

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

5. Lease Serial No.
122-IND-2772

6. If Indian, Allottee or Tribe Name
Ute Mountain Ute

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Ute Mountain Ute #113

9. API Well No.
30-045-35317

10. Field and Pool, or Exploratory
Baker Creek-Dakota

11. Sec., T. R. M. or Blk. and Survey or Area
Sec 22-T32N-R14W

12. County or Parish
San Juan

13. State
NM

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator Huntington Energy, L.L.C.

3a. Address 908 N.W. 71st St.
Oklahoma City, OK 73116

3b. Phone No. (include area code)
405-840-9876

4. Location of Well (Report location clearly and in accordance with any State requirements *)
At surface Lot E, 1393' FNL & 901' FWL
At proposed prod zone same as above

14. Distance in miles and direction from nearest town or post office*
5 miles to La Plata

15. Distance from proposed* location to nearest property or lease line, ft.
(Also to nearest drig. unit line, if any)
901'

16. No. of acres in lease
8400 ac

17. Spacing Unit dedicated to this well
160' 320' OK RCVD OCT 31 '11

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft

19. Proposed Depth
2900'

20. BLM/BIA Bond No. on file
BOK04SDF02064 OIL CONS. DIV.

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6287' GL

22. Approximate date work will start*

23. Estimated duration
DIST. 3

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office)
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature *Catherine Smith*

Name (Printed/Typed)
Catherine Smith

Date
04/18/2011

Title
Regulatory

APPROVED FOR A PERIOD
NOT TO EXCEED 2 YEARS

Approved by (Signature) */s/ BRAD DODD*

Name (Printed/Typed)

Date
OCT 27 2011

Title
Associate Field Manager

Office
Tres Rios Field Office

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.

(Continued on page 2)

*(Instructions on page 2)

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto...

Venting / Flaring approved for 30 days
per NTL-4A

SEE ATTACHED
CONDITIONS OF APPROVAL

NOV 07 2011

A/

MMOCD

RECEIVED

APR 23 2011

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SALT LAKE CITY, UTAH

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

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

Form C-102
Revised July, 16, 2010
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35317	² Pool Code 71520	³ Pool Name Barker Creek-Dakota
⁴ Property Code 306894	⁵ Property Name UTE MOUNTAIN UTE	⁶ Well Number 113
⁷ DGRID No. 208706	⁸ Operator Name HUNTINGTON ENERGY, LLC	⁹ Elevation 6287'

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
E	22	32-N	14-W		1393	NORTH	901	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 NW - 160					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

FD. 3 1/4" AC. 1986 B.L.M.	S 89°58'56" E 2642.07 (M)	FD. 3 1/4" AC. 1986 B.L.M.
1393'		
901'		
S 00°00'54" E 2639.96' (M)	SURFACE: LAT: 36.97687° N. (NAD 83) LONG: 108.30240° W. (NAD 83)	
FD. 3 1/4" AC. 1986 B.L.M.	22	
RECEIVED JUN ' 9 2011 Bureau of Land Management Durango, Colorado		

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.

Catherine Smith 4/18/11
Signature Date

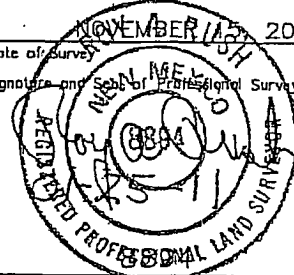
Catherine Smith
Printed Name

csmith@huntingtonenergy.co
E-mail Address

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.

NOVEMBER 15, 2010
Date of Survey
Signature and Seal of Professional Surveyor:



Certificate Number

OPERATIONS PLAN - REVISED 6/8/11

Well Name: Ute Mountain Ute #113
Location: 1393' FNL, 901' FWL, SWNW, Sec 22, T-32-N, R-14-W NMPM
San Juan Co., New Mexico
Formation: Basin Dakota
Elevation: 6287' GR 6300' KB

<u>Formation Tops:</u>	<u>Top</u>	<u>Bottom</u>	<u>Contents</u>
Menefee	Surf	460'	
Mancos	460'	2220'	gas
Greenhorn	2220'	2280'	
Graneros	2280'	2350'	
Dakota	2350'	2555'	gas or water
Encinal	2555'	2585'	gas
Morrison	2585'	2900'	gas
TD	2900'		

Logging Program:

Mud log – 350' to TD
Open hole logs – AIT/GR/SP/CNL/LDT Surface Casing to TD
Cased hole logs – CBL/GR – TD to surface
Cores & DST's – none

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0 – 350'	Spud	8.4-9.0	40-50	no control
350' - 2900'	Clean Faze	8.4-9.0	32-40	≤10 cc

Pit levels will be visually monitored to detect gain or loss of fluid control.

Casing Program (as listed, the equivalent, or better):

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0 – 350' 500'	8 5/8"	24#	J-55
7 7/8"	350 – 2900'	4 1/2"	10.5#	J-55

Tubing Program:

0 – 2900'	2 3/8"	4.7#	J-55
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BOP Specifications, Wellhead and Tests:

Surface to TD –

11" 2000 psi minimum double gate BOP stack (Reference Figure 1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

2" nominal, 2000 psi minimum choke manifold. (Reference Figure 2).

Completion Operations:

7 1/16" 3000 psi double gate BOP stack (Reference Figure #1). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

Dakota and Mancos formations will be perforated and flow tested. If commercial rates, no stimulation required. If needed, 15% HCL Acid breakdown will be performed and zones tested. If needed, a 70 quality foam frac with 20/40 mesh proppant will be performed to enhance production.

Float Equipment:

8 5/8" surface casing – guide shoe.

Centralizers will be run in accordance with Onshore Order #2.

4 1/2" production casing – guide shoe and self-fill float collar. Standard centralizers run every other joint above shoe. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

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Bureau of Land Management
Durango, Colorado

Wellhead:

8 5/8" x 4 1/2" x 2 3/4" x 5000 psi tree assembly.

General:

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All BOP tests and drills will be recorded in the daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

8 5/8" surface casing –

Cement to surface w/250 sx Premium cement 2% Calcium Chloride and 1/4# Flocele (293 cu. ft. of slurry). WOC 8 hours before pressure testing or drilling out from under surface casing.

4 1/2" production Casing -

Lead with 286 sx San Juan PRB-2, 5# Gil/sk + .25#/sk Superflake (641 cu ft of slurry – est top of cement: surface). Tail w/200 sx San Juan PRB-2, 5# Gil/sk + .25#/sk Superflake (398 cu ft of slurry – est top of tail cement: 2300').

Note: 50% excess cement will be used unless open hole logs are run, then 25% excess cement over caliper will be pumped. Cement will be circulated to surface.

Float guide shoe/float collar ran on bottom jt. Bowspring centralizers will be run in accordance with Onshore Order #2.

- If hole conditions permit, an adequate water space will be pumped ahead of each cement job to prevent cement/mud contamination or cement hydration.

Additional Information:

- The Dakota formation will be completed. If non-commercial, the Mancos will be secondary objectives.
- No abnormal temperatures or hazards are anticipated. H2S is not anticipated.
- Anticipated pore pressure for the Dakota is 750 psi. Maximum bottom hole pressure at TD is 1150 psi. (Maximum expected pressure: This represents normal pressure gradients for the Morrison and Dakota Formation in this area.)
Offset Well Pressure Data:
Ute Mountain Ute #82 (south offset): Depth: 2546'. SI psi: 725; Natural completion. No fluid in the hole. Morrison Completion.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered.
- The northwest quarter of Section 22 is dedicated to this well. This gas is dedicated.

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Bureau of Land Management
Durango, Colorado

HALLIBURTON

Cement Test Report
Farmington District Laboratory
4109 E. Main
Farmington, NM 87499

To: Randy Snyder
Halliburton Energy Services

Company: Slurry Book

Report: FLMM65810A
Date:

Total Vertical Depth: 330 ft
BHST: 80 °F
BHCT: 80 °F

Slurry: 15.6 Surface mixed with fresh Water

All Test performed according to modified API RP Spec 10, 1997

Thickening Time to 70 Bc:
2hr 09min

Design

Mountain G Cement
3% CaCl₂
¼ #/sk Flocele

Production Cement

Density:	15.6	lb/gal
Yield:	1.2	ft ³ /sk
Water	5.27	gal/sk

Compressive Str @ 80F

Hr:Min	psi
2:10	50
3:41	500
6:25	1500
12:00	2415

Deidra Benally
Lab Technician

Note: This report is for information and the content is limited to the sample described. Halliburton Energy Services makes no warranties, express or implied, as to the accuracy of the contents or results. Any user of this report agrees Halliburton shall not be liable for any loss or damage, regardless of cause, including any act or omission of Halliburton, resulting from the use hereof.

HALLIBURTON

Cement Test Report
Farmington District Laboratory
4109 E. Main
Farmington, NM 87499

Halliburton Energy Services

Report: FLMM5000

Total Vertical Depth: 3000 ft
BHST: 115 °F
BHCT: 80 °F

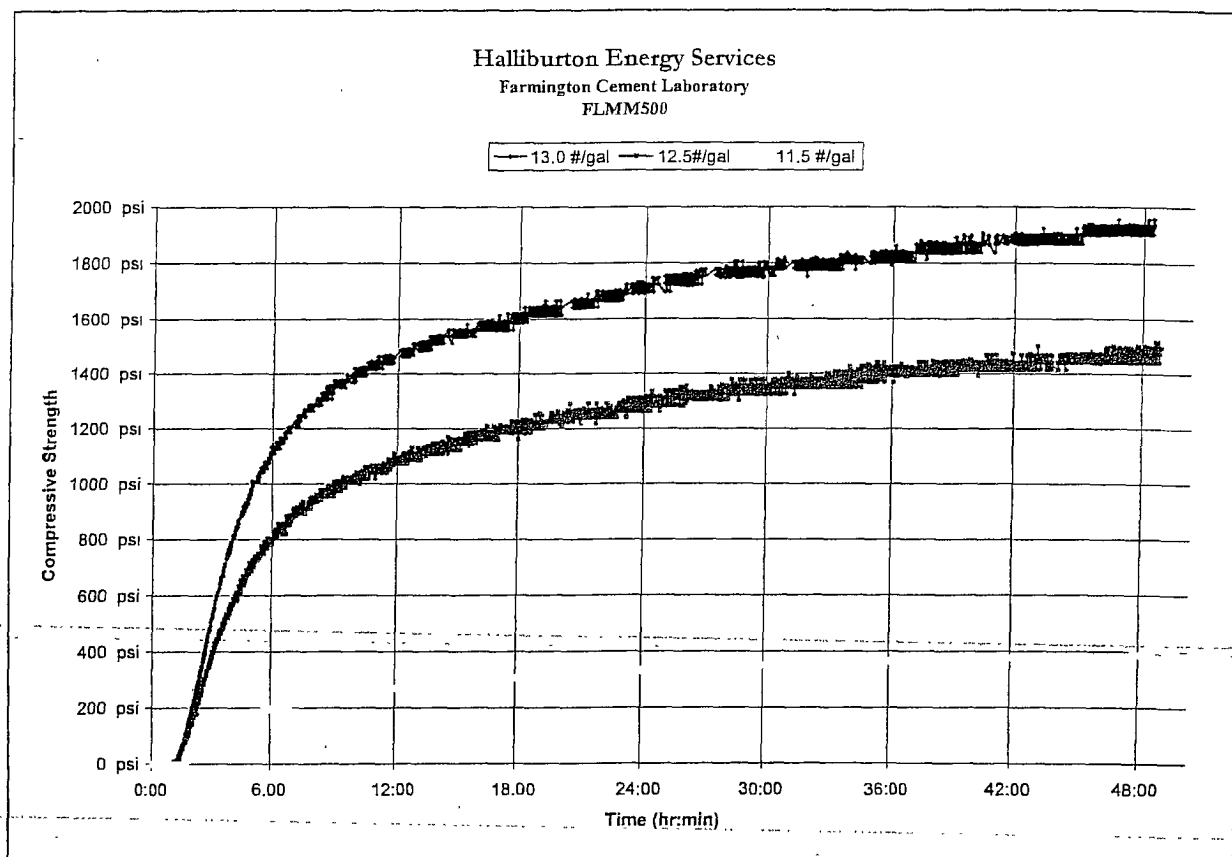
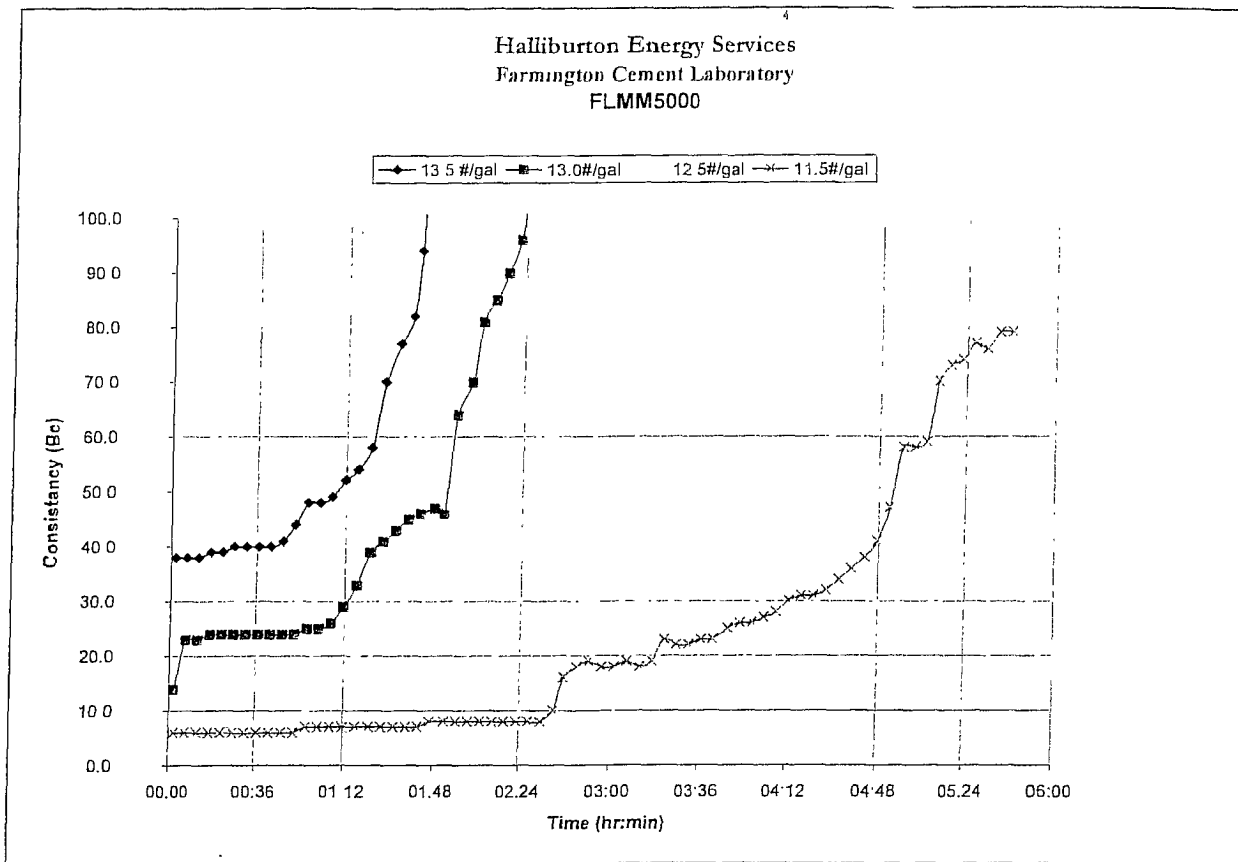
Slurry: San Juan PRB II, 2/10 % D-Air 3000, 5#/sk Gilsonite, 1/8 #/sk Poly-E-Flake

All Test performed according to modified API RP Spec 10, 1997

<u>Density</u>	<u>Yield</u>	<u>Water</u>	<u>Thickening Time</u>	<u>Free Water</u>	<u>Settling</u>	<u>Rheology</u>	<u>Compressive Strength</u>
lb/gal	ft ³ /sk	gal/sk	to 70 Bc			at 100°F	psi Time
12.5	2.24	12.10	2 hr: 53 min	0%	0%	300 67	500 3 hr 46 min
						200 60	1085 12 hr
						100 51	1268 24 hr
						60 47	36 hr
						PV 26	48 hr
						YP 45	

<u>Density</u>	<u>Yield</u>	<u>Water</u>	<u>Thickening Time</u>	<u>Free Water</u>	<u>Settling</u>	<u>Rheology</u>	<u>Compressive Strength</u>
lb/gal	ft ³ /sk	gal/sk	to 70 Bc:			at 100 °F	psi Time
13.0	2.00	10.29	2 hr: 02 min	0%	0%	300 99	500 3 hr
						200 92	1477 12 hr
						100 84	1722 24 hr
						60 81	1837 36 hr
						PV 28	48 hr
						YP 77	

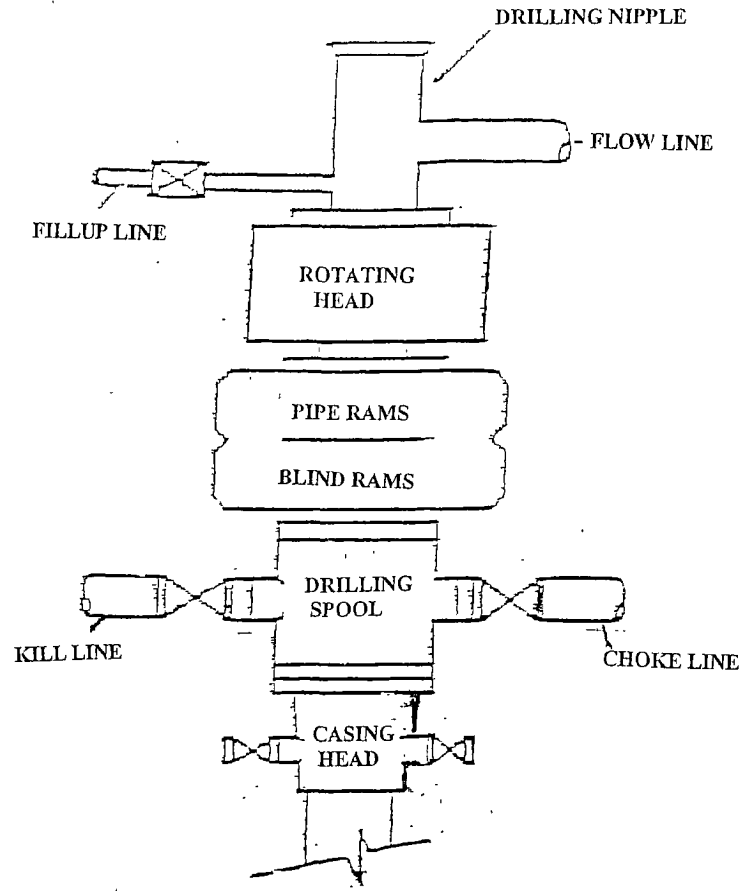
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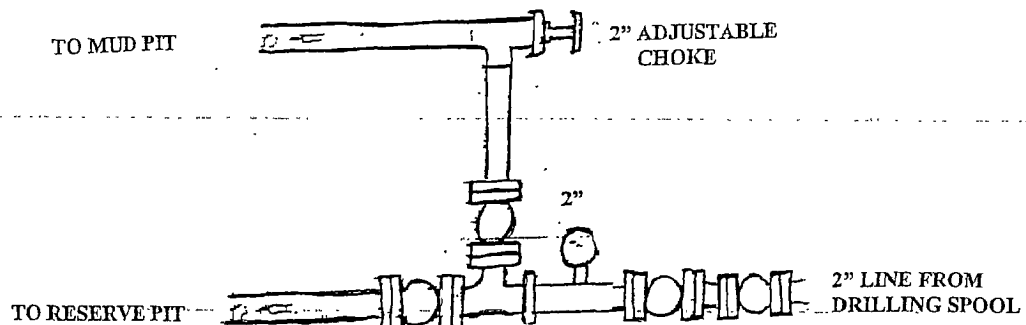
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HUNTINGTON ENERGY, L.L.C.
UTE MOUNTAIN UTE
SAN JUAN CO., NM

BOP STACK 2000 PSI



CHOKE MANIFOLD



Huntington Energy, LLC
Tribal Lease: I-22-IND-2772
Well: Ute Mountain Ute # 113
Location: 1393' FNL & 901' FWL
Sec. 22, T. 32 N., R. 14 W.
San Juan County, New Mexico

3160

The Surface Casing must be set at a minimum depth of 500' MD/TVD.

Conditions of Approval - Drilling Plan:

1. Notify this office at least **3 days** prior to:

- a. spudding the well
- b. running casing strings and cementing
- c. BOP tests
- d. Drill Stem Testing

For the above procedures, Operators must talk to BLM personnel directly. Do not leave messages on answering machines.

- 2. All BOP tests will be performed with a test plug in place. BOP will be tested to full stack working pressure and annular preventer to 50% maximum stack working pressure. All accumulators will be function tested as per Onshore Order #2. All 2M or greater systems require **adjustable** chokes as per Onshore Order #2.
- 3. No additional zones will be commingled without UMU Tribal and BLM approval.
- 4. If a BLM Inspector is not present during the initial BOP test, please provide chart record.
- 5. Submit copies of all logs to this office both paper and in Log ASCII Standard (LAS) format.

Continued on Page 2.

6. If any operations are to start over the weekend, notify this office by noon Friday. If any problems arise after hours or on weekends, call BLM personnel using the home phone numbers listed on the following 'INFORMATIONAL NOTICE - APD's'. Do not leave messages on answering machines.

7. The BLM must witness the topping-off of the Surface Casing Cement

8. A CBL is required if cement is not circulated to the surface on either casing string. BLM verbal approval will be required prior to squeezing.

9. The tops of all major identifiable geologic units (formations) from surface to TD will be logged and recorded.

10. Stabilized bottomhole pressure measurements and flowrates must be collected and submitted to the BLM. This data may be confidential and the operator may so specify upon submittal to the BLM.

11. Please provide the following information if possible. All tests and operations on any well on subject lands shall be conducted at Operator's sole discretion.

All Wire Line Logs - Fields & Final Print (Electrical, Radioactive, Sonic, Velocity, Cement Bond, Temperature, etc with digitized and log analysis).

Drill Stem Tests - Field and Final Reports.

Core Analysis - Field and Final Reports.

Mud Log - Final Report.

Structure and Isopach Maps.

Location (Surveyors) Plat.

Application to Drill (Drilling Permit).

Daily Drilling Reports, Daily Work Over Reports and Final Drilling Report Summary.

Directional Survey.

Continued on page 3.

Geological Summary Report.

Completion Report.

Production Tests (All Production Tests during Completion, AOF, Potential, GOR, etc).

30 Day Well Production Test Record

Bottom Hole Pressure Surveys including build up tests.

Shut in Surface Pressure Surveys.

Gas, Oil and Water Analyses.

State and/or BLM Completion Reports.

State and/or BLM and/or MMS Monthly Production and OGOR Reports.

Additional Governmental Permits and Reports.

Drilling Contracts.

Operating Agreements.

Oil and Gas Sales Contracts.

Plug and Abandon Reports.

Monthly, Gas and/or Plant Products Purchasing Statements.

Sundry Notices to the BLM.

Well Bore Profiles.

Division Orders/Title Opinions.

AFEs.

Final Drill and Completion Costs.

Other well file information as requested by the Tribal Department of Energy.