

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|------------------------------------|---|
| 1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMSF-079596 |
| 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 | | 8. Lease Name and Well No. Morris Gas Com B #1F |
| 3b. Phone No. (include area code) 505-324-1090 | | 9. API Well No. 30-045-32654 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2500' FNL x 1980' FWL in Sec 10, T27N, R10W At proposed prod. zone | | 10. Field and Pool, or Exploratory Basin Dakota |
| 11. Distance in miles and direction from nearest town or post office* Approx 15 air miles Southeast of Bloomfield, NM Post Office | | 11. Sec., T., R., M., or Blk. and Survey or Area Sec 10, T27N, R10W |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1908' | 16. No. of Acres 960 | 12. County or Parish San Juan |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 625' | 19. Proposed Depth 7000' | 13. State NM |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6241' Ground Level | | 17. Spacing Unit dedicated to this well 320 DK w/2 |
| 22. Approximate date work will start* winter 2005 | | 20. BLM/BIA Bond No. on file |
| 23. Estimated duration 2 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. |
- SEE ATTACHED FOR CONDITIONS OF APPROVAL**

| | | |
|---|---|-------------------------|
| 25. Signature Kyla Vaughan | Name (Printed/Typed) Kyla Vaughan | Date 10/28/04 |
| Title Regulatory Compliance Tech | | |
| Approved by (Signature) [Signature] | Name (Printed/Typed) [Signature] | Date 1-28-05 |
| Title AFM | | |
| Office FFO | | |

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 page 2)

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

NMOCD

APD/ROW

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

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

DISTRICT II
1501 N. 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 RECEIVED

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 30045-32654 | ² Pool Code 71599 | ³ Pool Name Basin Dakota |
| ⁴ Property Code 22627 | ⁵ Property Name MORRIS GAS COM B | ⁶ Well Number 1F |
| ⁷ OGPSD No. 167067 | ⁸ Operator Name XTO ENERGY INC. | ⁹ Elevation 5241 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| F | 10 | 27-N | 10-W | | 2500 | NORTH | 1980 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

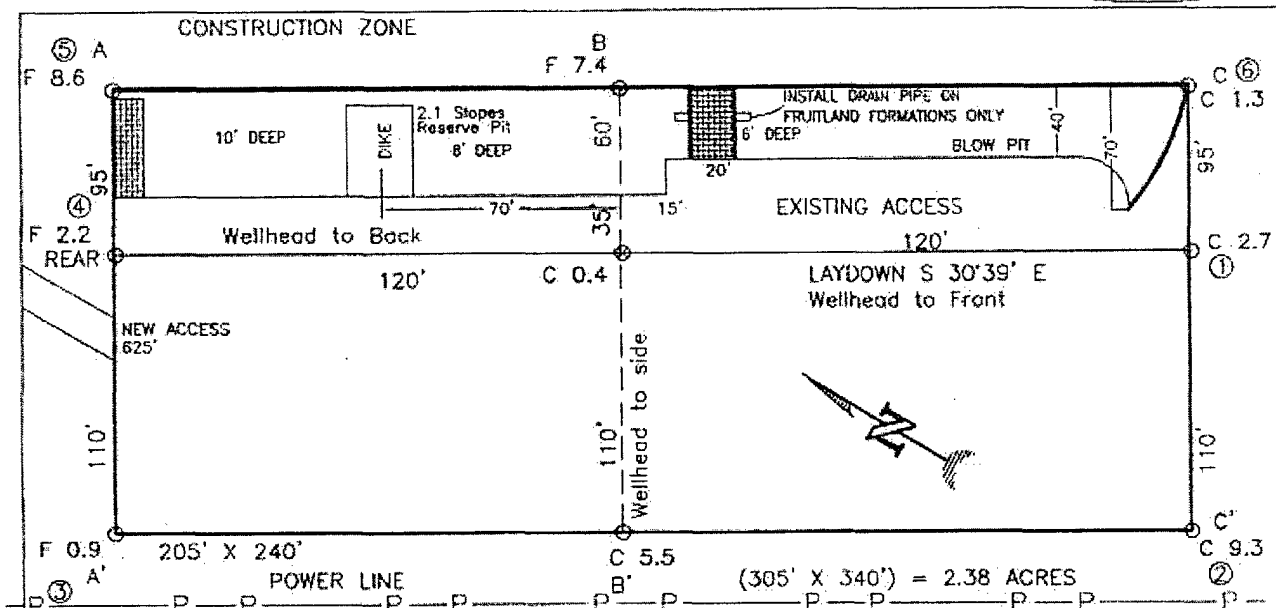
| | | | |
|--|------------------------------|-------------------------------|-------------------------|
| ¹² Dedicated Acres 320 W12 | ¹³ Joint or Intra | ¹⁴ Dedication Code | ¹⁵ Order No. |
|--|------------------------------|-------------------------------|-------------------------|

15. 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: <u>Debbie K. Small</u> Printed Name: <u>Debbie K. Small</u> Title: <u>Drilling Assistant</u> Date: <u>10/16/04</u> |
| | 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 knowledge. Date of Survey: <u>JUNE 2004</u> Signature and Seal: <u>[Signature]</u> Certificate Number: <u>14881</u> |

XTO ENERGY INC.
 MORRIS GAS COM B No. 1F, 2500 FNL 1980 FWL
 SECTION 10, T27N, R10W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6241, DATE: JUNE 10, 2004

LAT: 36°35'24" N.
 LONG: 107°53'04" W.
 NAD 27

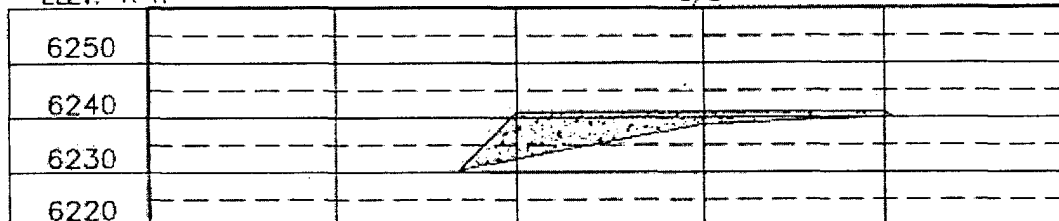


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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.

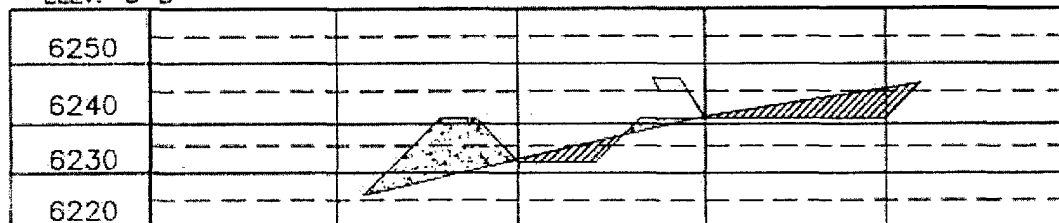
ELEV. A-A'

C/L



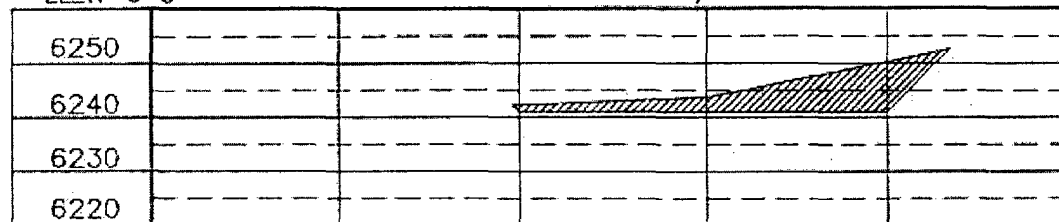
ELEV. B-B'

C/L



ELEV. C-C'

C/L



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.

| | | |
|--|------|------------|
| REVISION | DATE | REMOVED BY |
| <p>Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15069 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO L.S. No. 14831 DATE: 06/28/04</p> | | |
| <p>DRWN BY: A.C. DATE: 06/19</p> | | |

EXHIBIT D

XTO ENERGY INC.

Morris Gas Com "B" #1F

APD Data

October 26, 2004

Location: 2,500' FNL x 1,980' FWL Sec 10, T27N, R10W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 7,000'

APPROX GR ELEV: 6,241'

OBJECTIVE: Basin Dakota

Est KB ELEV: 6,253' (12' AGL)

1. MUD PROGRAM:

| | | | |
|------------|-------------|----------------|---------------------|
| INTERVAL | 0' to 360' | 360' to 4,000' | 4,500' to TD |
| HOLE SIZE | 12-1/4" | 7-7/8" | 7-7/8" |
| MUD TYPE | FW/Spud Mud | FW/Polymer | LSND / Gel Chemical |
| 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 $\pm 360'$ in a 12-1/4" hole filled with 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: 5-1/2" casing to be set at TD ($\pm 7,000'$) in 7-7/8" hole filled with 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 | 7,000' | 15.5# | J-55 | STC | 4040 | 4810 | 222 | 4.950 | 4.825 | 1.22 | 1.45 | 2.02 |

202

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), 5-1/2" 8rnd female thread on bottom, 8-5/8" 8rnd thread on top.

EXHIBIT E

6. FORMATION TOPS:

Est. KB Elevation: 6,253'

| Formation | Subsea Depth | Well Depth |
|---------------------------|--------------|------------|
| Ojo Alamo SS | +5126' | 1130' |
| Kirtland Shale | +4973' | 1283' |
| Farmington SS | +4868' | 1388' |
| Fruitland Formation | +4492' | 1764' |
| Lower Fruitland Coal | +4155' | 2101' |
| Pictured Cliffs SS | +4137' | 2119' |
| Lewis Shale | +3990' | 2266' |
| Chacra | +3226' | 3030' |
| Cliffhouse SS | +2612' | 3644' |
| Menefee | +2494' | 3762' |
| Point Lookout SS | +1815' | 4441' |
| Mancos Shale | +1461' | 4795' |
| Gallup SS | +602' | 5654' |
| Greenhorn Limestone | -185' | 6441' |
| Graneros Shale | -243' | 6499' |
| 1 st Dakota SS | -271' | 6527' |
| 2 nd Dakota SS | -302' | 6558' |
| 3 rd Dakota SS | -356' | 6612' |
| 4 th Dakota SS | -418' | 6674' |
| 5 th Dakota SS | -441' | 6697' |
| 6 th Dakota SS | -468' | 6724' |
| Burro Canyon SS | -528' | 6784' |
| Morrison Shale | -563' | 6819' |
| Project TD | -744' | 7000' |

BHP ~ 2500 psi

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 | 505-326-2024 |
| Randy Hosey | Project Geologist | 817-885-2398 | 817-427-2475 |
| Barry Voigt | Reservoir Engineer | 817-885-2462 | 817-540-2092 |

JWP
10/26/04

EXHIBIT E

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 $\pm 360'$ in 12-1/4" hole.

210 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is ²⁹²297 ft³, 100% excess of calculated annular volume to 360'.

B. Production: 5-1/2", 15.5#, J-55 (or K-55), STC casing to be set at $\pm 7,000'$ in 7-7/8" hole. DV Tool set @ $\pm 4,400'$

1st Stage

LEAD:

225 sx of Premium Lite HS (Type III/Poz/Gel) with 2% salt, 1/4 pps cello, 0.2% dispersant, 0.5% fluid loss & 2% LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III with 5% bonding additive, 1/4 pps cello, 2% LCM, 0.3% dispersant & 0.2% fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2nd Stage

LEAD:

375 sx of Type III with 8% gel, 1/4 pps cello & 2% LCM mixed at 11.9 ppg, 2.54 ft³/sk, 15.00 gal wtr/sx.

TAIL:

100 sx Type III neat mixed at 14.5 ppg, 1.39 cuft/sx, 6.3 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 1,775 ft³.

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

5. LOGGING PROGRAM:

A. Mud Logger: The mud logger will come on at 5,000' and will remain on the hole until TD. The mud will be logged in 10' intervals.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (7,000') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from 7,000' to 5,000'.

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 ¹⁰~~5~~ min.

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

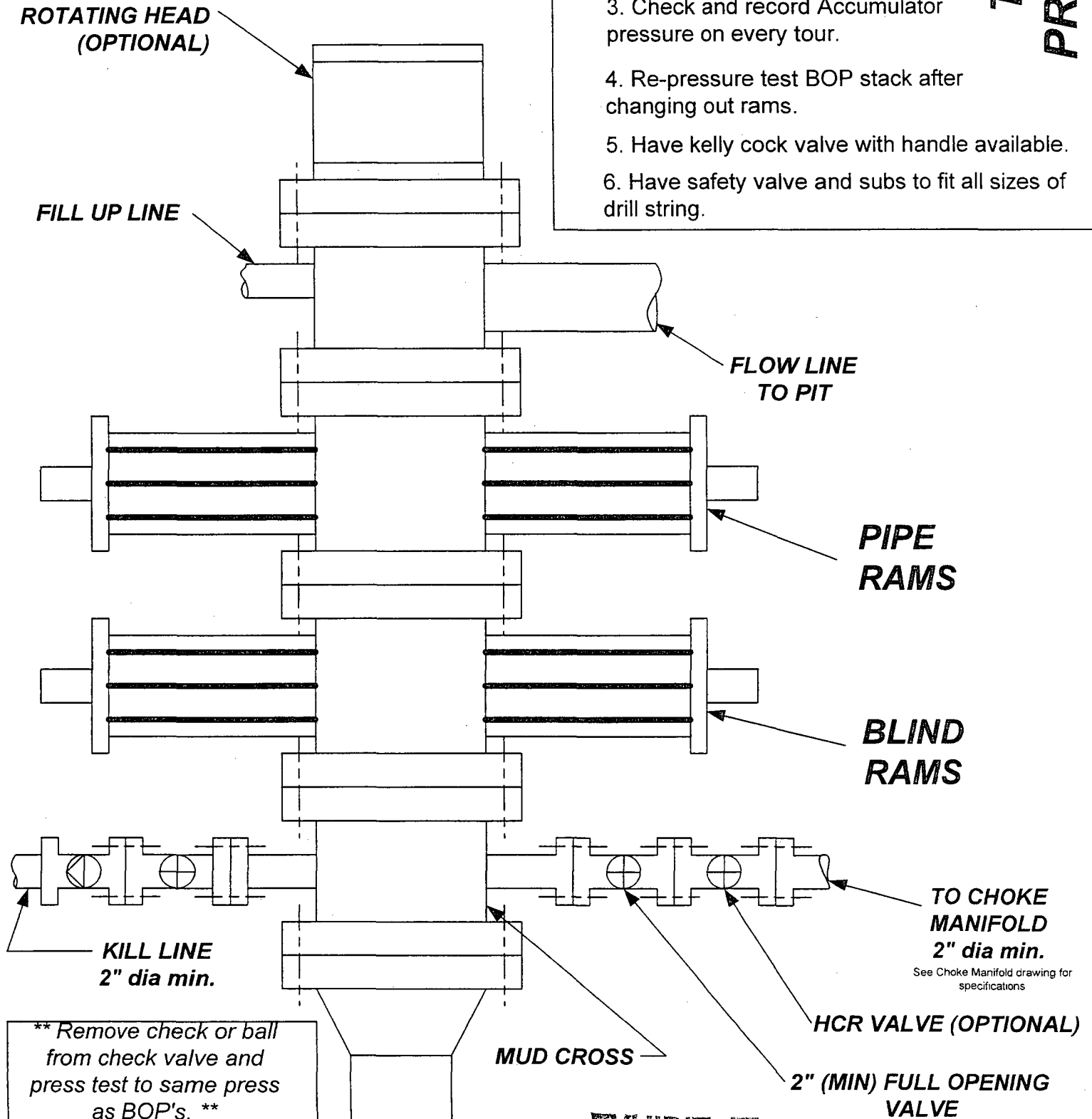
2. Test operation of (both) rams on every trip.

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.



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

