

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-047039-B
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 checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO Energy Inc.		7. Unit or CA Agreement Name and No. N/A
3a. Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM		8. Lease Name and Well No. KUTZ FEDERAL #15
3b. Phone No. (include area code) 505-324-1090		9. API Well No. 30-045-33037
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 990' FSL x 660' FEL in Sec 18, T28N, R10W At proposed prod. zone SAME		10. Field and Pool, or Exploratory DAKOTA/CHACRA
14. Distance in miles and direction from nearest town or post office* Approx 5 air miles southeast of Bloomfield, NM Post Office		11. Sec., T., R., M., or Blk. and Survey or Area P S18, T28N, R10W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 660'	16. No. of Acres in lease 1343.85	17. Spacing Unit dedicated to this well 320 E/2 160 SE/4
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 825'	19. Proposed Depth 6730'	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5906' Ground Elevation	22. Approximate date work will start* summer 2005	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>Kyla Vaughan</i>	Name (Printed/Typed) Kyla Vaughan	Date 04/22/05
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Title Regulatory Compliance Tech		
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Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 6-14-05
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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 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.

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.

*(Instructions on page 2)

APD/ROW

NMOC

RECEIVED
APR 25 PM 4 38
BUREAU OF LAND MANAGEMENT
FARMINGTON, NM

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised June 10, 2003
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33037		*Pool Code 22329	*Pool Name Otero Chacra
*Property Code 22756	*Property Name KUTZ FEDERAL		*Well Number 15
*GRID No. 167067	*Operator Name XTO ENERGY INC.		*Elevation 5906

¹⁰ Surface Location

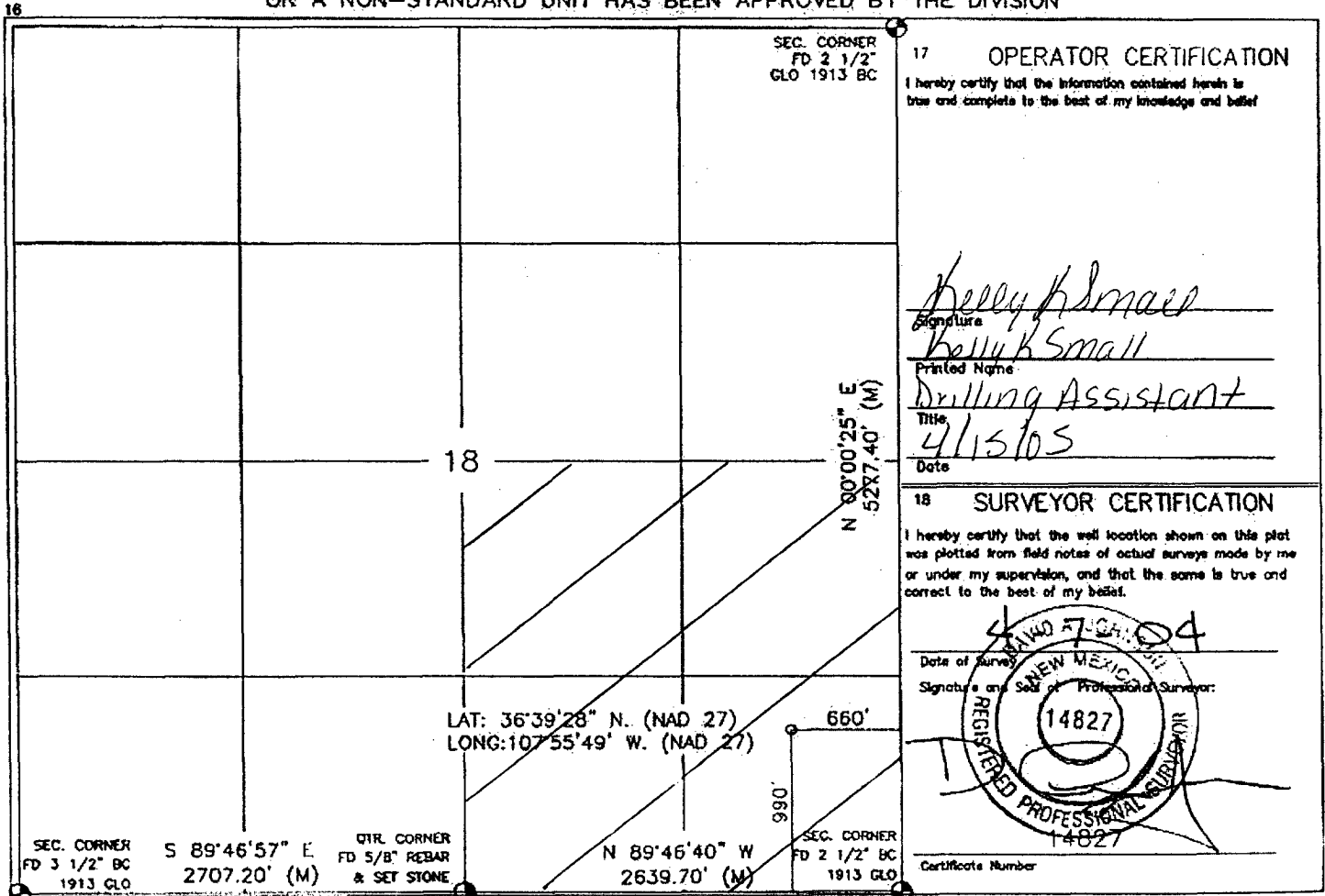
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	18	28-N	10-W		990	SOUTH	660	EAST	SAN JUAN

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

*Dedicated Acres SE/4 100	*Joint or Infill	*Consolidation Code	*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

Signature: Billy K Small
Printed Name: Billy K Small
Title: Drilling Assistant
Date: 4/15/05

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.

Date of Survey: 4/15/05
Signature and Seal of Professional Surveyor:

Certificate Number: 14827

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised June 10, 2003

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87504-2088

AMENDED REPORT

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33037		*Pool Code 71599		*Pool Name Basin Dakota	
*Property Code 22756		*Property Name KUTZ FEDERAL			*Well Number 15
*DCRID No. 167067		*Operator Name XTO ENERGY INC.			*Elevation 5906

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
P	18	28-N	10-W		990	SOUTH	660	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

*Dedicated Acres 320 E/2	*Joint or Infill	*Consolidation Code	*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

SEC. CORNER
FD 2 1/2" BC
GLO 1913 BC

18

N 00°00'25" E
5277.40' (M)

REC'D APR 25 PM 4 38 2005

REC'D APR 25 PM 4 38 2005

SEC. CORNER
FD 3 1/2" BC
1913 GLO

S 89°46'57" E
2707.20' (M)

QTR. CORNER
FD 5/8" REBAR
& SET STONE

N 69°46'40" W
2639.70' (M)

SEC. CORNER
FD 2 1/2" BC
1913 GLO

660'

990'

LAT: 36°39'28" N. (NAD 27)
LONG: 107°55'49" W. (NAD 27)

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Heely H Small
Signature

Heely H Small
Printed Name

Drilling Assistant
Title

4/15/05
Date

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.

APR 27 2005

Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

14827

REGISTERED PROFESSIONAL SURVEYOR

14827

Certificate Number

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

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

WELL API NO.
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. SF-047039-B
7. Lease Name or Unit Agreement Name: KUTZ FEDERAL
8. Well Number #15
9. OGRID Number 167067
10. Pool name or Wildcat BASIN DAKOTA/OTERO CHACRA

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 XTO Energy Inc.

3. Address of Operator
 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401

4. Well Location
 Unit Letter P : 990 feet from the SOUTH line and 660 feet from the EAST line
 Section 18 Township 28N Range 10W NMPM NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 5906' GL

Pit or Below-grade Tank Application or Closure
 Pit type DRILL Depth to Groundwater >100 Distance from nearest fresh water well 1 MILE Distance from nearest surface water 1 MILE
 Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPLETION
 OTHER: DRILLING PIT

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
 CASING TEST AND CEMENT JOB
 OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy Inc. proposes to install a pit on location for drilling. The pit will be removed from location in accordance with New Mexico Oil Conservation division guidelines when work is completed.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan

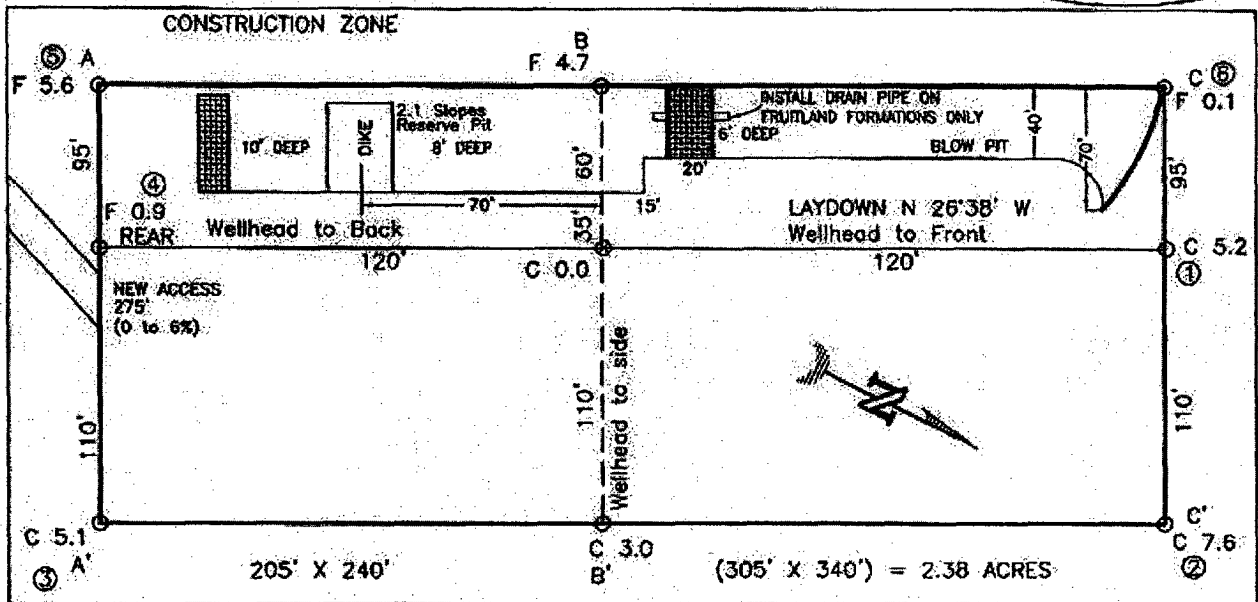
SIGNATURE Kyla Vaughan TITLE Regulatory Compliance Tech DATE 04/22/05
 Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-564-6726

For State Use Only
 APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 03 DATE JUN 16 2005
 Conditions of Approval, if any:

EXHIBIT D

XTO ENERGY INC.
 KUTZ FEDERAL No. 15, 990 FSL 660 FEL
 SECTION 18, T28N, R10W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5906, DATE: MARCH 1, 2004

LAT: 36°39'28" N.
 LONG: 107°55'49" W.
 NAD 27



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE-CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

ELEV. A-A' C/L

5920				
5910				
5900				
5890				

ELEV. B-B' C/L

5920				
5910				
5900				
5890				

ELEV. C-C' C/L

5920				
5910				
5900				
5890				

NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

REVISION	DATE	REVISION BY

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15088 • Farmington, NM 87401
 Phone (505) 326-1772 • Fax (505) 326-6019
 NEW MEXICO L.S. No. 14827
 GEORGE GROSSER
 Drawn by: A.S.
 Date: 03/23/04
 Job#: CR002

XTO ENERGY INC.

Kutz Federal #15

APD Data

April 22, 2005

Location: 990' FSL x 660' FEL Sec 18, T28N, R10W **County:** San Juan **State:** New Mexico

GREATEST PROJECTED TD: 6,730'
APPROX GR ELEV: 5,906'

OBJECTIVE: Basin Dakota / Otero Chacra
Est KB ELEV: 5,918' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 4,000'	4,500' to TD
HOLE SIZE	12-1/4"	7-7/8"	7-7/8"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND / Gel Chemical
WEIGHT	8.6-9.0	8.4-8.8	8.6-9.0
VISCOSITY	28-32	28-32	45-60
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: 8-5/8" casing to be set at ± 360' in a 12-1/4" hole filled with 8.8 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	STC	1370	2950	244	8.097	7.972	7.32	7.95	29.39

Production Casing: 5-1/2" casing to be set at TD (±6,730') in 7-7/8" hole filled with 9.0 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'-TD	6,730'	15.5#	J-55	STC	4040	4810	222	4.950	4.825	1.22	1.45	2.02

200

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, 8-5/8" 8rnd thread on top.

EXHIBIT F

4. CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):

A. Surface: 8-5/8", 24#, J-55, STC casing to be set at $\pm 360'$ in 12-1/4" hole.

210 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is 297 ft³, 100% excess of calculated annular volume to 360'.

B. Production: 5-1/2", 15.5#, J-55 (or K-55), STC casing to be set at $\pm 6,730'$ in 7-7/8" hole. DV Tool set @ $\pm 4,000'$

1st Stage

LEAD:

225 sx of Premium Lite HS (Type III/Poz/Gel) with additives (dispersants, fluid loss, LCM) mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III with additives (bonding additive, dispersant, fluid loss, LCM) mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2nd Stage

LEAD:

375 sx of Type III with additives (gel, LCM) mixed at 11.9 ppg, 2.54 ft³/sk, 15.00 gal wtr/sx.

TAIL:

100 sx Type III neat mixed at 14.5 ppg, 1.39 cuft/sx, 6.3 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 1,775 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: The mud logger will come on at 5,500' and will remain on the hole until TD. The mud will be logged in 10' intervals.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (6,730') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6,730') to the bottom of the surface casing.

6. FORMATION TOPS:

Est. KB Elevation: 5,918'

Formation	Subsea Depth	Well Depth
Ojo Alamo SS	+5081'	837'
Kirtland Shale	+4935'	983'
Farmington SS		
Fruitland Formation	+4459'	1459'
Lower Fruitland Coal	+3964'	1954'
Pictured Cliffs SS	+3946'	1972'
Lewis Shale	+3751'	2167'
Chacra	+2964'	2954'
Cliffhouse SS	+2377'	3541'
Menefee	+2287'	3631'
Point Lookout SS	+1633'	4285'
Mancos Shale	+1299'	4619'
Gallup SS	+420'	5498'
Greenhorn Limestone	-341'	6259'
Graneros Shale	-402'	6320'
1 st Dakota SS	-435'	6353'
2 nd Dakota SS	-457'	6375'
3 rd Dakota SS	-517'	6435'
4 th Dakota SS	-587'	6505'
5 th Dakota SS	-611'	6529'
6 th Dakota SS	-647'	6565'
Burro Canyon SS	-668'	6586'
Morrison Shale	-715'	6633'
Project TD	-812'	6730'

ABHP ~ 2500 pm

7. COMPANY PERSONNEL:

Name	Title	Office Phone	Home Phone
Jeff Patton	Drilling Engineer	505-324-1090	505-632-7882
Dennis Elrod	Drilling foreman	505-486-6460	505-326-2024
Randy Hosey	Project Geologist	817-885-2398	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWP
4/22/05

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

1. Test BOP after installation:
 Pressure test BOP to 200-300 psig (low pressure) for 5 min.
 Test BOP to Working Press or to 70% internal yield of surf csg (10 min) or which ever is less.
2. Test operation of (both) rams on every trip.
3. Check and record Accumulator pressure on every tour.
4. Re-pressure test BOP stack after changing out rams.
5. Have kelly cock valve with handle available.
6. Have safety valve and subs to fit all sizes of drill string on the rig floor and ready to go.

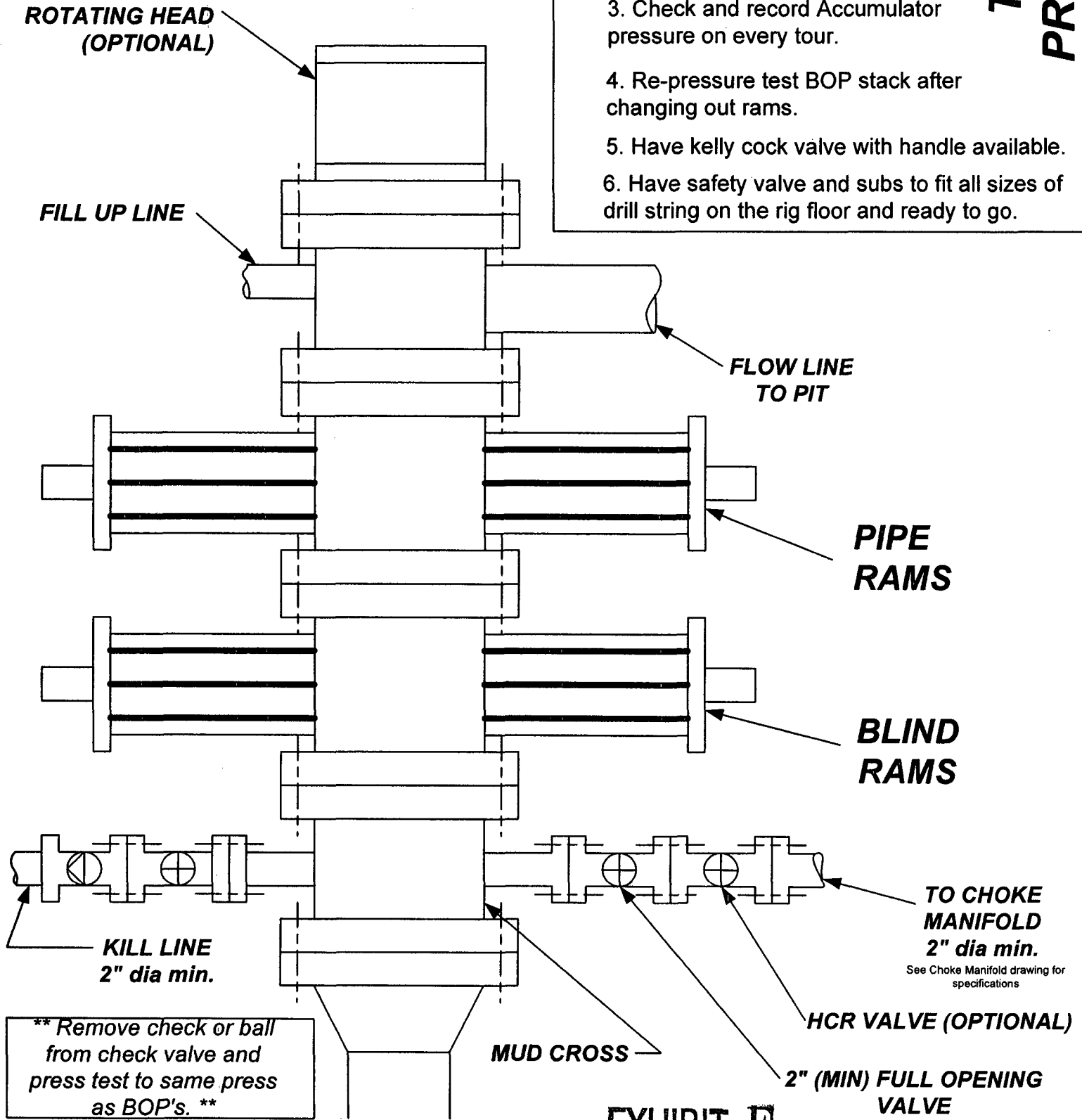


EXHIBIT F

CHOKE MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

**TESTING
PROCEDURE**

