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Form 3160-3
(April 2004)

DEC 27 2010

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Farmington Field Office
Bureau of Land Management
Lease Serial No. NM-03551

APPLICATION FOR PERMIT TO DRILL OR REENTER

REC'D JUN 10 11
BLM CONS. DIV.
DIST. 3

1a. Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name N/A
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		7. If Unit or CA Agreement, Name and No N/A
2. Name of Operator XTO Energy Inc.		8. Lease Name and Well No. BREECH E #89F
3a. Address 382 CR 3100 Aztec, NM 87410		9. API Well No. 30-045-039-31002
3b. Phone No. (include area code) 505/ 333-3100		10. Field and Pool, or Exploratory Basin DK/Blanco MV/Blanco TO
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 880' FNL x 1140' FWL At proposed prod. zone Same		11. Sec., T R. M or Blk and Survey or Area (D) Sec 3, T26N, R6W
14. Distance in miles and direction from nearest town or post office* 31.8 miles SE of Bloomfield P.O.		12. County or Parish RIO ARRIBA
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drng unit line, if any) 880'		13. State NM
16. No of acres in lease 2241.44	17. Spacing Unit dedicated to this well w/a #2 320.25	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 186'	19. Proposed Depth 7650'	20. BLM/BIA Bond No. on file UTB000138
21. Elevations (Show whether DF, KDB, RT, GL, etc) 6593' Ground Elevation	22. Approximate date work will start* 01/31/2011	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 |

25. Signature <i>Malia Villers</i>	Name (Printed/Typed) Malia Villers	Date 12/22/10
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Title Permitting Tech.		
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Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 6/6/11
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Title AFM	Office FFO	
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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 USC Section 1001 and Title 43 USC 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)

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

JUN 22 2011

NMOCD

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

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".

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

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OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
DEC 27 2010

Form C-102
Revised October 12, 2005

State Lease - 4 Copies
Fee Lease - 3 Copies

Farmington Field Office
Bureau of Land Management AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31002	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 304753	⁵ Property Name BREECH E	
⁷ DGRID No. 5380	⁸ Operator Name XTO ENERGY INC.	⁶ Well Number 89F ⁹ Elevation 6593'

¹⁰ Surface Location

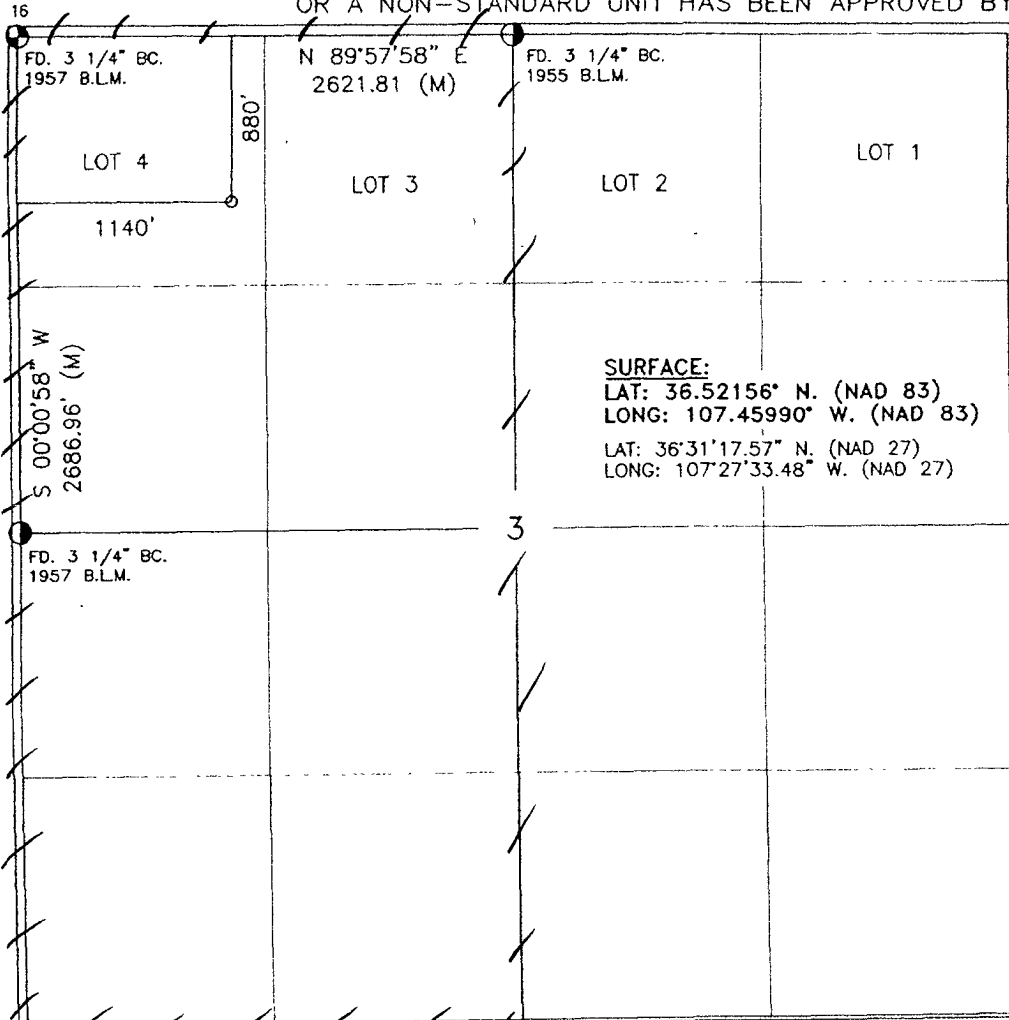
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	26-N	6-W	4	880	NORTH	1140	WEST	RIO ARRIBA

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
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¹² Dedicated Acres w/2 320.25	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, 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.

Malia Villers 12/22/10
Signature Date

Malia Villers
Printed Name

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 & belief.

JUNE 10, 2009
Date of Survey

Roy A. RUSH
Signature and Seal of Professional Surveyor

ROY A. RUSH
REGISTERED PROFESSIONAL LAND SURVEYOR
038894
03-09

Certificate Number

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

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Farmington Field Office
Bureau of Land Management

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31002		² Pool Code 72319		³ Pool Name Blanco Mesaverde	
⁴ Property Code 304753		⁵ Property Name BREECH E			⁶ Well Number 89F
⁷ GRID No. 538D		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 6593'

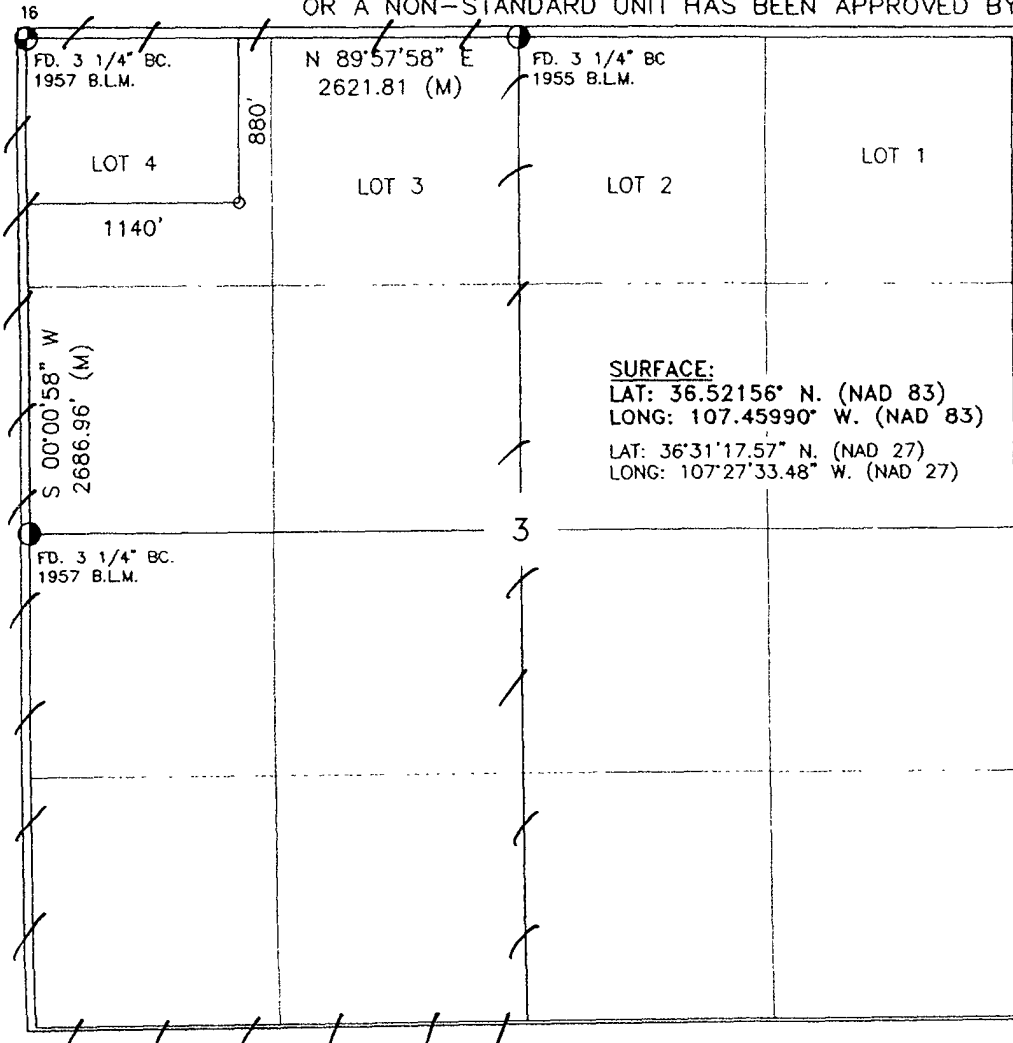
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Signature Date

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Printed Name

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JUNE 10, 2009
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

[Seal: RUSH, NEW MEXICO, PROFESSIONAL LAND SURVEYOR, 08894, 03-09]

Certificate Number

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31002		² Pool Code 06460		³ Pool Name South Blanco Tocito	
⁴ Property Code 304753		⁵ Property Name BREECH E			⁶ Well Number 89F
⁷ OGRID No. 5380		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 6593'

¹⁰ Surface Location

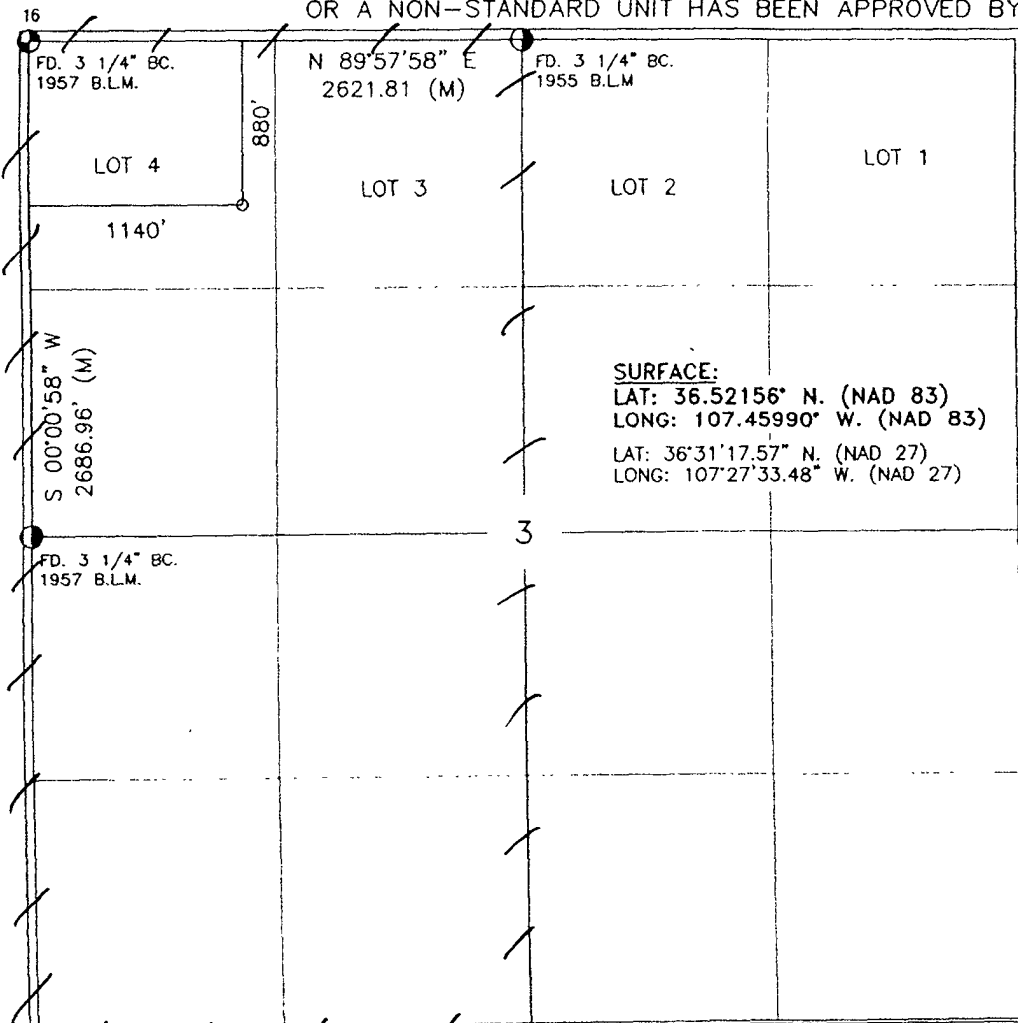
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	26-N	6-W		880	NORTH	1140	WEST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

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Malia Villers 12/22/10
Signature Date

Malia Villers
Printed Name

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 & belief.

JUNE 30, 2009
Date of Survey

[Signature]
Signature and Seal of Registered Professional Surveyor

NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYORS
038894
03-09

Certificate Number

XTO ENERGY INC.

Breech E-89F

APD Data

December 20, 2010

Location: 880' FNL x 1140' FWL Sec 3, T26N, R6W

County: Rio Arriba

State: New Mexico

GREATEST PROJECTED TD: 7650'

OBJECTIVE: Basin Dakota / Tocito / Mesaverde

APPROX GR ELEV: 6593'

Est KB ELEV: 6505' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 7650'
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	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: 8.625" 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 ($\pm 7650'$) in 7.875" hole filled with 9.80 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'-7650	7650'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.04	1.23	1.70

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 (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.

260 sx of Type V cement (or equivalent) typically containing accelerator and LCM, mixed at 15.8 ppg, 1.17 ft³/sk, & 5.01 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 $\pm 7650'$ in 7.875" hole. DV Tools set @ $\pm 6360'$ and @ $\pm 3275'$.

1st Stage

LEAD:

± 60 sx of Type V (or equivalent) typically containing dispersant, fluid loss additives, accelerator, & LCM mixed at 12.3 ppg, 2.36 ft³/sk, 12.95 gal wtr/sx.

TAIL:

100 sx Type V or Class 'G' cement typically containing accelerator, LCM, dispersant, & fluid loss additives mixed at 13.5 ppg, 1.81 cuft/sx, 8.85 gal/sx.

2nd Stage

LEAD:

± 245 sx of Type V (or equivalent) typically containing dispersant, fluid loss additives, accelerator, & LCM mixed at 12.3 ppg, 2.36 ft³/sk, 12.95 gal wtr/sx.

TAIL:

100 sx Type V or Class 'G' cement typically containing accelerator, LCM, dispersant, & fluid loss additives mixed at 13.5 ppg, 1.81 cuft/sx, 8.85 gal/sx.

3rd Stage:

LEAD:

± 260 sx of Type V (or equivalent) typically containing dispersant, fluid loss additives, accelerator, & LCM mixed at 12.3 ppg, 2.36 ft³/sk, 12.95 gal wtr/sx.

TAIL:

100 sx Type V or Class 'G' cement typically containing accelerator, LCM, dispersant, & fluid loss additives mixed at 13.5 ppg, 1.81 cuft/sx, 8.85 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 1876 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 (7650') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7650') to +/- 2500'.

6. FORMATION TOPS:

Est. KB Elevation: 6605'

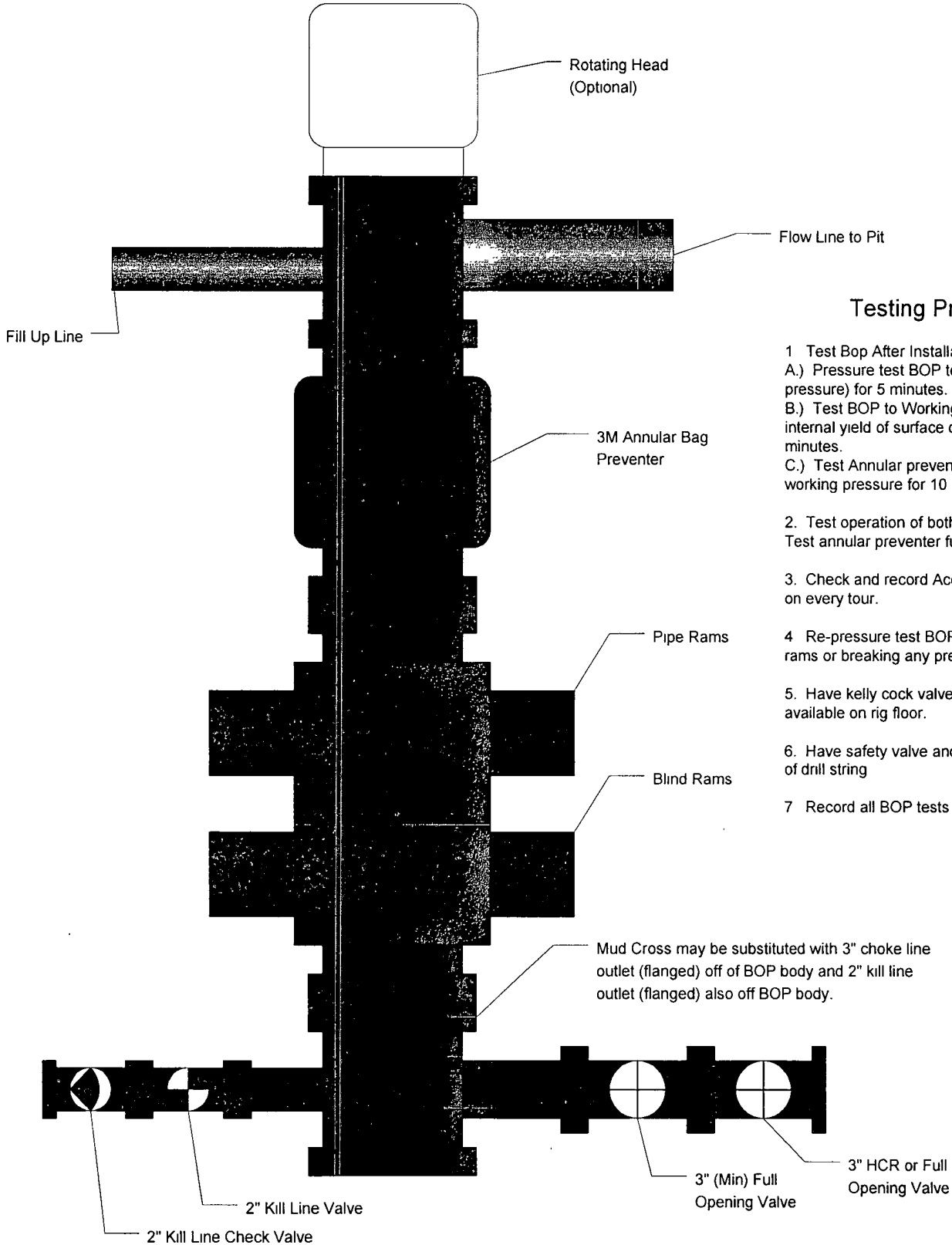
FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Nacimiento	5161	1,444	Gallup	188	6,417
Ojo Alamo SS	4180	2,425	Greenhorn	-613	7,218
Kirtland Shale	4005	2,600	Graneros	-678	7,283
Fruitland Formation	3877	2,728	Dakota 1	-705	7,310
Lower Fruitland Coal	3546	3,059	Dakota 2	-754	7,359
Pictured Cliffs SS	3521	3,084	Dakota 3	-797	7,402
Lewis Shale	3386	3,219	Dakota 4	-833	7,438
Chacra SS	2614	3,991	Dakota 5	-870	7,475
Cliffhouse SS	1850	4,755	Dakota 6	-911	7,516
Menefee	1762	4,843	Burro Canyon	-968	7,573
Point Lookout SS	1307	5,298	Morrison	-1005	7,610
Mancos Shale	920	5,685	TD	-1045	7650

**** Maximum anticipated BHP should be <2,500 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
12/20/10



Testing Procedure

- 1 Test Bop After Installation
 - A.) Pressure test BOP to 200-300 psig (low pressure) for 5 minutes.
 - B.) Test BOP to Working pressure or 70% internal yield of surface casing for 10 minutes.
 - C.) Test Annular preventer to 50% of working pressure for 10 minutes.
2. Test operation of both rams on each trip. Test annular preventer function weekly
3. Check and record Accumulator pressure on every tour.
- 4 Re-pressure test BOP after changing rams or breaking any pressure tested seal.
5. Have kelly cock valve with handle available on rig floor.
6. Have safety valve and subs to fit all sizes of drill string
- 7 Record all BOP tests in IADC book

XTO Energy

3M Choke
Manifold

