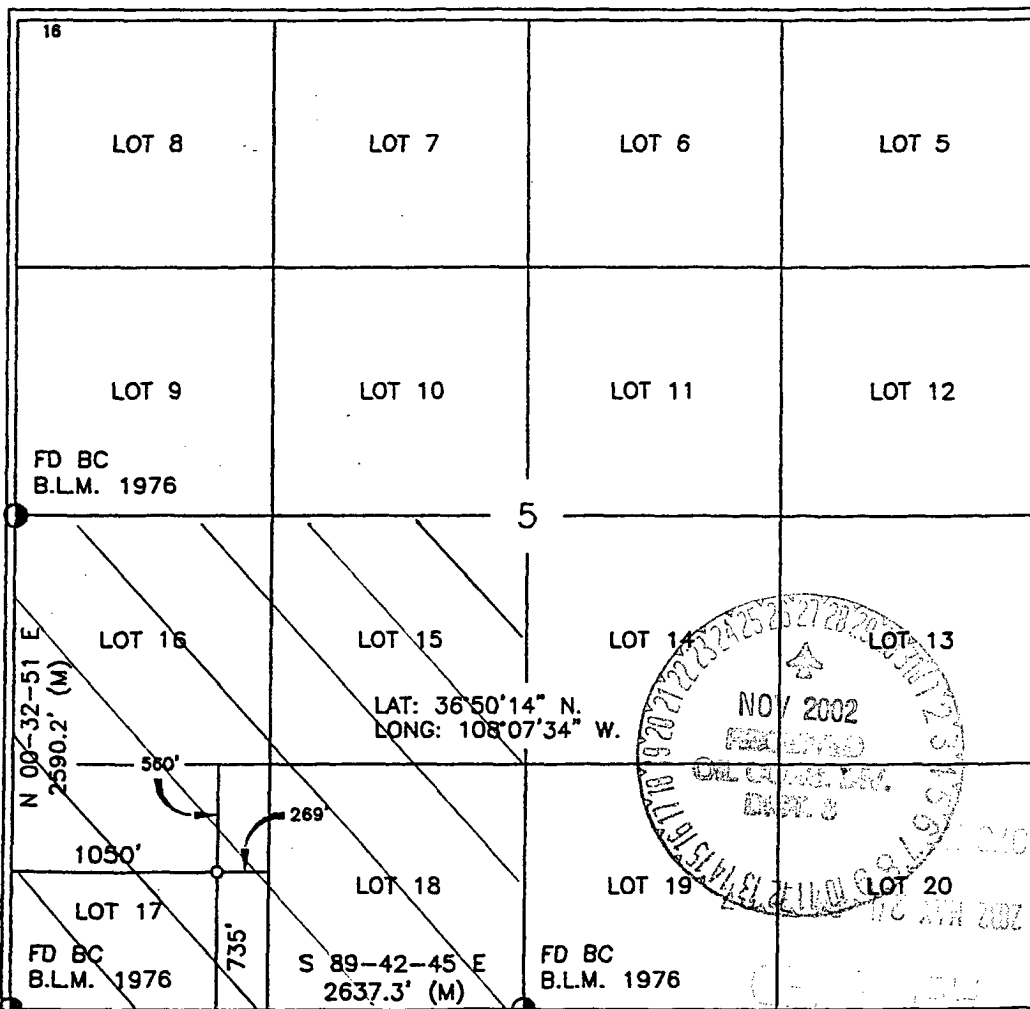
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	30-N	12-W		735'	SOUTH	1050'	WEST	SAN JUAN

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
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¹² Dedicated Acres 149.36 SW/4		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.	
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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



¹⁷ OPERATOR CERTIFICATION

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

Signature: Jeffrey L. Patton
 Printed Name: JEFFREY L. PATTON
 Title: DRILLING ENGINEER
 Date: 5-23-02

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: 1-9-02
 Signature and Seal of Professional Surveyor: [Signature]
 Certificate Number: 8894

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

DISTRICT II
811 South First, Artesia, N.M. 88210

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

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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-3114	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 22620	⁵ Property Name L.C. KELLY	
⁷ OGRID No. 167067	⁶ Operator Name XTO ENERGY INC.	⁸ Well Number 11
		⁹ Elevation 5918'

¹⁰ Surface Location

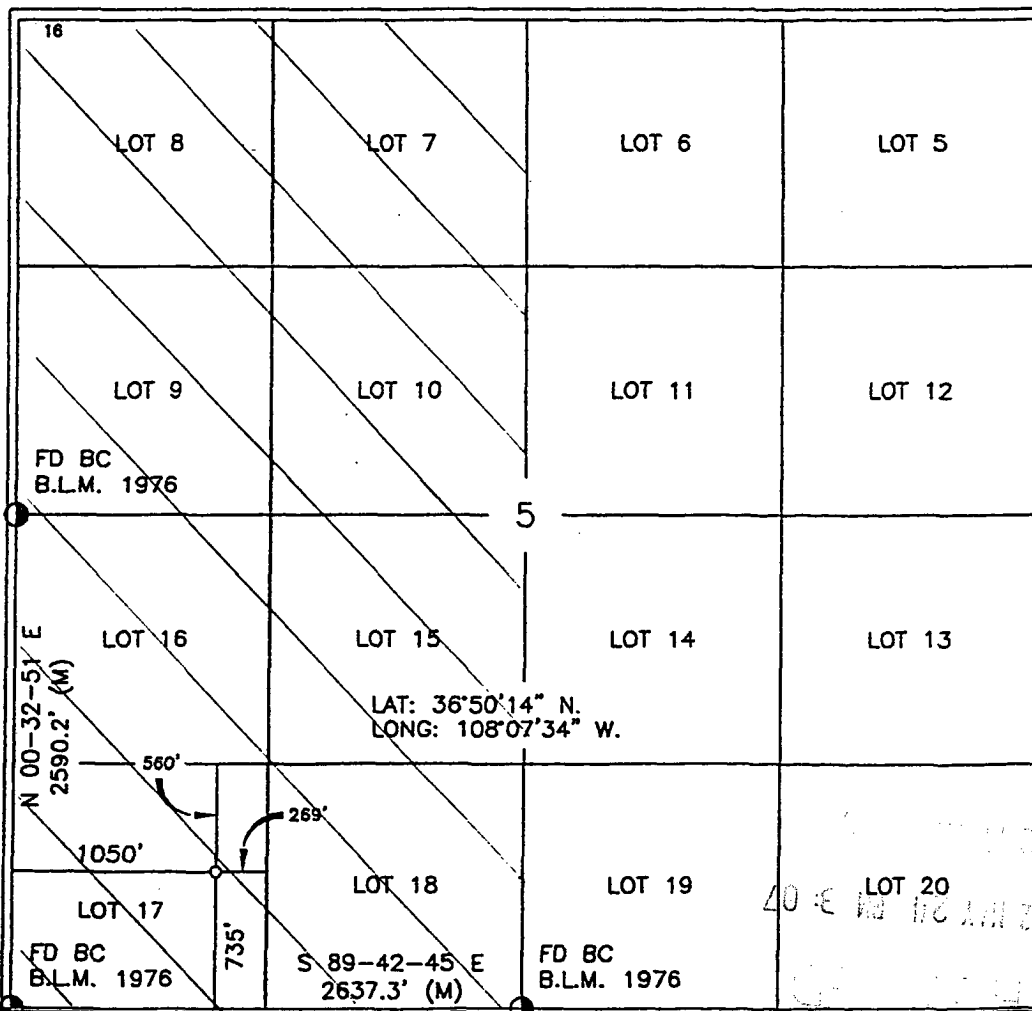
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	30-N	12-W		735'	SOUTH	1050'	WEST	SAN JUAN

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 785.92	¹³ Joint or Infill W/2	¹⁴ Consolidation Code	¹⁵ Order No.
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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



¹⁷ OPERATOR CERTIFICATION

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

Signature: Jerry W Patten
 Printed Name: JERRY W PATTEN
 Title: DRILLING ENGINEER
 Date: 5-23-02

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: 1-9-02
 Signature and Seal of Professional Surveyor: [Signature]
 Certificate Number: 8894



XTO ENERGY INC.

DRILLING PROCEDURE

LC KELLY #11

Aztec Pictured Cliffs / Basin Fruitland Coal

May 23, 2002

Location: 735' FSL & 1,050' FWL, Sec 5, T30N, R12W County: San Juan State: New Mexico

PROJECTED TOTAL DEPTH: 2,425'
GR ELEV: 5,918'

OBJECTIVE: Pictured Cliffs / Fruitland Coal

1. MUD PROGRAM:

INTERVAL	0'-200'	200'-TD
HOLE SIZE	8-3/4"	6-1/4"
MUD TYPE	FW/Native	FW/Polymer
MUD WEIGHT, ppg	8.6-9.0	8.6-9.1
VISCOSITY, sec/qt	28-32	28-33
WATER LOSS, cc	NC	NC

Remarks: Drill the surface hole with fresh water. Run and cement 7" surface casing, circulating cement to surface. NU and test BOP equipment, then drill out with fresh water. Use polymer sweeps as needed for hole cleaning. At TD, sweep the hole prior to TOH to log.

2. CASING PROGRAM:

Surface Casing: 7" casing to be set at $\pm 200'$ in 8.8 ppg mud.

Interval	Length	Wt (ppf)	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	DD (in)	SF Coll	SF Burst	SF Tension
0'-200'	200'	20#	J-55	STC	2,270	3,740	234	6.456	6.331	9.99	4.59	58.5

Optimum makeup torque for 7" 20#, J-55, STC casing is **2,340 ft-lbs** (Min - 1,760 ft-lbs, Max - 2,930 ft-lbs).

Production Casing: 4-1/2" casing to be set at $\pm 2,425'$ in 8.8 ppg mud.

Interval	Length	Wt (ppf)	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	DD (in)	SF Coll	SF Burst	SF Tension
0'-TD	2,425'	10.5#	J-55	STC	4,010	4,790	132	4.052	3.927	3.57	3.33	5.24

Optimum makeup torque for 4-1/2", 10.5#, J-55, casing is **1,320 ft-lbs** (Min - 990 ft-lbs, Max - 1,650 ft-lbs).

Capacity of 7", 20# casing is: 0.04048 bbl/ft

Capacity of 4-1/2", 10.5# casing is: 0.01595 bbl/ft

3. **WELLHEAD:**

Casinghead: Larkin Fig 92 (or equivalent) 2,000 psig WP (4,000 psig test) with 7", 8rd pin on bottom and 8-5/8" API Modified 8rd thread on top.

Tubinghead: Larkin Model 612 (or equivalent) 2,000 psig WP (4,000 psig test) with 4-1/2", 8rd bottom thread and 8-5/8" 8rd API Modified top body thread, 4.090" minimum bore.

4. **CEMENT PROGRAM:**

A. Surface: 7", 20#, J-55, STC casing at ± 200'.

Lead: 75 sx Type III cement (or equivalent) containing ¼ pps celloflake, 2% CaCl₂ (mixed at 14.6 ppg, 1.39 ft³/sk, 6.67 gal wtr/sk).

Total slurry volume is 104.25 ft³, 250% excess of calculated annular volume required to circulate cement to surface.

B. Production: 4-1/2", 10.5#, J-55, STC casing at ± 2,425'.

Lead: 250* sx of 35:65 Poz/Type III cement containing 10 PPS CSE, 2% CaCl₂, ¼ PPS Celloflake, 0.65% bwoc FL-62, 6% gel (mixed at 12.5 ppg, 2.07 ft³/sk, 10.95 gal wtr/sk).

Total estimated slurry volume is 517 ft³, ±100% excess of calculated annular volume required to circulate cement to surface.

* Actual cement volumes will be determined using log caliper volume plus 30% excess.

5. **DRILLING HAZARDS:**

- H₂S or other Poisonous Gases: No formations known to contain H₂S or any other poisonous gases will be penetrated with this wellbore.
- Abnormal Pressures: No overpressured zones are known to exist or are anticipated to be encountered during the drilling of this well.
- Lost Circulation: Seepage and/or lost circulation may be encountered below surface casing and can be controlled with conventional lost circulation materials added to the mud system.

6. **LOGGING PROGRAM:**

Array Induction/DFL/GR/SP/Cal
DSN/Spectral Density/GR/Cal/Pe

TD to bottom of surf csg.
TD to 1000'

No mud logger to be used on this well.

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

ROTATING HEAD OR STRIPPING (DIVERTING) HEAD

FILL UP LINE

FLOW LINE TO PIT

PIPE RAMS

BLIND RAMS

SCREW ON DRILLING FLANGE

FILL-UP / KILL LINE
2" dia min.

TO ADJUSTABLE CHOKE MANIFOLD
2" dia min.

Fig. 92 (typical) CASINGHEAD (SCREW-IN)

CASING COLLAR (LOOKING UP)

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.

** Remove check or ball from check valve and press test to same press as BOP's. **

See Choke Manifold drawing for specifications