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Form 3160-3
(April 2004)

JAN 10 2011

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.
NMNM-03553

APPLICATION FOR PERMIT TO DRILL OR REENTER

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 D #685F	
3a. Address 382 CR 3100 Aztec, NM 87410		9. API Well No. 30-043-039-31015	
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 1827' FSL x 1910' FWL At proposed prod zone Same		11. Sec, T R M or Blk. and Survey or Area (K) Sec 11, T26N, R6W	
14. Distance in miles and direction from nearest town or post office* 33.7 miles SE of Bloomfield P.O.		12. County or Parish RIO ARRIBA	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any) 1827'	16. No of acres in lease 1920	17. Spacing Unit dedicated to this well S/2 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 928'	19. Proposed Depth 7600'	20. BLM/BIA Bond No on file UTB000138	
21. Elevations (Show whether DF, KDB, RT, GL, etc) 6527' Ground Elevation	22. Approximate date work will start* 01/31/2011	23. Estimated duration 2 Weeks	

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.6

24. Attachments

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

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 1/7/11
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Title
Permitting Tech.

Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 6/7/11
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Title AFM	Office FFO
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Application approval does not warrant of 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

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

JUN 22 2011

NMOCD

RCVD JUN 10 11
OIL CONS. DIV.
051.3

RECEIVED

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

DISTRICT II
1301 W Grand Ave., Artesio, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 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
Farmington Field Office
Bureau of Land Management

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-31015		2 Pool Code 71599		3 Pool Name Basin Dakota	
4 Property Code 304752		5 Property Name BREECH D			6 Well Number 685F
7 OGRID No 5380		8 Operator Name XIO ENERGY INC			9 Elevation 6527'

10 Surface Location

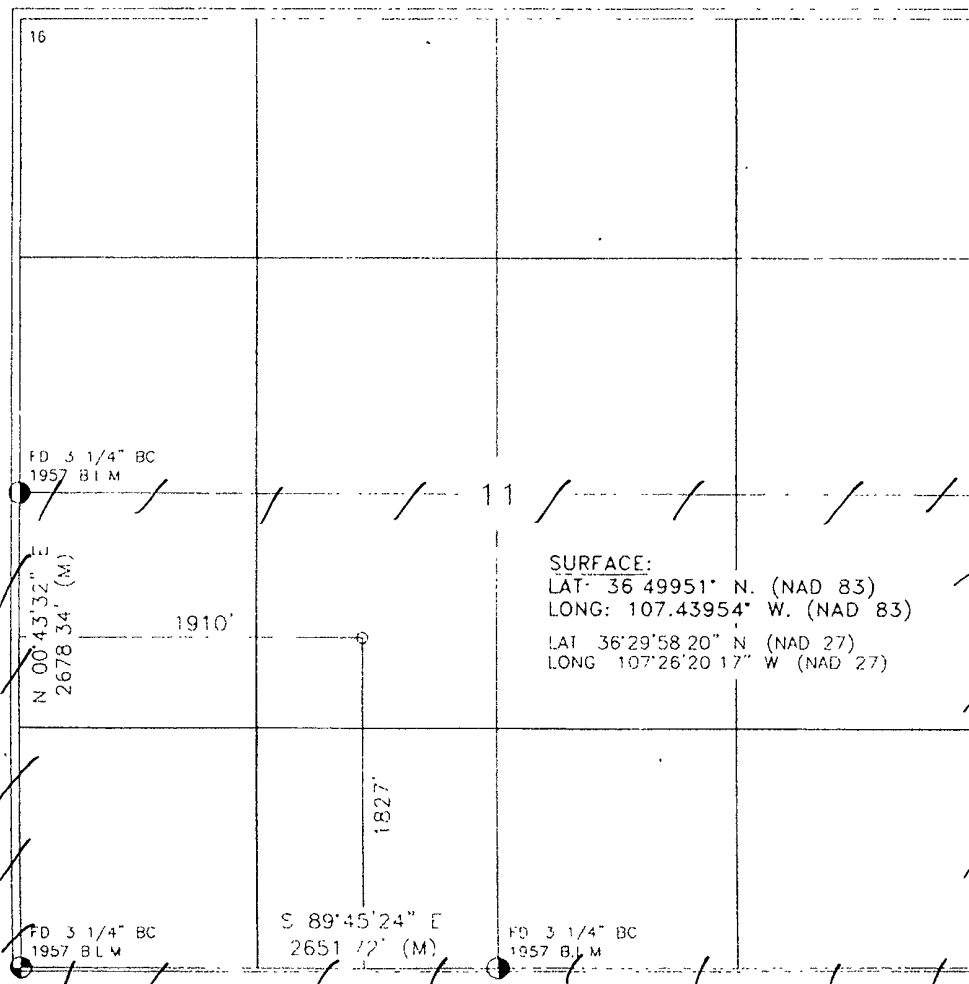
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	11	26--N	6--W		1827	SOUTH	1910	WEST	RIO ARRIBA

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

12 Dedicated Acres S/2 320		13 Joint or Infill		14 Consolidation Code		15 Order No	
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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

Maria Villers 1/7/11
Signature Date

Maria Villers
Printed Name

8 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

APR 12 2011
Date of Survey
Signature and Seal of Surveyor
06-09
08-09
Certificate Number

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

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1301 W Grand Ave., Artesia, NM 88210

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31015		² Pool Code 72319	³ Pool Name Blanco mesaverde
⁴ Property Code 304752	⁵ Property Name BREECH D		⁶ Well Number 685F
⁷ OCRID No 5380	⁸ Operator Name XTO ENERGY INC		⁹ Elevation 6527'

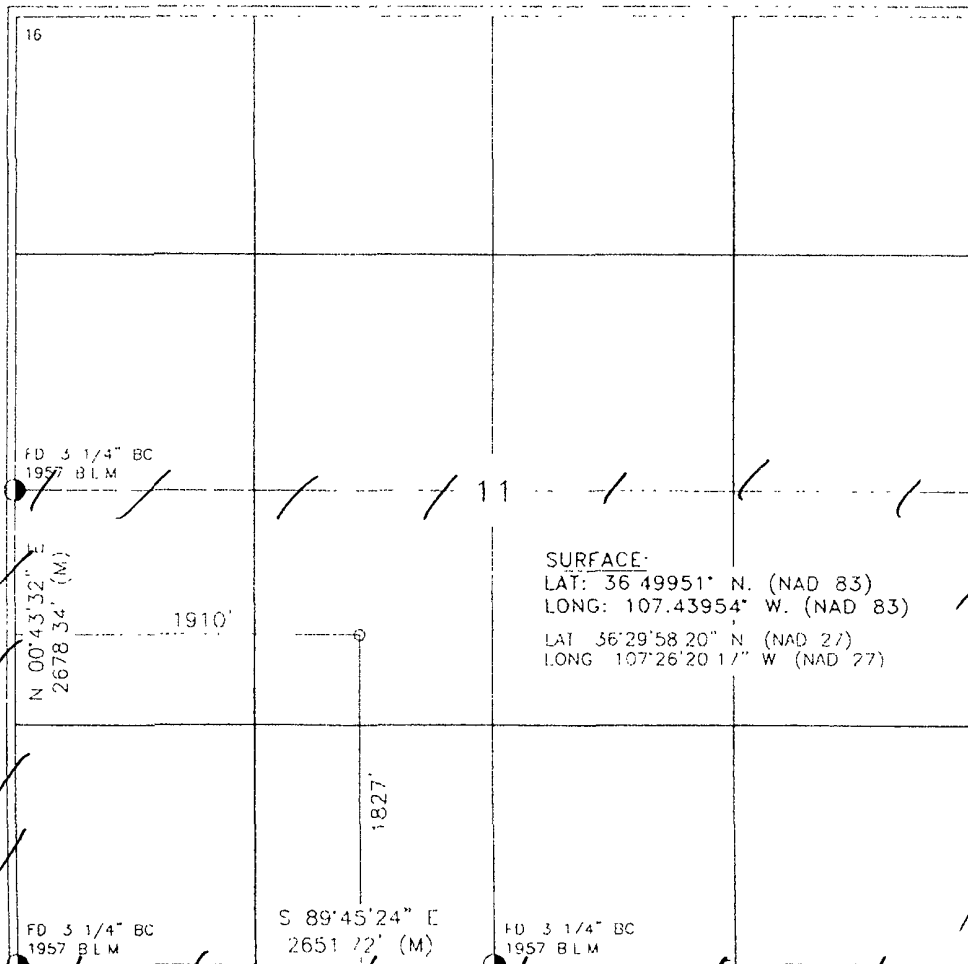
¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	11	26--N	6--W		1827	SOUTH	1910	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
¹² Dedicated Acres 512 320			¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No		

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maia villers 11/7/11
Signature Date

maia villers
Printed Name

¹⁸ SURVEYOR CERTIFICATION

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APR 20 2011
Date of Survey
Signature and Seal of Surveyor
NEW MEXICO
PROFESSIONAL LAND SURVEYOR
8894

Certificate Number

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

DISTRICT II
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DISTRICT III
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Bureau of Land Management

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30039-31015		² Pool Code 06416D		³ Pool Name South Blanca Tacito	
⁴ Property Code 304752		⁵ Property Name BRECH D		⁶ Well Number 685F	
⁷ OGRID No 5380		⁸ Operator Name XTO ENERGY INC		⁹ Elevation 6527'	

¹⁰ Surface Location

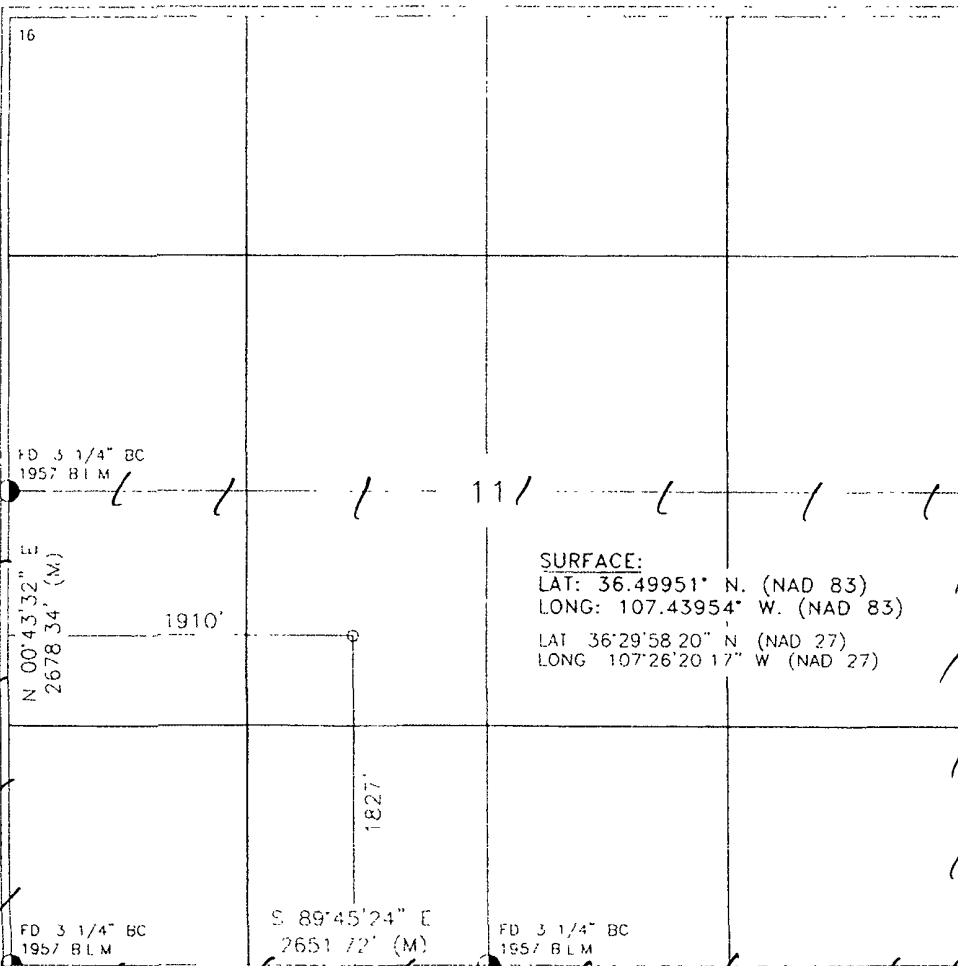
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	11	26-N	6-W		1827	SOUTH	1910	WEST	RIO ARriba

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

¹² Dedicated Acres 512 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No
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Maria Villers 1/7/11
Signature Date

Maria 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

APR 10 2011
Date of Survey
Signature and Seal of Surveyor
Professional Land Surveyor
Certificate Number

XTO ENERGY INC.

Breech D #685F

APD Data

January 7, 2011

Location: 1827' FSL x 1910' FWL Sec 11, T26N, R6W County: Rio Arriba

State: New Mexico

GREATEST PROJECTED TD: 7600'

OBJECTIVE: Basin Dakota / Tocito / Mesaverde

APPROX GR ELEV: 6527'

Est KB ELEV: 6539' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 7600'
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 ($\pm 7600'$) 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'-7600'	7600'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.11	1.32	1.71

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.

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 $\pm 7600'$ in 7.875" hole. DV Tools set @ $\pm 6250'$ and @ $\pm 3200'$.

1st Stage

LEAD:

± 65 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:

± 240 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:

± 255 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 1865 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 (7600') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7600') to 3,000'.

6. FORMATION TOPS:

Est. KB Elevation: 6539'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Nacimiento	5237	1,302	Gallup	234	6,305
Ojo Alamo SS	4047	2,492	Greenhorn	-566	7,105
Kirtland Shale	6539	2508	Graneros	-619	7,158
Fruitland Formation	3929	2,610	Dakota 1	-654	7,193
Lower Fruitland Coal	3576	2,963	Dakota 2	-699	7,238
Pictured Cliffs SS	3558	2,981	Dakota 3	-749	7,288
Lewis Shale	3411	3,128	Dakota 4	-784	7,323
Chacra SS	2663	3,876	Dakota 5	-817	7,356
Cliffhouse SS	1882	4,657	Dakota 6	-852	7,391
Menefee	1833	4,706	Burro Canyon	-902	7,441
Point Lookout SS	1340	5,199	Morrison	-954	7,493
Mancos Shale	969	5,570	TD	-1061	7600

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

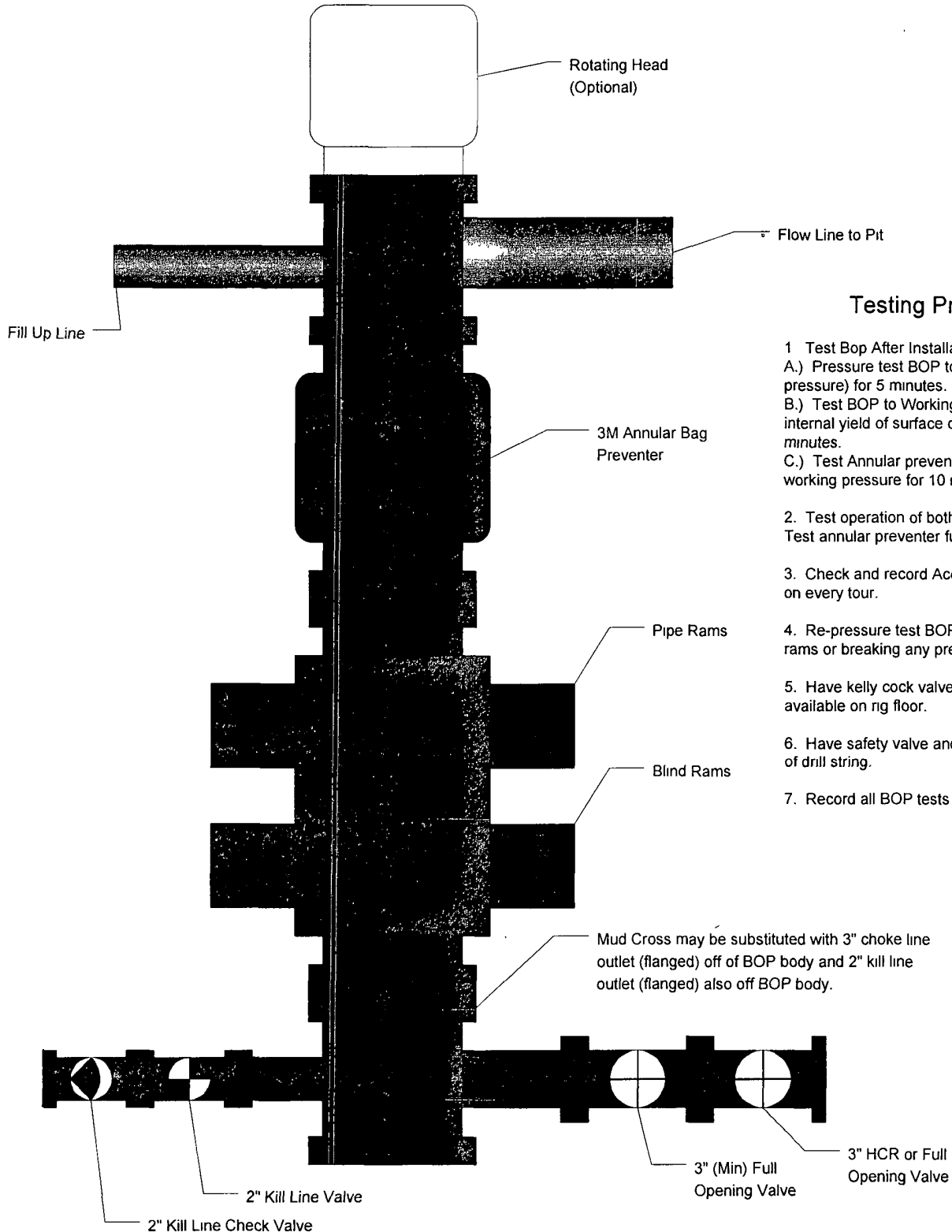
7. COMPANY PERSONNEL:

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
1/7/11

XTO Energy

3M BOP Stack



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

