

RECEIVED

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOV 26 2011

APPLICATION FOR PERMIT TO DRILL OR REENTER

Alamogordo Field
Bureau of Land Management

1a. Type of work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NMNM-032325
1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name NAVAJO NATION (SURFACE)
2. Name of Operator XTO ENERGY, INC.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 382 ROAD 3100 AZTC, NM 87410		8. Lease Name and Well No. O'KELLEY #1H
3b. Phone No. (include area code) 505 333-3159		9. API Well No. 30-045- 35219
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1650' FNL & 1335' FEL At proposed prod. zone 700' FSL & 700' FEL		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL (GAS)
11. Sec., T. R. M. or Blk and Survey or Area SWNE 8-27N-12W NMMP		12. County or Parish SAN JUAN
13. State NM		
14. Distance in miles and direction from nearest town or post office* 10 AIR MILES SW OF BLOOMFIELD, NM	16. No. of acres in lease 240 160	17. Spacing Unit dedicated to this well E2 (= 320 ACRES)
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drng. unit line, if any) 700'	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 744' (a PC well)	20. BLM/BIA Bond No. on file BLM NATIONWIDE UTB-000138
19. Proposed Depth 3,926' MD	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,729' UNGRADED	22. Approximate date work will start* 03/01/2011
23. Estimated duration 3 WEEKS		

24. Attachments

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

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

RCVD SEP 20 '11

OIL CONS. DIV.
DIST. 3

Hold C104

for Directional Survey and "As Drilled" plat

25. Signature <i>B. Wood</i>	Name (Printed/Typed) BRIAN WOOD (505 466-8120)	Date 11/20/2010
Title CONSULTANT	(FAX 505 466-9682)	
Approved by (Signature) <i>D. Mankiewicz</i>	Name (Printed/Typed) AFB	Date 9/13/11
Title AFB	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.

(Continued on page 2)

Hold C104

for Directional Survey and "As Drilled" plat

*(Instructions on page 2)

NOTIFY AZTEC OCD 24 HRS.

PRIOR TO CASING & CEMENT SET ATTACHED FOR CONDITIONS OF APPROVAL

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

SEP 28 2011

NMOCD

AV

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

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

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

DISTRICT II
1301 K. 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

RECEIVED

Form C-102
Revised October 12, 2005

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87504-2083
Farmington Field Office
Bureau of Land Management

NOV 26 2010

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045- 35219	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL (GAS)
*Property Code 38398	*Property Name O'KELLEY	*Well Number 1H
*OGWD No. 5380	*Operator Name XTO ENERGY INC.	*Elevation 5729'

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
G	8	27-N	12-W		1650	NORTH	1335	EAST	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
P	8	27-N	12-W		700	SOUTH	700	EAST	SAN JUAN
Dedicated Acres 320			Joint or Infill		Consolidation Code C		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 SET 1/2" REBAR WITH YELLOW CAP L.S. 8894	N 89°56'34" W 5283.89' (M)	FD. 2 1/2" BC. 1911 G.L.O.
SURFACE: LAT: 36.59246° N. (NAD 83) LONG: 108.13056° W. (NAD 83) LAT: 36°35'32.82" N. (NAD 27) LONG: 108°07'47.76" W. (NAD 27)		1650'
8		1335'
BOTTOM HOLE: LAT: 36.58440° N. (NAD 83) LONG: 108.12838° W. (NAD 83) LAT: 36°35'03.84" N. (NAD 27) LONG: 108°07'42.18" W. (NAD 27)		S 00°04'37" E 5282.76' (M)
PRELIMINARY B.H.L. B.H.L. FOOTAGES ARE APPROXIMATE AND PROVIDED BY XTO ENERGY INC. CLIENT	700'	700'
FD. 2 1/2" BC. 1911 G.L.O.	N 89°54'53" W 5282.18' (M)	FD. 2 1/2" BC. 1911/75 G.L.O.

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 undivided 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.

Brian Wood 11-20-10
Signature Date

Printed Name BRIAN WOOD

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 and belief.

DECEMBER 9, 2008
Date of Survey

ROY A. RUSH
Signature and Seal of Professional Surveyor

NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
3894
9-10

Certificate Number

XTO Energy Inc.

Planning Report

Database:	EDM 2003.21 Single User Db	Local Co-ordinate Reference:	Well O' Kelley 1H
Company:	XTO Energy	TVD Reference:	Rig KB @ 5741.00ft (Aztec 507)
Project:	San Juan Basin (NAD 83)	MD Reference:	Rig KB @ 5741.00ft (Aztec 507)
Site:	O' Kelley 1H	North Reference:	True
Well:	O' Kelley 1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	O' Kelley 1H		
Design:	Permitted wellbore -- O'Kelley 1H		

Project	San Juan Basin (NAD 83), San Juan Co., NM		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Western Zone		

Site	O' Kelley 1H, T27N, R12W				
Site Position:		Northing:	2,035,100.30ft	Latitude:	36° 35' 32.856 N
From:	Lat/Long	Easting:	2,635,832.07ft	Longitude:	108° 7' 50.088 W
Position Uncertainty:	0.00 ft	Slot Radius:	in	Grid Convergence:	-0 18 °

Well	O' Kelley 1H, Horizontal FC					
Well Position	+N/-S	0.00 ft	Northing:	2,035,100.30 ft	Latitude:	36° 35' 32.856 N
	+E/-W	0.00 ft	Easting:	2,635,832.07 ft	Longitude:	108° 7' 50.088 W
Position Uncertainty	0.00 ft	Wellhead Elevation:	5,729.00ft	Ground Level:	5,729.00ft	

Wellbore O' Kelley 1H

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	12/31/2009	10.19	63.31	50,779

Design Permitted wellbore -- O'Kelley 1H

Audit Notes:

Version:	Phase:	PROTOTYPE	Tie On Depth:	0.00
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Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	167.59

Plan Sections

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
455.03	0.00	0.00	455.03	0.00	0.00	0.00	0.00	0.00	0.00	
1,751.46	90.75	167.59	1,273.48	-809.84	178.27	7.00	7.00	0.00	167.59	
3,926.89	90.75	167.59	1,245.00	-2,934.21	645.91	0.00	0.00	0.00	0.00	Proposed BHL -- O

XTO Energy Inc.

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Project:	San Juan Basin (NAD '83)	MD Reference:	Rig KB @ 5741.00ft (Aztec 507)
Site:	O' Kelley 1H	North Reference:	True
Well:	O' Kelley 1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	O' Kelley 1H		
Design:	Permitted wellbore -- O' Kelley 1H		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	N-S (ft)	E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
97.00	0.00	0.00	97.00	0.00	0.00	0.00	0.00	0.00	0.00
Ojo Alamo									
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
155.00	0.00	0.00	155.00	0.00	0.00	0.00	0.00	0.00	0.00
Kirtland Shale									
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00
225.00	0.00	0.00	225.00	0.00	0.00	0.00	0.00	0.00	0.00
9 5/8"									
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
455.03	0.00	0.00	455.03	0.00	0.00	0.00	0.00	0.00	0.00
500.00	3.15	167.59	499.98	-1.21	0.27	1.23	7.00	7.00	0.00
550.00	6.65	167.59	549.79	-5.37	1.18	5.50	7.00	7.00	0.00
600.00	10.15	167.59	599.24	-12.50	2.75	12.80	7.00	7.00	0.00
650.00	13.65	167.59	648.16	-22.57	4.97	23.11	7.00	7.00	0.00
700.00	17.15	167.59	696.36	-35.53	7.82	36.38	7.00	7.00	0.00
750.00	20.65	167.59	743.66	-51.35	11.30	52.58	7.00	7.00	0.00
751.44	20.75	167.59	745.00	-51.84	11.41	53.08	7.00	7.00	0.00
Fruitland Formation									
800.00	24.15	167.59	789.88	-69.95	15.40	71.62	7.00	7.00	0.00
850.00	27.65	167.59	834.85	-91.27	20.09	93.46	7.00	7.00	0.00
900.00	31.15	167.59	878.40	-115.24	25.37	118.00	7.00	7.00	0.00
950.00	34.65	167.59	920.38	-141.76	31.20	145.15	7.00	7.00	0.00
1,000.00	38.15	167.59	960.62	-170.73	37.58	174.82	7.00	7.00	0.00
1,050.00	41.65	167.59	998.97	-202.04	44.48	206.88	7.00	7.00	0.00
1,100.00	45.15	167.59	1,035.30	-235.59	51.86	241.23	7.00	7.00	0.00
1,150.00	48.65	167.59	1,069.46	-271.24	59.71	277.73	7.00	7.00	0.00
1,200.00	52.15	167.59	1,101.33	-308.85	67.99	316.25	7.00	7.00	0.00
1,250.00	55.65	167.59	1,130.78	-348.30	76.67	356.64	7.00	7.00	0.00
1,300.00	59.15	167.59	1,157.72	-389.43	85.73	398.76	7.00	7.00	0.00
1,350.00	62.65	167.59	1,182.03	-432.09	95.12	442.44	7.00	7.00	0.00
1,400.00	66.15	167.59	1,203.64	-476.12	104.81	487.52	7.00	7.00	0.00
1,450.00	69.65	167.59	1,222.45	-521.36	114.77	533.84	7.00	7.00	0.00
1,478.84	71.67	167.59	1,232.00	-547.93	120.62	561.05	7.00	7.00	0.00
Upper Fruitland Coal									
1,500.00	73.15	167.59	1,238.39	-567.63	124.95	581.22	7.00	7.00	0.00
1,550.00	76.65	167.59	1,251.42	-614.77	135.33	629.48	7.00	7.00	0.00
1,600.00	80.15	167.59	1,261.47	-662.59	145.86	678.46	7.00	7.00	0.00
1,630.25	82.27	167.59	1,266.10	-691.78	152.28	708.35	7.00	7.00	0.00
Lower Fruitland Coal									
1,650.00	83.65	167.59	1,268.52	-710.93	156.50	727.95	7.00	7.00	0.00
1,700.00	87.15	167.59	1,272.53	-759.59	167.21	777.78	7.00	7.00	0.00
1,751.00	90.72	167.59	1,273.48	-809.38	178.17	828.76	7.00	7.00	0.00
7"									
1,751.46	90.75	167.59	1,273.48	-809.84	178.27	829.23	7.00	7.00	0.00
1,800.00	90.75	167.59	1,272.84	-857.23	188.70	877.76	0.00	0.00	0.00
1,900.00	90.75	167.59	1,271.53	-954.89	210.20	977.75	0.00	0.00	0.00
2,000.00	90.75	167.59	1,270.22	-1,052.54	231.69	1,077.74	0.00	0.00	0.00
2,100.00	90.75	167.59	1,268.91	-1,150.19	253.19	1,177.73	0.00	0.00	0.00
2,200.00	90.75	167.59	1,267.60	-1,247.85	274.69	1,277.72	0.00	0.00	0.00
2,300.00	90.75	167.59	1,266.30	-1,345.50	296.18	1,377.72	0.00	0.00	0.00
2,400.00	90.75	167.59	1,264.99	-1,443.15	317.68	1,477.71	0.00	0.00	0.00

XTO Energy Inc.

Planning Report

Database:	EDM 2003.21 Single User Db	Local Co-ordinate Reference:	Well O' Kelley 1H
Company:	XTO Energy	TVD Reference:	Rig KB @ 5741.00ft (Aztec 507)
Project:	San Juan Basin (NAD 83)	MD Reference:	Rig KB @ 5741.00ft (Aztec 507)
Site:	O' Kelley 1H	North Reference:	True
Well:	O' Kelley 1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	O' Kelley 1H		
Design:	Permitted wellbore -- O'Kelley 1H		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
2,500.00	90.75	167.59	1,263.68	-1,540.81	339.18	1,577.70	0.00	0.00	0.00
2,600.00	90.75	167.59	1,262.37	-1,538.46	360.67	1,677.69	0.00	0.00	0.00
2,700.00	90.75	167.59	1,261.06	-1,736.12	332.17	1,777.68	0.00	0.00	0.00
2,800.00	90.75	167.59	1,259.75	-1,833.77	403.67	1,877.67	0.00	0.00	0.00
2,900.00	90.75	167.59	1,258.44	-1,931.42	425.16	1,977.66	0.00	0.00	0.00
3,000.00	90.75	167.59	1,257.13	-2,029.08	446.66	2,077.66	0.00	0.00	0.00
3,100.00	90.75	167.59	1,255.82	-2,126.73	468.15	2,177.65	0.00	0.00	0.00
3,200.00	90.75	167.59	1,254.51	-2,224.38	489.65	2,277.64	0.00	0.00	0.00
3,300.00	90.75	167.59	1,253.21	-2,322.04	511.15	2,377.63	0.00	0.00	0.00
3,400.00	90.75	167.59	1,251.90	-2,419.69	532.64	2,477.62	0.00	0.00	0.00
3,500.00	90.75	167.59	1,250.59	-2,517.34	554.14	2,577.61	0.00	0.00	0.00
3,600.00	90.75	167.59	1,249.28	-2,615.00	575.64	2,677.60	0.00	0.00	0.00
3,700.00	90.75	167.59	1,247.97	-2,712.65	597.13	2,777.60	0.00	0.00	0.00
3,800.00	90.75	167.59	1,246.66	-2,810.30	618.63	2,877.59	0.00	0.00	0.00
3,900.00	90.75	167.59	1,245.35	-2,907.96	640.13	2,977.58	0.00	0.00	0.00
3,926.89	90.75	167.59	1,245.00	-2,934.21	645.91	3,004.46	0.00	0.00	0.00

Design Targets

Target Name	hit/miss target	Dip Angle (°)	Dip Dir (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Proposed BHL -- O'Kelley	- plan hits target	0.00	0.00	1,245.00	-2,934.21	645.91	2,032,164.11	2,636,468.90	36° 35' 3.840 N	108° 7' 42.168 W
- Point										

Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (in)	Hole Diameter (in)
225.00	225.00	9 5/8"	9.625	13.500
1,751.00	1,273.48	7"	7.000	8.750
3,926.89	1,245.00	4 1/2"	4.500	6.125

Formations

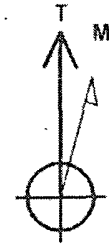
Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
97.00	97.00	Ojo Alamo		0.00	
155.00	155.00	Kirtland Shale		0.00	
751.44	745.00	Fruitland Formation		0.00	
1,478.84	1,232.00	Upper Fruitland Coal		0.00	
1,630.25	1,275.00	Lower Fruitland Coal		-0.72	167.59
	1,290.00	Base of Lower Coal		-0.72	167.59



Well Name: O' Kelley 1H

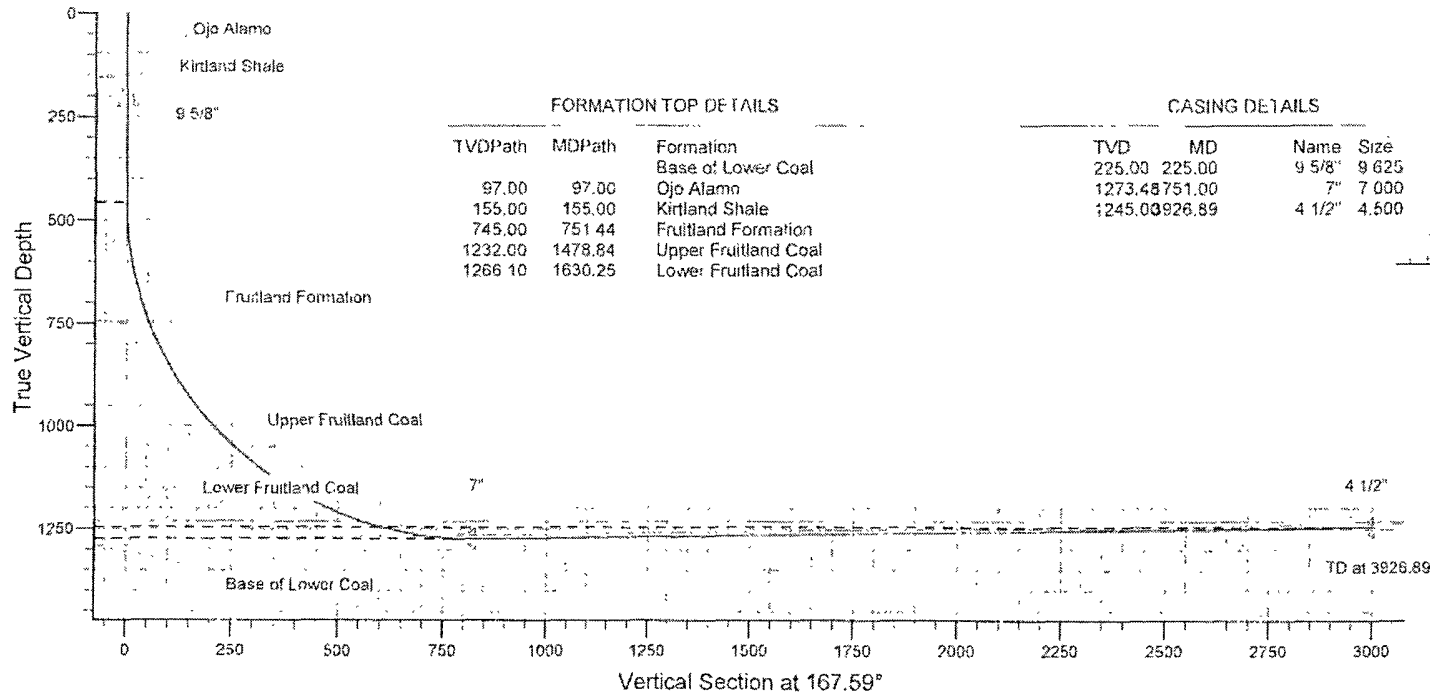
San Juan Division
Drilling Department

Calculation Method: Minimum Curvature
Geodetic Datum: North American Datum 1983
Lat: 36° 35' 32.856 N
Long: 108° 7' 50.088 W



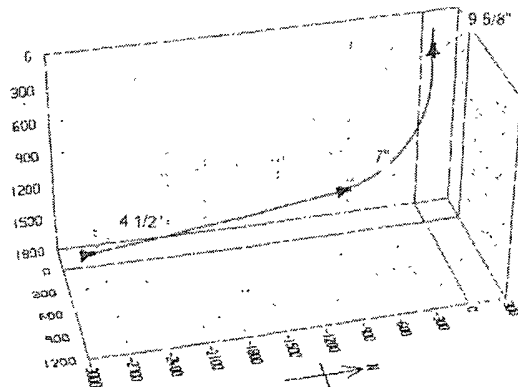
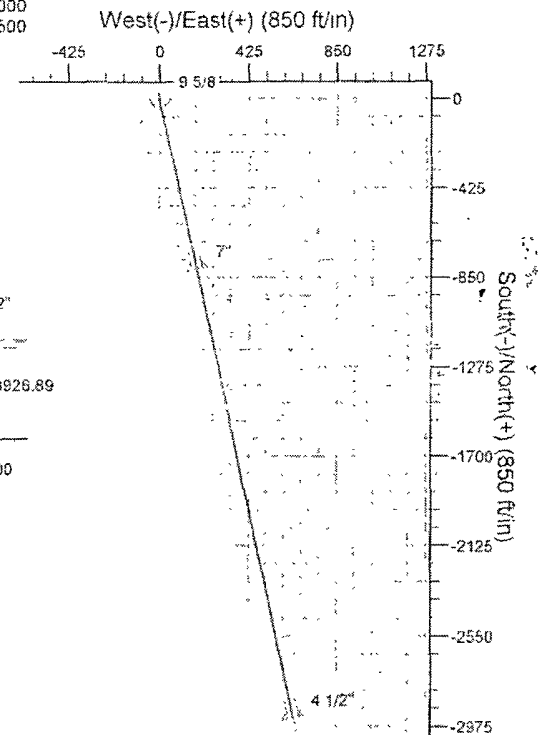
Azimuths to True North
Magnetic North: 10.19°

Magnetic Field
Strength: 50779.4snT
Dip Angle: 63.31°
Date: 12/31/2009
Model: IGRF200510



FORMATION TOP DETAILS		
TVDPath	MDPath	Formation
97.00	97.00	Base of Lower Coal
155.00	155.00	Ojo Alamo
745.00	751.44	Kirtland Shale
1232.00	1478.84	Fruitland Formation
1266.10	1630.25	Upper Fruitland Coal
		Lower Fruitland Coal

CASING DETAILS			
TVD	MD	Name	Size
225.00	225.00	9 5/8"	9.625
1273.48	751.00	7"	7.000
1245.00	926.89	4 1/2"	4.500



SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	455.03	0.00	0.00	455.03	0.00	0.00	0.00	0.00	0.00	
3	1751.46	90.75	167.59	1273.48	-809.84	178.27	7.00	167.59	929.23	
4	3926.89	90.75	167.59	1245.00	-2934.21	645.91	0.00	0.00	3004.46	Proposed BHL - O'Kelley 1H

XTO Energy Inc.

PAGE 1

O'Kelley 1H

SHL: 1650' FNL & 1335' FEL

BHL: 700' FSL & 700' FEL

Sec. 8, T. 27 N., R. 12 W., San Juan County, NM

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>Measured Depth</u>	<u>True Vertical Depth</u>	<u>Elevation</u>
Nacimiento	0'	0'	+5,729'
Ojo Alamo Sandstone	97'	97'	+5,632'
Kirtland Shale	155'	155'	+5,574'
Fruitland Formation	751'	745'	+4,984'
Upper Fruitland Coal	1,479'	1,232'	+4,497'
Lower Fruitland Coal	1,630'	1,275'	+4,454'
Total Depth (TD)	3,926'	1,273'	+4,456'

2. NOTABLE ZONES

Gas & Oil Zone

Fruitland

Water Zones

Nacimiento

Ojo Alamo

Coal Zone

Fruitland

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. (A typical 2,000 psi model is on PAGE 3.) An 8-5/8" x 11" 2,000 pound double ram BOP system with a choke manifold and mud cross will be tested to $\approx$ 200 psi and then to $\approx$ 1,000 psi. Upper and lower

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O'Kelley 1H

SHL: 1650' FNL & 1335' FEL

BHL: 700' FSL & 700' FEL

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Kelly cocks with valve handle and subs to fit all drill string connections which are in use will be available on the rig floor.

Tests will be run when:

- 1) installed
- 2) anytime a pressure seal is broken (test only affected equipment)
- 3) at least every 30 days
- 4) blind & pipe rams will be activated each trip, but no more than daily

BOP systems will be consistent with API RP 53. Blowout preventers will be installed and tested before drilling surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated daily to ensure good mechanical working order and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs. Maximum expected bottom hole pressure will be ≈ 385 psi. BOP and mud system will control pressure.

4. CASING & CEMENT

Type	Hole	O. D.	Interval	Length	Weight	Grade	Coupling
Surface	13.5"	9.625"	0' - 225'	225'	36#	J-55	S T & C
Intermediate	8.75"	7"	0' - 1751'	1751'	23#	J-55	S T & C
Production liner	6.125"	4.5"	1690' - 3926'	2236'	10.5#	J-55	S T & C

Type	Collapse Rating psi	Burst Rating psi	Joint Strength	I. D.	Drift	*SF Collapse	**SF Burst	***SF Tensile
Surface	2020	3520	394 M-lbs	8.921"	8.765"	18.76	32.7	48.6
Intermediate	3270	4360	284 M-lbs	6.276"	6.151"	5.36	7.16	7.05
Production liner	4010	4790	132 M-lbs	4.052"	3.927"	7.21	8.61	5.62

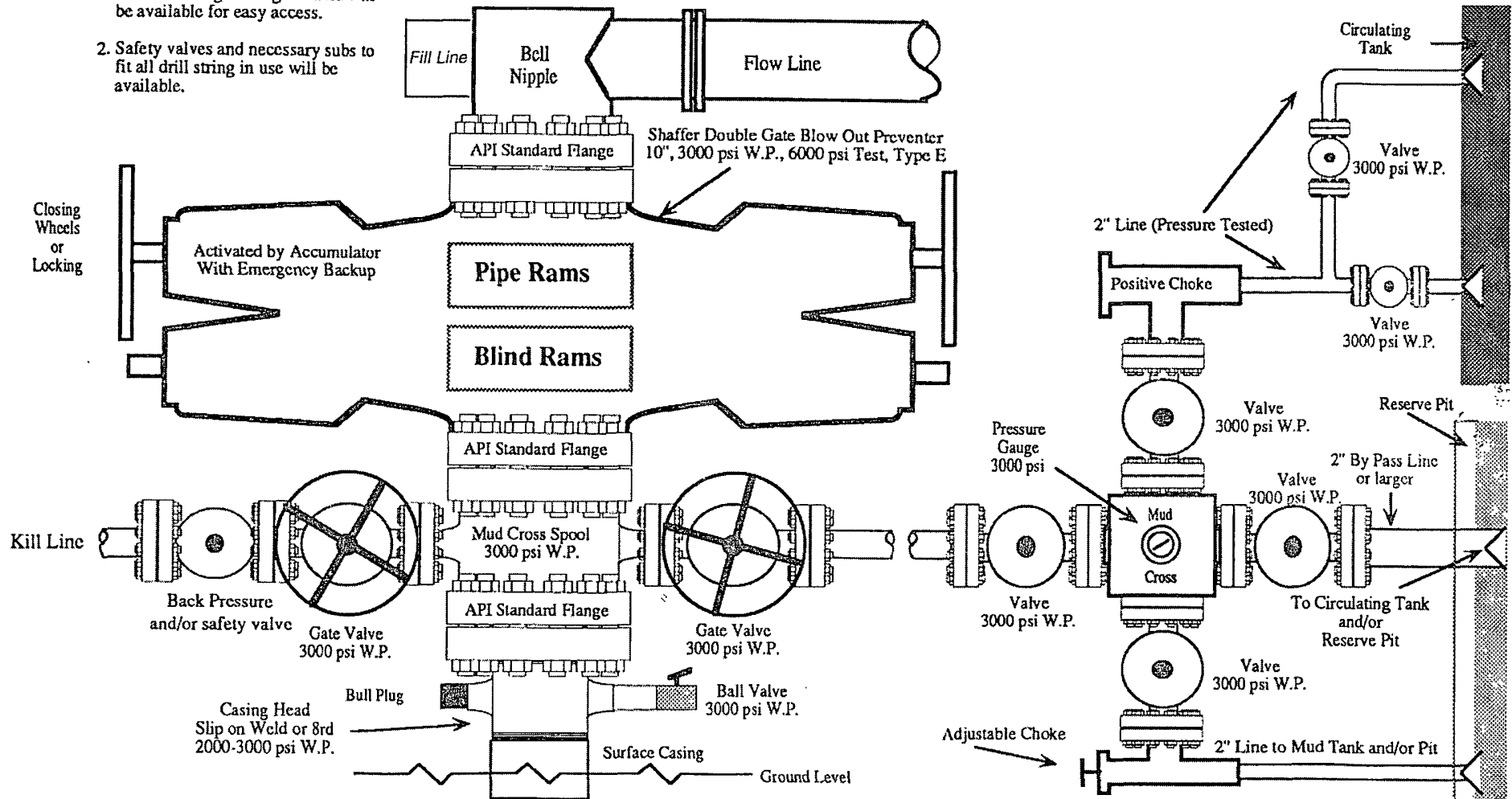
* Collapse is based on evacuated annulus & hydrostatic at TVD

** Burst is based on evacuated casing & hydrostatic at TVD

*** Tensile is based on hanging air weight of casing in a vertical hole measured at depth

2,000 PSI BOP SYSTEM

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

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Surface casing will be cemented to the surface with ≈ 220 cubic feet (≈ 188 sacks) Type V cement + 1/4 pound per sack cello-flake + accelerator + lost circulation material. Yield = 1.17 cubic feet per sack. Weight = 15.8 pounds per gallon. Water = 5.01 gallons per sack. Excess: >100%. At least 3 centralizers will be installed.

Production casing will be cemented to the surface with ≈ 369.8 cubic feet ($\approx 40\%$ excess). Lead with 188.8 cubic feet (≈ 80 sacks) Type V or its equivalent with accelerator + lost circulation material + dispersant + fluid loss additive mixed at 12.3 pounds per gallon, 2.36 cubic feet per sack, and 12.95 gallons water per sack. Tail with 181 cubic feet (≈ 100 sacks) Type V or Class G with accelerator + lost circulation material + dispersant + fluid loss additive mixed at 13.5 pounds per gallon, 1.81 cubic feet per sack, and 8.85 gallons water per sack. Centralizers will be installed.

Production liner will be set using an uncemented liner hanger. The liner may be tied back to the surface during the well completion.

5. MUD PROGRAM

<u>RANGE</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0' - 225'	fresh water/spud	8.6-9.0	28-32	NC
225' - 1,751'	fresh water/polymer	8.6-9.2	28-36	NC
1,751' - TD	fresh water/polymer	8.4-8.8	28-32	NC

Will use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed to clean hole.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Mud logger will arrive at $\approx 225'$ and collect samples every $\approx 10'$ from there to TD. An open hole gamma ray log

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O'Kelley 1H

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Sec. 8, T. 27 N., R. 12 W., San Juan County, NM

will be run from $\approx 225'$ to TD.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected...
Maximum expected bottom hole pressure will be ≈ 385 psi.

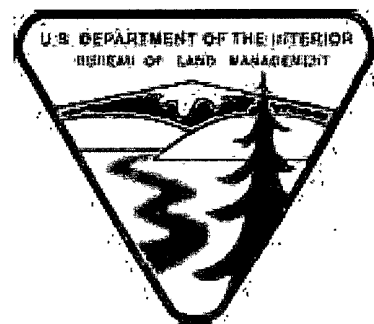
8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take approximately three weeks to drill and complete the well.

DRILLING CONDITIONS OF APPROVAL

Operator: XTO Energy
Lease No.: NMNM-112962
Well Name: O'Kelly #1H
Well Location: Sec.8, T27N, R12W; 1650' FNL & 1335' FEL

- 1)** Two (2) adjustable chokes are required on the choke manifold for a 2M BOPE system. Refer to attachment I-1 in Onshore Order #2.
- 2)** Pressure test the surface casing to a minimum of 600 psi for 30 minutes.
- 3)** Pressure test the intermediate casing to a minimum of 1500 psi for 30 minutes.



After hour contact: Troy Salyers 505-360-9815