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OIL CONS. DIV.

Form 3160-3
(August 2007)

OCT 31 2011

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Huntington Field Office
Bureau of Land Management

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM 3160-3
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF 078875
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator <u>Huntington Energy, L.L.C.</u>		7. If Unit or CA Agreement, Name and No. Canyon Largo Unit
3a. Address <u>908 N.W. 71st St. Oklahoma City, OK 73116</u>		8. Lease Name and Well No. Canyon Largo Unit #506
3b. Phone No. (include area code) <u>405-840-9876</u>		9. API Well No. <u>30-039-31098</u>
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface <u>Lot D, 718' FNL & 976' FWL</u> At proposed prod. zone <u>same as above</u>		10. Field and Pool, or Exploratory Basin Dakota
14. Distance in miles and direction from nearest town or post office* <u>35 miles SE from Blanco, NM</u>		11. Sec., T. R. M. or Blk. and Survey or Area Sec 33-T25N-R6W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <u>718</u>	16. No. of acres in lease <u>2561.64</u>	17. Spacing Unit dedicated to this well <u>320</u>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth <u>7250'</u>	20. BLM/BIA Bond No. on file <u>BOK043DF02007 NMB 000078</u>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <u>6780' GL</u>	22. Approximate date work will start* <u>03/01/2012</u>	23. Estimated duration approx. 30 days

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. | 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <u>Catherine Smith</u>	Name (Printed/Typed) Catherine Smith	Date 10/25/2011
Title Regulatory		
Approved by (Signature) <u>[Signature]</u>	Name (Printed/Typed)	Date
Title AFM	Office FTO	<u>1/6/12</u>

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

NMOC

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOC FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOC PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

JAN 17 2012

ca

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

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

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

ON FEDERAL AND INDIAN LANDS

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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. Farmington Field Office

Santa Fe, NM 87505 Bureau of Land Management

OCT 31 2011

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 30-039-31098	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 32660	⁵ Property Name CANYON LARGO UNIT	⁶ Well Number 506
⁷ GRID No. 208706	⁸ Operator Name HUNTINGTON ENERGY, LLC	⁹ Elevation 6780'

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	33	25-N	6-W		718'	NORTH	976	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 W/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

<p>¹⁶</p>	<p>¹⁷</p> <h3>OPERATOR CERTIFICATION</h3> <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>Catherine Smith</i> Signature Date 7/14/11</p> <p>Catherine Smith Printed Name</p> <p>csmith@huntingtonenergy.com E-mail Address</p> <p>¹⁸</p> <h3>SURVEYOR CERTIFICATION</h3> <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 belief.</p> <p>MARCH 29, 2011 Date of Survey</p> <p><i>Roy A. Rush</i> Signature and Seal of Professional Surveyor</p> <p>ROY A. RUSH REGISTERED PROFESSIONAL LAND SURVEYOR 8894</p> <p>Certificate Number</p>
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RECEIVED

NOV 04 2011

OPERATIONS PLAN

Well Name: Canyon Largo Unit #506
Location: 718' FNL, 976' FWL, NWNW, Lot D, Sec 33, T25N, R6W Farmington Field Office
Formation: Basin Dakota
Elevation: 6780' GL

<u>Formation Tops:</u>	<u>Measured Depth (Tops)</u>
San Jose	Surface
San Joes Water Sands	1248'
Kirtland Shale	2218'
Fruitland	2308'
Picture Cliffs	2588'
Lewis Shale	2663'
Heurfanito Bentonite	2928'
Chacra	3398'
Cliff House	4108'
Menefee	4178'
Point Lookout	4768'
Mancos	5018'
Greenhorn	6748'
Graneros	6798'
Dakota	6838'
Encinal/Burro Canyon	7073'
Morrison	7143'
TD	7250'

Logging Program:

Mud log –2000' to TD
 Open hole logs– none
 Cased hole logs –GR/Neutron, CBL/GR – TD to surf
 Cores & DST's – none

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0 – 320'	Spud	8.4-8.9	40-50	no control
320 – 7250'	LSND	8.4-9.0	40-60	8-12

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

Casing Program:

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>	<u>Thread</u>
12 1/4"	0' – 320'	8 5/8"	24.0#	J-55	ST&C
7 7/8"	320' – 7250'	4 1/2"	11.6#	N-80	LT&C

Tubing Program:

0' – 7250' 2 3/8" 4.7# J-55

BOP Specifications, Wellhead and Tests:Surface to TD –

11" 3000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out, surface casing will be tested to 600 psi for 30 minutes. BOP will be tested Low: 500#/5min. & High: 3000#/10 min. Drilling Spool may or may not be employed.

2" nominal, 3000.psi minimum choke manifold (Reference Figure #2).

Completion Operations:

6" 3000 psi double gate BOP stack (Reference Figure #1). After nipple-up prior to completion, pipe rams and casing top will be tested to 3000 psi for 15 minutes.

Surface to Total Depth:

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Wellhead:

8 5/8" x 4 1/2" x 1 1/2" x 1 1/2" x 3000 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.
- A BOP pit level drill will be conducted weekly for each drilling crew.
- All of the 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/265 sx Class "B" cement w/3% calcium chloride and 1/4#/sx cellophane flakes (312 cu. ft. of slurry, 200% excess to circulate to surface).

WOC 8 hr. prior to drilling out surface casing. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

Production Casing – 4 1/2"

Lead with 700 sx 65/35 Standard Poz w/6% gel, 1/4# Flocele, 10# Gilsonite, 3/10% Halad 9, 1/10% HR5 (1.96 yld). Tail w/900 sx 50/50 Standard Poz w/35 Gel, 9/10% Halad9, 2/10% CFR 3, 5# Gilsonite, 1/4# Flocele (1.47 yld).

Alternate Two-stage cement job as follows:

First Stage: Cement to circulate to stage tool @ 5066'. Lead with 700 sx Class "G" 50/50 poz (13#, 1.47 yd) w/3% gel, 0.25 pps Celloflake, 5 pps Gilsonite, 0.25 pps Fluid loss, 0.15% dispersant, 0.1% retarder. WOC 4 hours prior to pumping second stage. (Slurry volume: 1029 cu. ft. Excess slurry: 50%). DV Tool at 5000 ft.

Second Stage: Cement to circulate to surface. Cement with 700 sx Class "G" (12#, 2.9yd) TXI Liteweight cement w/2.5% sodium metasilicate, 2% calcium chloride, 10 pps Gilsonite, 0.5 pps Celloflake, 0.2% antifoam. WOC a minimum of 18 hours prior to cleanout. (Slurry volume: 1914 cu. ft. Excess slurry: 50%). Tail w/50 sx Class "B" w/1/4# Flocele (15.6#, 1.18 yd), (Slurry 59 cu. ft., Excess 50%).

Float shoe on bottom. Three centralizers run every other joint above shoe. Thirty-five centralizers - one every 4th joint to the base of the Ojo Alamo @ 2448'. Two turbolizing type centralizers – one below and one into the base of the Ojo Alamo @ 2448'. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Additional Information:

The Dakota formations will be completed. If Dakota is non-commercial, Devils Fork Gallup will be completed.

- No abnormal temperatures or hazards are anticipated.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The west half of the Section 33 is dedicated to this well.
- This gas is dedicated.
- Anticipated pore pressure

Fruitland Coal	300 psi
Pictured Cliffs	500 psi
Mesa Verde	700 psi
Dakota	3000 psi

Well Pad Boundary

Well Head

Cathodic Protection

Earthen Berm

Separator

Tanks (As required)

Dehydrator

Fiberglass Pit

Chemical
Facility

Meter Run

PLAT #1

ANTICIPATED
PRODUCTION FACILITIES
FOR A
DAKOTA WELL

HUNTINGTON ENERGY, L.L.C.
CANYON LARGO UNIT
RIO ARriba CO., NM

BOP STACK - 3000 PSI

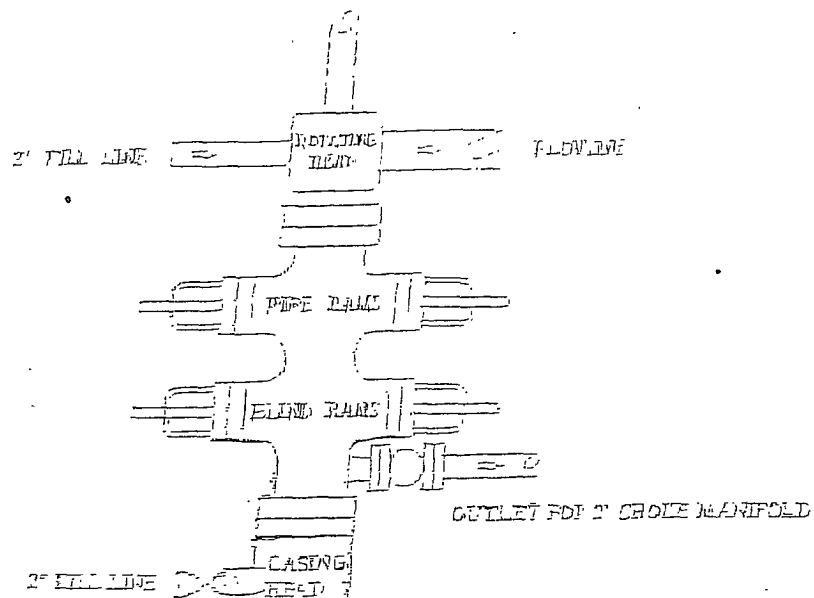


FIGURE 1

CHOKE MANIFOLD - 3000 PSI

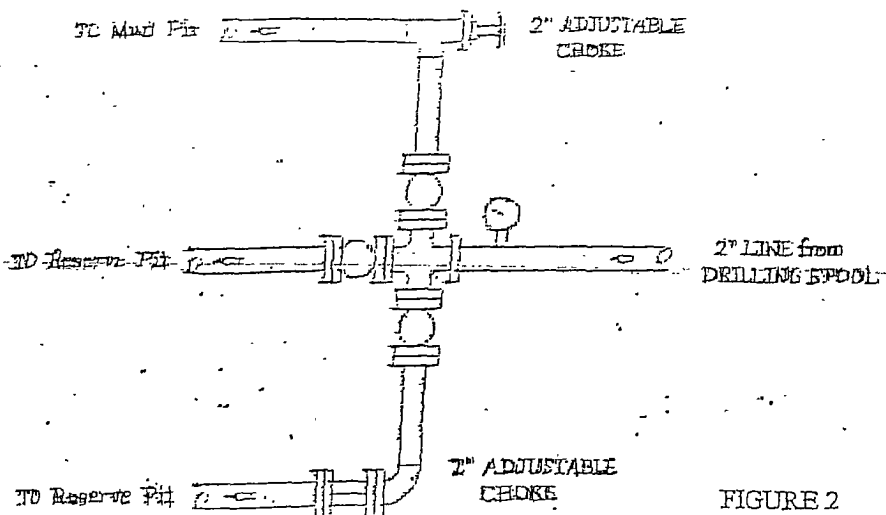


FIGURE 2

DRILLING CONDITIONS OF APPROVAL

Operator: Huntington Energy, LLC
Lease No.: NMSF-078875
Well Name: Canyon Largo Unit #506
Well Location: Sec.33, T25N, R6W; 718' FNL & 976' FWL

To meet minimal requirements for 3M BOPE, Huntington Energy is to use a minimum of 2 choke line valves (3 inch minimum) as well as 3 inch diameter choke line. Refer to Onshore Order 2.III.A.2.a.iii.



After hour contact: Troy Salyers 505-360-9815