

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

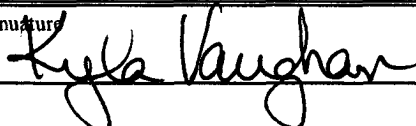
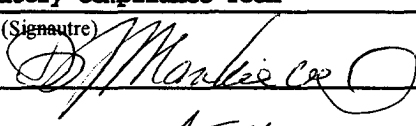
APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|--|---|
| 1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NM-024158 |
| 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 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. RF MCKENZIE B #1F |
| 3b. Phone No. (include area code) 505-324-1090 | | 9. API Well No. 30-045-33179 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 665' FSL x 910' FWL in Sec 9, T30N, R12W At proposed prod. zone SAME | | 10. Field and Pool, or Exploratory Basin Dakota |
| 14. Distance in miles and direction from nearest town or post office* Approx 1.8 air miles northwest of Flora Vista, NM Post Office | | 11. Sec., T., R., M., or Blk. and Survey or Area S9, T30N, R12W |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 665' | 16. No. of Acres in lease 1401.009 | 12. County or Parish San Juan |
| 17. Spacing Unit dedicated to this well w/2 299.83' | 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1500' | 13. State NM |
| 19. Proposed Depth 6900' | 20. BLM/BIA Bond No. on file | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5793' Ground Elevation | 22. Approximate date work will start* fall 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  | Name (Printed/Typed) Kyla Vaughan | Date 06/15/05 |
| Title Regulatory Compliance Tech | | |
| Approved by (Signature)  | Name (Printed/Typed) | Date 6-29-05 |
| Title AFM | 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.

*(Instructions on page 2)

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

APD/ROW

NMOC

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

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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

070 FARMINGTON, NM

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|-------------------------------------|--|-----------------------------|----------------------|
| 1 API Number 30-045-33179 | | 2 Pool Code 71599 | | 3 Pool Name Basin Dakota | |
| 4 Property Code 34929 | | 5 Property Name R. F. MCKENZIE B | | | 6 Well Number 1F |
| 7 OGRID No. 1107067 | | 8 Operator Name XTO ENERGY INC. | | | 9 Elevation 5793' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot 10n | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| M | 9 | 30-N | 12-W | 9 | 665 | SOUTH | 910 | WEST | SAN JUAN |

11 Bottom Hole Location if Different From Surface

| UL or lot no. | Section | Township | Range | Lot 10n | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------------------------|---------|----------|--------------------|---------|-----------------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| 12 Dedicated Acres 612 299.84 | | | 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>FD. 3 1/4" B.C. 1976 B.L.M.</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p> <p>LOT 5</p> <p>LOT 6</p> <p>LOT 7</p> <p>LOT 8</p> <p>LOT 9</p> <p>LOT 10</p> <p>LOT 11</p> <p>LAT. 36°49'20.4"N (NAD 27) LONG. 108°06'26.9" W (NAD 27)</p> <p>FD. 3 1/4" B.C. 1975 B.L.M.</p> <p>FD. 3 1/4" B.C. 1976 B.L.M.</p> <p>910'</p> <p>665'</p> <p>2443.5' (M)</p> | | | | | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kelly K Small</i> Signature Kelly K Small Printed Name Drilling Assistant Title 5/18/05 Date</p> <p>18 SURVEYOR CERTIFICATION</p> <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 knowledge and belief.</p> <p>Date of Survey: 5/18/05 Signature and Seal: [Seal] Printed Name: [Name] Title: [Title] Certificate Number: 14528</p> | | | | |
|---|--|--|--|--|--|--|--|--|--|

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. |
| 7. Lease Name or Unit Agreement Name: RF McKenzie B |
| 8. Well Number #1F |
| 9. OGRID Number 167067 |
| 10. Pool name or Wildcat Dakota |

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 _____

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | 7. Lease Name or Unit Agreement Name: RF McKenzie B |
| 2. Name of Operator XTO Energy Inc. | 8. Well Number #1F |
| 3. Address of Operator 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401 | 9. OGRID Number 167067 |
| 4. Well Location Unit Letter <u>M</u> : <u>665</u> feet from the <u>SOUTH</u> line and <u>910</u> feet from the <u>WEST</u> line Section <u>9</u> Township <u>30N</u> Range <u>12W</u> NMPM <u>NMPM</u> County <u>SAN JUAN</u> | 10. Pool name or Wildcat Dakota |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5793' | |

| | |
|---|--|
| 12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: PIT <input checked="" type="checkbox"/> | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/> |

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 proposed to install a pit on location for drilling. The pit will be closed in accordance with NMOCD 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 ☐

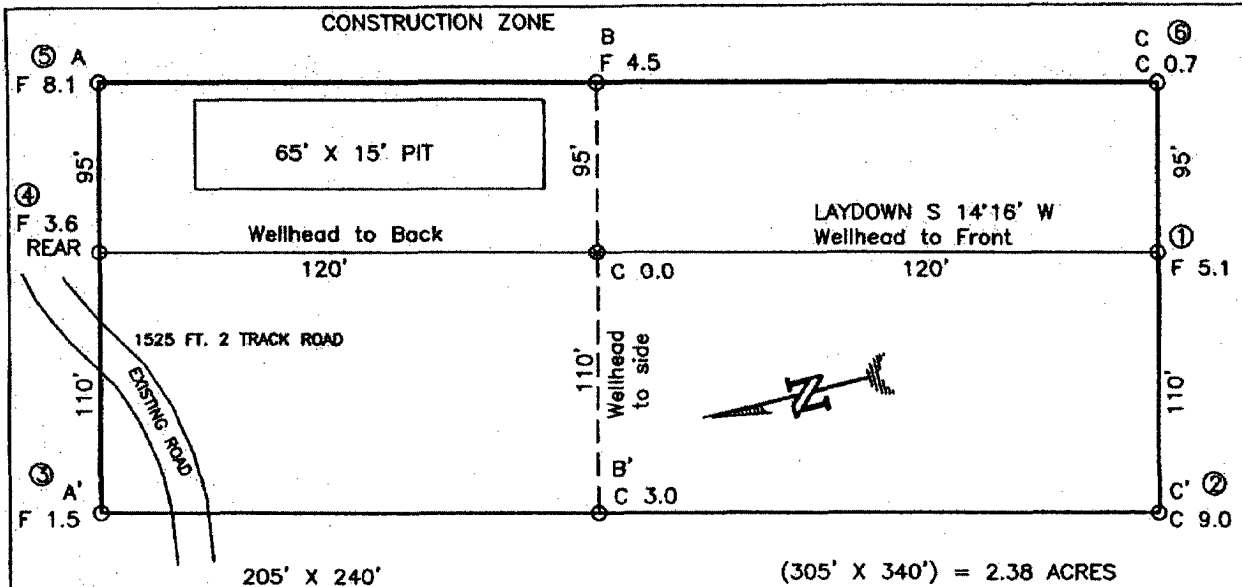
SIGNATURE Kyla Vaughan TITLE Regulatory Compliance Tech DATE 06/15/05
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-564-6726

For State Use Only
APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 50 DATE JUN 30 2005
Conditions of Approval, if any:

EXHIBIT D

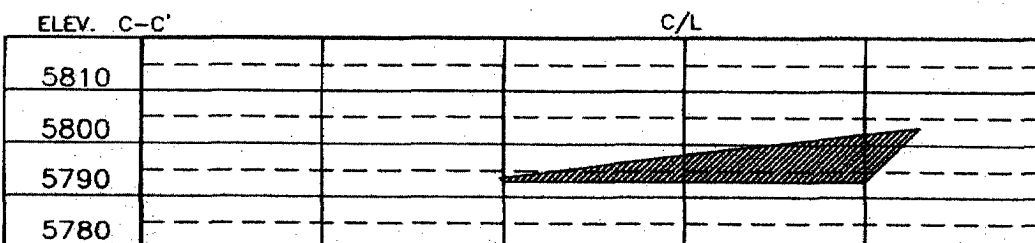
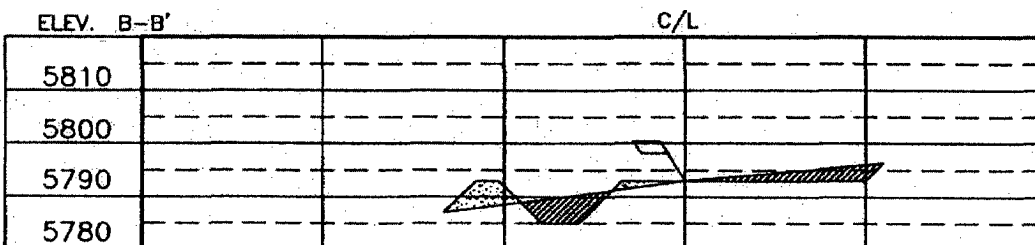
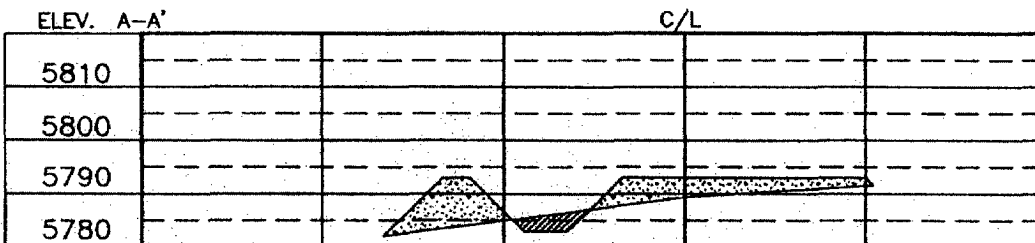
XTO ENERGY INC.
 R. F. MCKENZIE B No.1F, 665 FSL 910 FWL
 SECTION 9, T30N, R12W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5793', DATE: MARCH 17, 2005

LAT. = 36°49'20.4" N.
 LONG. = 108°06'28.9" 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.



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.

| | | |
|------|----------|--|
| DATE | REVISION | Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 • Farmington, NM 87401 Phone (505) 328-1772 • Fax (505) 328-8019 NEW MEXICO L.S. No. 14831 Surveyor CR4495CFB Date: 04/02/05 |
| DATE | REVISION | |
| DATE | REVISION | |
| DATE | REVISION | |

EXHIBIT E

XTO ENERGY INC.

RF McKenzie "B" #1F

APD Data

June 14, 2005

Location: 665' FSL x 910' FWL Sec 9, T30N, R12W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 6,900'

APPROX GR ELEV: 5,793'

OBJECTIVE: Basin Dakota

Est KB ELEV: 5,805' (12' AGL)

1. MUD PROGRAM:

| | | | |
|------------|-------------|----------------|---------------------|
| INTERVAL | 0' to 360' | 360' to 4,000' | 4,000' 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 $\pm 360'$ 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 ($\pm 6,900'$) 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 | 6,900' | 15.5# | J-55 | STC | 4040 | 4810 | 202 | 4.950 | 4.825 | 1.25 | 1.48 | 1.88 |

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, 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 $\pm 6,900'$ in 7-7/8" hole. DV Tool set @ $\pm 4,000'$

1st Stage

LEAD:

± 225 sx of Premium Lite HS (or equivalent) with salt, dispersant, fluid loss & LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

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

2nd Stage

LEAD:

± 500 sx of Type III cement (or equivalent) with gel & LCM mixed at 11.9 ppg, 2.54 ft³/sk, 15.00 gal wtr/sx.

TAIL:

100 sx Type III cement (or equivalent) 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 2,092 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 2,900' 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 (7,100') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7,100') to 2,000'.

6. **FORMATION TOPS:**

Est. KB Elevation: 5,805'

| Formation | Subsea Depth | Well Depth |
|---------------------------|--------------|------------|
| Ojo Alamo SS | +5314' | 491' |
| Kirtland Shale | +5239' | 566' |
| Farmington SS | +5170' | 635' |
| Fruitland Formation | +3953' | 1852' |
| Lower Fruitland Coal | +3853' | 1952' |
| Pictured Cliffs SS | +3753' | 2052' |
| Lewis Shale | +3653' | 2152' |
| Chacra | +2729' | 3076' |
| Cliffhouse SS | +2119' | 3686' |
| Menefee | +2059' | 3746' |
| Point Lookout SS | +1429' | 4376' |
| Mancos Shale | +1114' | 4691' |
| Gallup SS | +159' | 5646' |
| Greenhorn Limestone | -597' | 6402' |
| Graneros Shale | -653' | 6458' |
| 1 st Dakota SS | -721' | 6526' |
| 2 nd Dakota SS | n/a | n/a |
| 3 rd Dakota SS | -766' | 6571' |
| 4 th Dakota SS | n/a | n/a |
| 5 th Dakota SS | -813' | 6618' |
| 6 th Dakota SS | -851' | 6656' |
| Burro Canyon SS | -937' | 6742' |
| Morrison Shale | -963' | 6768' |
| Project TD | -1066' | 6900' |

**** Max anticipated BHP will be < 2,000 psig (<0.30 psi/ft) ****

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 |
| Red Meek | Project Geologist | 817-885-2800 | 817-427-2475 |
| Barry Voigt | Reservoir Engineer | 817-885-2462 | 817-540-2092 |

JWP
6/14/05

EXHIBIT F

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.

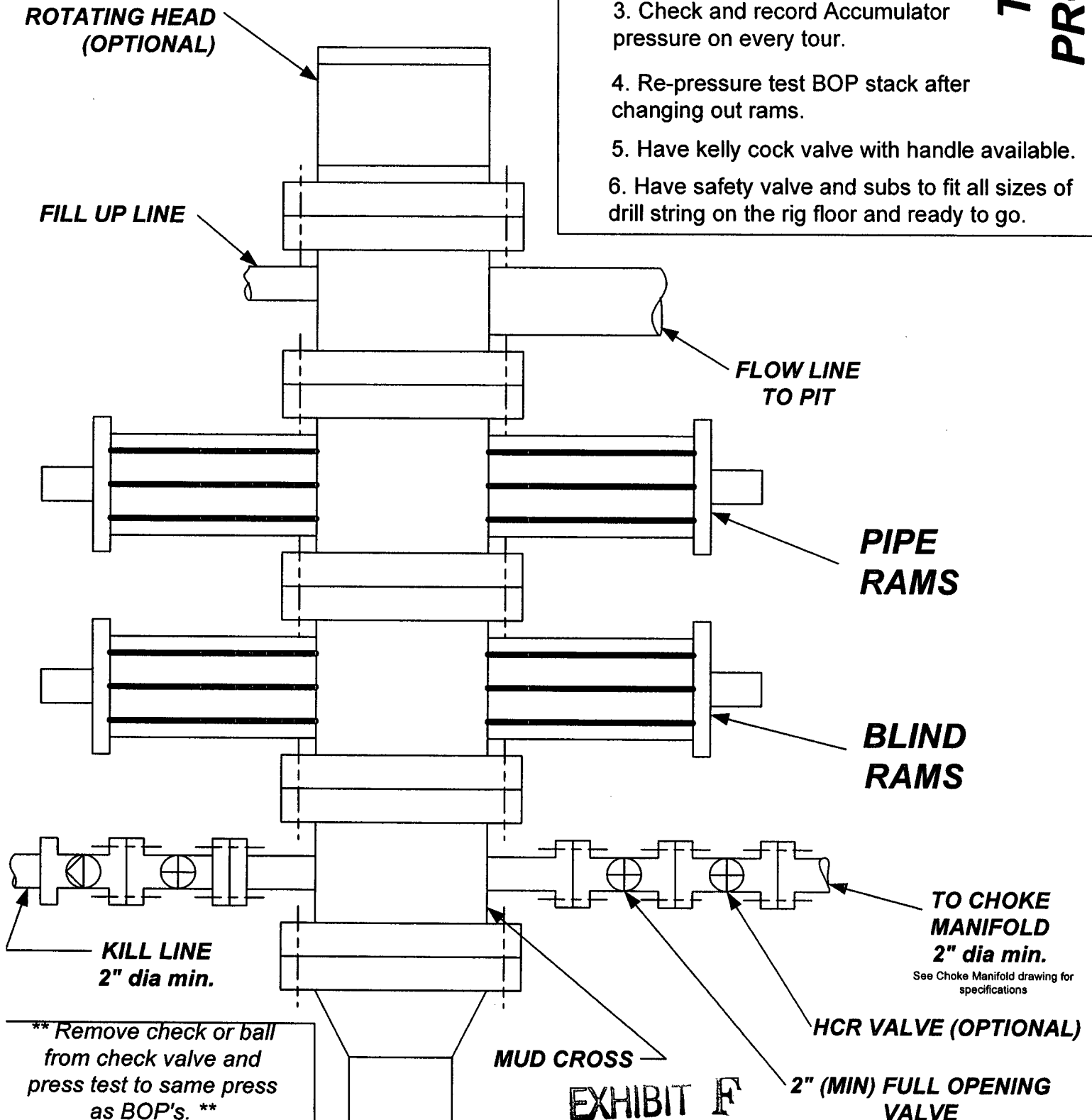
2. Test operation of (both) rams on every trip.

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.



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

