

RECEIVED

Form 3160-3
(April 2004)

JAN 26 2009

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmingington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work. <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-03554
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 382 CR 3100 Aztec NM 87410	3b. Phone No (include area code) 505-333-3100	8. Lease Name and Well No. Breech C #323F
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1945' FSL x 1945' FEL At proposed prod. zone same		9. API Well No. 30-045-039-30661
14. Distance in miles and direction from nearest town or post office* Approximately 34.5 miles SE of Bloomfield, NM post office.		10. Field and Pool, or Exploratory Basin DK/Blanco MV/Basin MC
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1945'	16. No. of acres in lease 1760	11. Sec, T, R, M or Blk and Survey or Area (J) SEC 14 T26N R6W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 417'	19. Proposed Depth 7700'	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6666' Ground Elevation	22. Approximate date work will start* 03/01/2009	13. State NM
20. BLM/BIA Bond No. on file UTB-000138		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 	Name (Printed/Typed) Eden Fine	Date 01/23/2009
Title Regulatory Clerk		
Approved by (Signature) 	Name (Printed/Typed) FFO	Date 6/6/11
Title 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

JUN 22 2011

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

APD/ROW

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

RCVD JUN 10 11
OIL CONVS. DIV.
DIST. 3

RECEIVED

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

Instructions on back
Appropriate District Office

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

OIL CONSERVATION DIVISION

1220 South St. Francis Dr
Santa Fe, NM 87504-2088

State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30441	² Pool Code 71599	³ Pool Name Babin Dakota
⁴ Property Code 304751	⁵ Property Name BREECH C	⁶ Well Number 323F
⁷ GRID No 5380	⁸ Operator Name XTO ENERGY INC	⁹ Elevation 6666'

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
J	14	26-N	6-W		1945	SOUTH	1945	EAST	RIO ARRIBA

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 5/2 320		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

16

<p>14</p> <p>SURFACE: LAT: 36°48'51" N. (NAD 83) LONG: 107°43'47" W. (NAD 83) LAT 36°29'06.4" N (NAD 27) LONG: 107°26'03.6" W (NAD 27)</p> <p>FD 3 1/4" BC 1957 BLM.</p> <p>N 89°55'36" W 2660.88' (M)</p> <p>1945'</p> <p>N 00°11'24" E 2671.48' (M)</p> <p>FD 3 1/4" BC 1957 BLM.</p>				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p><i>Eden Fine</i> Signature 1/23/09 Date Eden Fine Printed Name</p>
<p>18 SURVEYOR CERTIFICATION</p> <p>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 and belief</p> <p>MARCH 28, 2008 Date of Survey Signature and Seal of Professional Surveyor ROY A. RUIZ NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 8894</p> <p>Certificate Number</p>				

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Energy, Minerals & Natural Resources Department

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Revised October 12, 2005

Instructions on back

Submit to Appropriate District Office

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Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30000	² Pool Code 72319	³ Pool Name Blanco Mesaverde
⁴ Property Code 304751	⁵ Property Name BREECH C	⁶ Well Number 323F
⁷ GRID No 5380	⁸ Operator Name XTO ENERGY INC	⁹ Elevation 6666'

¹⁰ Surface Location

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J	14	26-N	6-W		1945	SOUTH	1945	EAST	RIO ARriba

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30000	² Pool Code 97232	³ Pool Name Basin Mancos
⁴ Property Code 304751	⁵ Property Name BREECH C	⁶ Well Number 323F
⁷ GRID No 5380	⁸ Operator Name XTO ENERGY INC	⁹ Elevation 6666'

¹⁰ Surface Location

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J	14	26-N	6-W		1945	SOUTH	1945	EAST	RIO ARriba

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--	---

FD 3 1/4" BC
1957 BLM

14

SURFACE:
LAT: 36°48'51" N. (NAD 83)
LONG: 107°43'47" W. (NAD 83)
LAT: 36°29'06.4" N (NAD 27)
LONG: 107°26'03.0" W (NAD 27)

1945'

N 89°55'36" W
2660 88' (M)

N 00°11'24" (M)
2671.48'

FD 3 1/4" BC
1957 BLM

FD 3 1/4" BC
1957 BLM

XTO ENERGY INC.

Breech C #323F

APD Data

January 23, 2009

Location: 1945' FSL x 1945' FEL Sec 14, T26N, R6W County: Rio Arriba State: New Mexico

GREATEST PROJECTED TD: 7700'

OBJECTIVE: Basin Dakota / Blanco Mesaverde/ Basin Mancos

APPROX GR ELEV: 6666'

Est KB ELEV: 6678' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 7700'
HOLE SIZE	12.25"	7.875"	7.875"
MUD TYPE	FW/Spud Mud	LSND	LSND
WEIGHT	8.6-9.0	8.4-8.8	8.6- 9.8
VISCOSITY	28-32	28-32	45-70
WATER LOSS	NC	NC	6-8

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: 8.625" casing to be set at $\pm 360'$ in a 12.25" hole filled with 9.20 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	ST&C	1370	2950	244	8.097	7.972	7.950	17.13	28.24

Production Casing: 5.5" casing to be set at TD ($\pm 7700'$) in 7.875" hole filled with 9.20 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'-7700	7700'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.10	1.31	1.69

3. WELLHEAD:

- 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.
- 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 (or slip-on, weld-on), 8-5/8" 8rnd thread on top.

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

A. Surface: 8.625", 24.0#, J-55, ST&C casing to be set at $\pm 360'$ in 12-1/4" hole.

214 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 297 ft³, 100% excess of calculated annular volume to 360'.

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at $\pm 7700'$ in 7.875" hole. DV Tools set @ $\pm 6350'$ and @ $\pm 3260'$.

1st Stage

LEAD:

± 145 sx of Premium Lite HS (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

100 sx Type III or equivalent cement with bonding additive, LCM, dispersant, & fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2nd Stage

LEAD:

± 241 sx of Type III or equivalent cement with 8% gel & 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.

3rd Stage:

LEAD:

± 250 sx of Type III or equivalent cement with 8% gel & 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 1966 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: None.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (7700') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7700') to 3,000'.

6. **FORMATION TOPS:**

Est. KB Elevation: 6678'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Ojo Alamo SS	4253	2425	Gallup	273	6405
Kirtland Shale	4072	2606	Greenhorn	-534	7212
Farmington SS			Graneros	-590	7268
Fruitland Formation	3982	2696	Dakota 1*	-622	7300
Lower Fruitland Coal	3611	3067	Dakota 2*	-665	7343
Pictured Cliffs SS	3600	3078	Dakota 3*	-717	7395
Lewis Shale	3465	3213	Dakota 4*	-756	7434
Chacara SS	2703	3975	Dakota 5*	-804	7482
Cliffhouse SS*	1945	4733	Dakota 6*	-834	7512
Menefee**	1880	4798	Burro Canyon	-898	7576
Point Lookout SS**	1372	5306	Morrison*	-953	7631
Mancos Shale	1009	5669	TD	-1022	7700

* Primary Objective

** Secondary Objective

**** Maximum anticipated BHP should be <2,000 psig (<0.30 psi/ft) *****

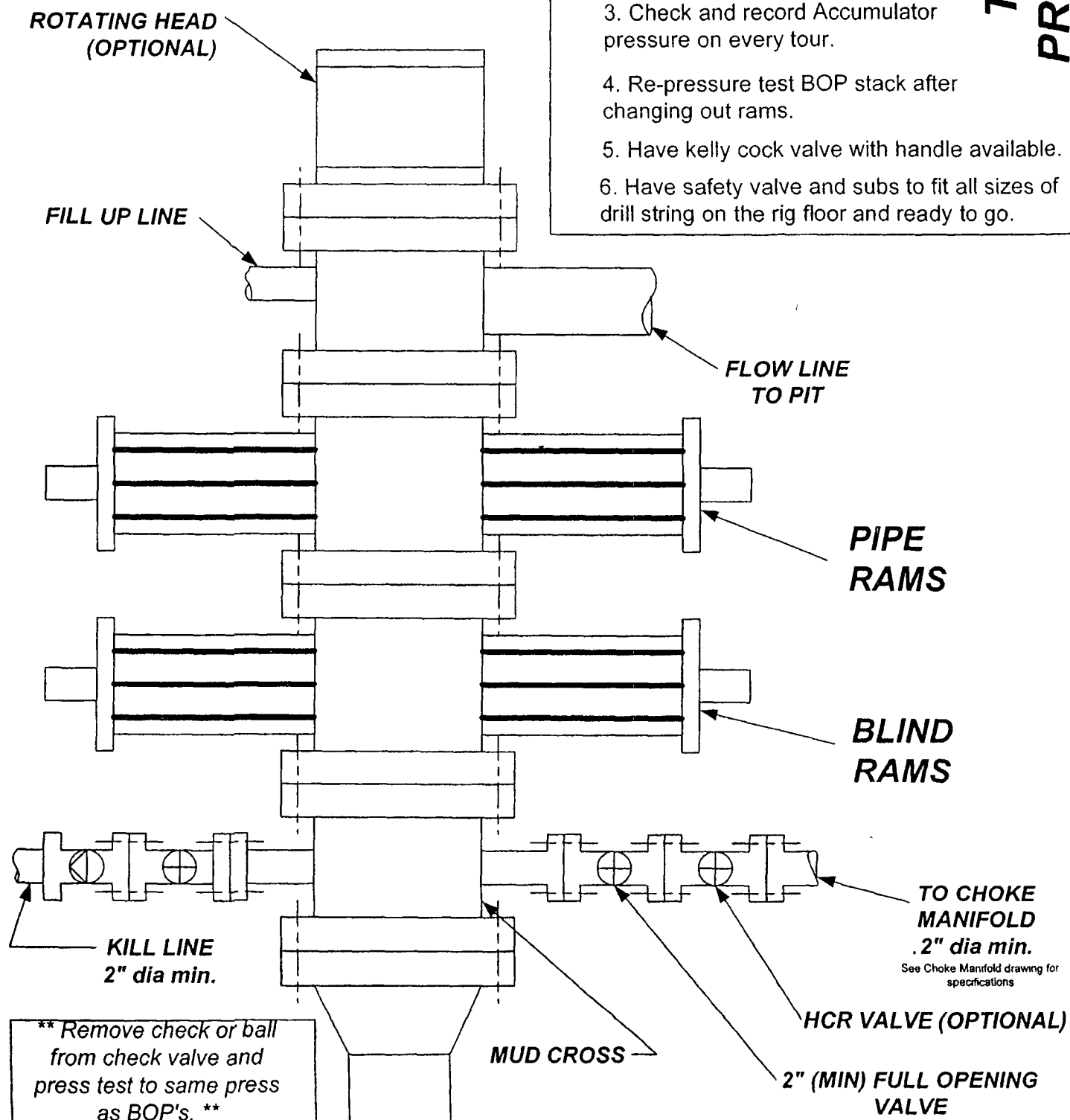
7. **COMPANY PERSONNEL:**

Name	Title	Office Phone	Home Phone
Justin Niederhofer	Drilling Engineer	505-333-3199	505-320-0158
Bobby Jackson	Drilling Superintendent	505-333-3224	505-486-4706
John Klutsch	Project Geologist	817-885-2800	--

JN

1/23/09

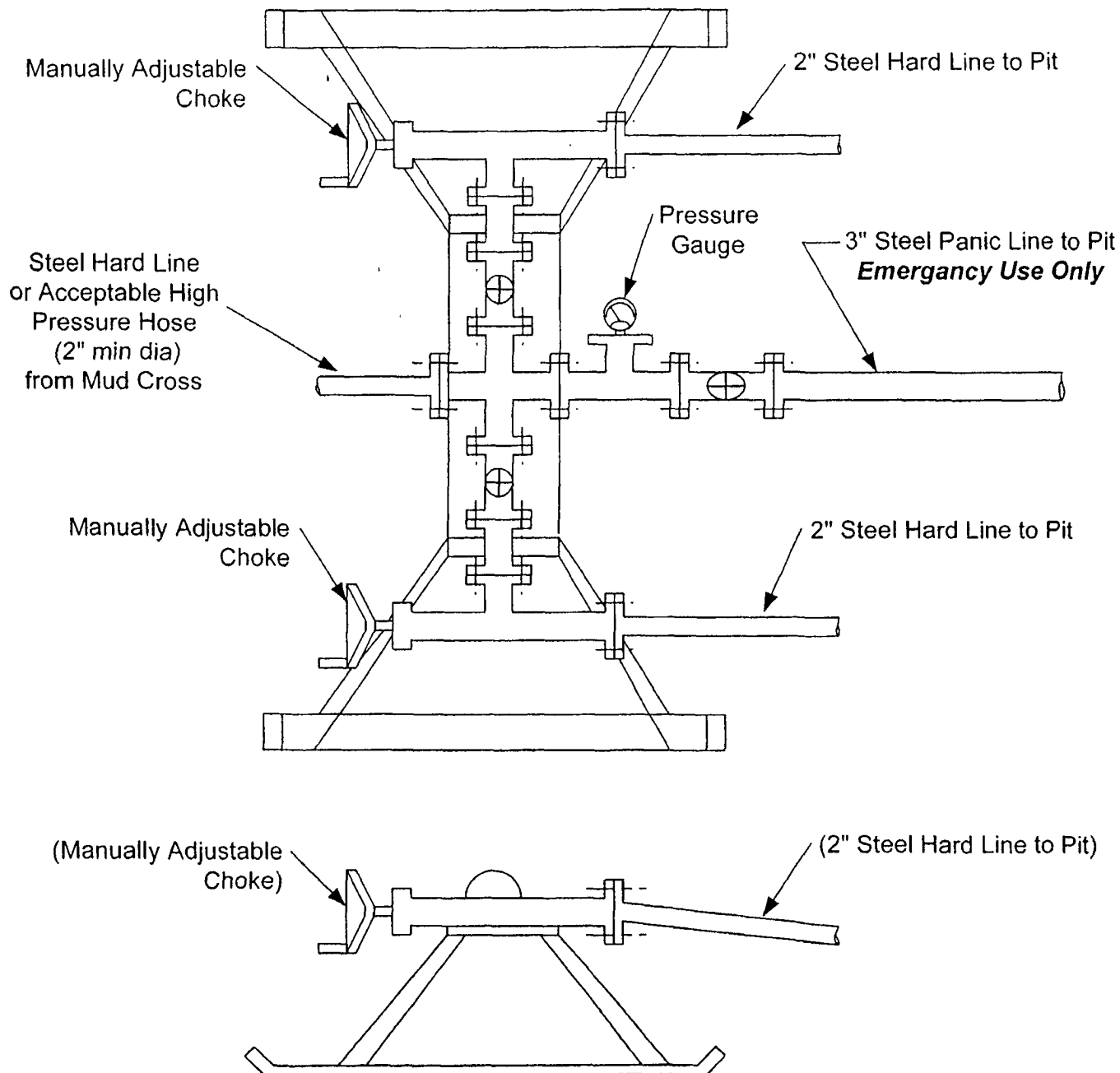
BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE



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



DRILLING CONDITIONS OF APPROVAL

Operator: XTO Energy
Lease No.: NMNM-03554
Well Name: Breech C #323F
Well Location: Sec.14, T26N, R6W; 1945' FSL & 1945' FEL

- 1) As a requirement, approximately 200ft of 5.5" 17lb/ft J-55 casing must be integrated in the production casing design to meet the minimum collapse design factor of 1.125.