

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		Lease Serial No. SF-081239	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. 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. LC KELLY #3F	
3b. Phone No. (include area code) 505-324-1090		9. API Well No. 30-045-33238	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 665' FNL x 665' FWL in Sec 4, T30N, R12W At proposed prod. zone SAME		10. Field and Pool, or Exploratory BASIN DAKOTA/BLANCO MESAVERDE	
14. Distance in miles and direction from nearest town or post office* Approx 3.33 air miles northwest of Flora Vista, NM Post Office		11. Sec., T., R., M., or Blk. and Survey or Area 04, 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 2410.24	17. Spacing Unit dedicated to this well N/2 296.05	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 500'	19. Proposed Depth 7150'	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5952' 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 Kyla Vaughan	Name (Printed/Typed) Kyla Vaughan	Date 07/15/05
Title Regulatory Compliance Tech		
Approved by (Signature) Wayne Townsend	Name (Printed/Typed) Wayne Townsend	Date 8/19/05
Title Acting AFM	Office PFO	

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)

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

APD/ROW

NMCCD

DISTRICT I
1626 N. French Dr., Hobbs, N.M. 88240

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

DISTRICT III
1088 Rio Bravo Rd., Alamo, N.M. 87110

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

RECEIVED
OIL CONSERVATION DIVISION

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33238	*Pool Code 71599	*Pool Name Basin Dakota
*Property Code 221620	*Property Name L.C. KELLY	*Well Number 3F
*OCRID No. 11670167	*Operator Name XTO ENERGY INC.	*Elevation 5952

10 Surface Location

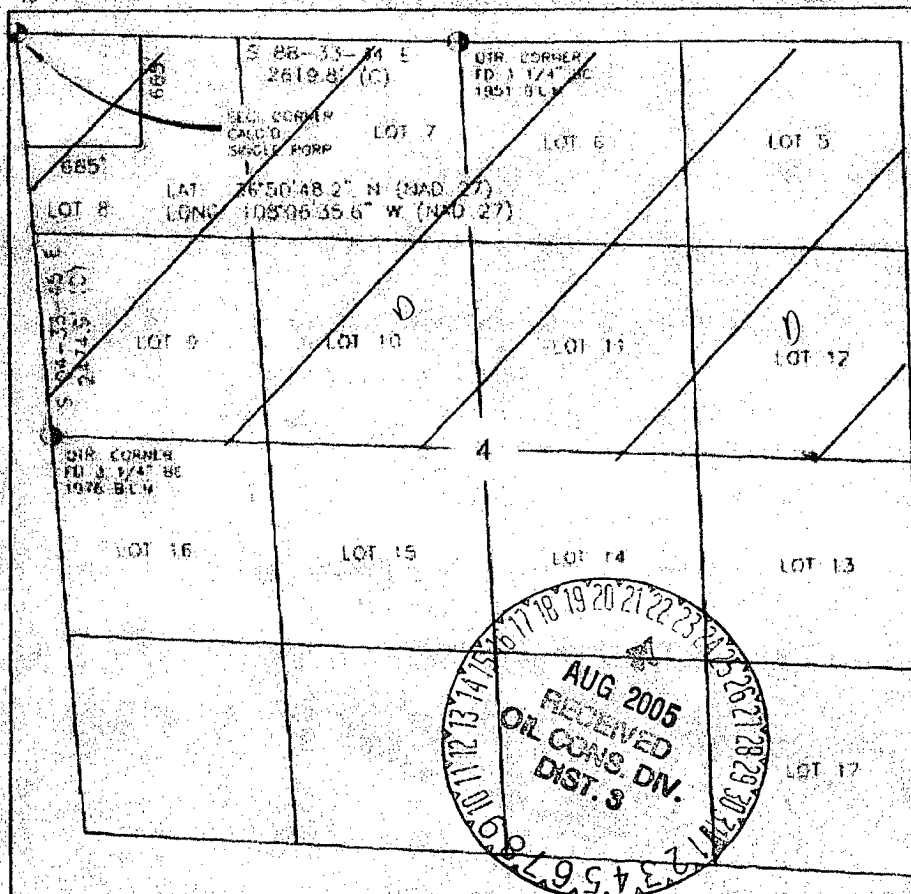
Oil or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
0	4	30-N	12-W	8	665	NORTH	665	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

Oil or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
0	4	30-N	12-W	8	665	NORTH	665	WEST	SAN JUAN

*Dedicated Acres 0.12 296.05	*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



12 OPERATOR CERTIFICATION

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

Kelly K. Small
Signature

Kelly K. Small
Drilling Assistant
Date: 5/20/05

13 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.

FEBRUARY

Date of

Signature

Professional Surveyor

15-05

Certificate Number

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

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

DISTRICT III
1000 Rio Bravos 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33238	² Pool Code 72319	³ Pool Name Blanco Mesaverde
⁴ Property Code	⁵ Property Name L.C. KELLY	⁶ Well Number 3F
⁷ OGUID No. 167067	⁸ Operator Name XIO ENERGY INC.	⁹ Elevation 5952

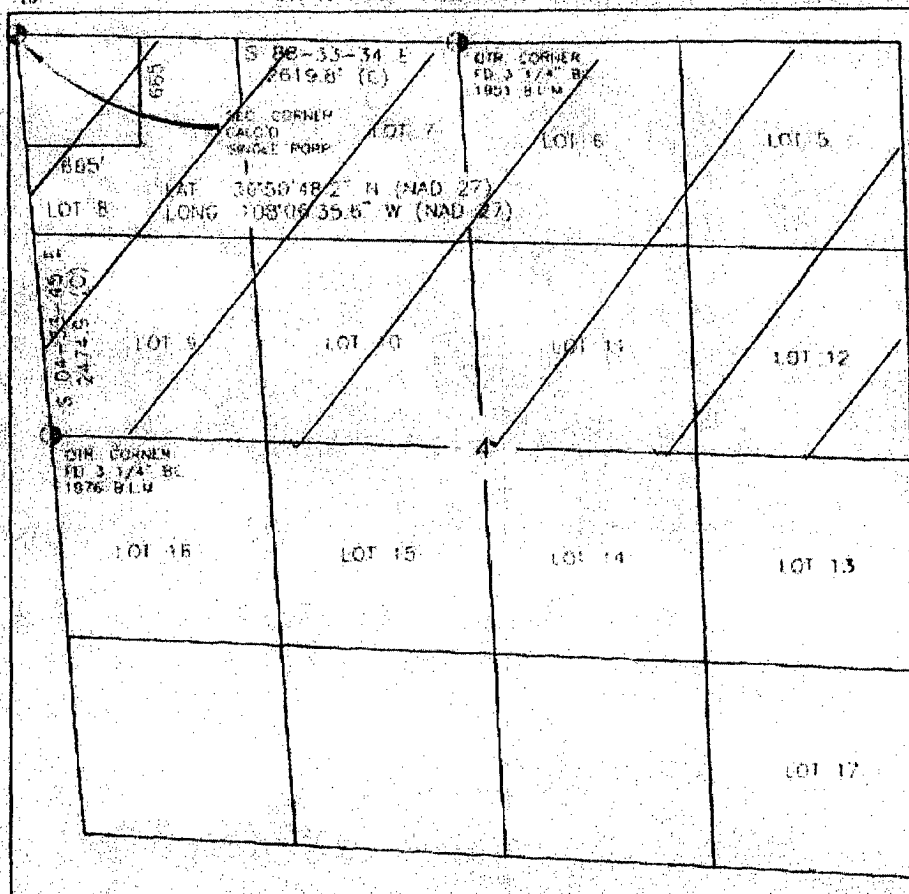
¹⁰Surface Location

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	4	30-N	12-W	8	665	NORTH	665	WEST	SAN JUAN

¹¹Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres N12 296.05			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



17 OPERATOR CERTIFICATION

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

Kelly K. Small
Signature

Kelly K. Small
Drilling Assistant
Date: 5/20/05

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 knowledge and belief.

FEBRUARY

Date of Survey

Signature

Professional Surveyor

15-05

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.
7. Lease Name or Unit Agreement Name: LC KELLY
8. Well Number #3F
9. OGRID Number 167067
10. Pool name or Wildcat BASIN DAKOTA/BLANCO MESAVERDE
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5952'
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> Pit type <u>DRILL</u> Depth to Groundwater <u>>100</u> Distance from nearest fresh water well <u>1 MILE</u> Distance from nearest surface water <u>1 MILE</u> Pit Liner Thickness: <u>12</u> 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	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 <u>D</u> : <u>665</u> feet from the <u>NORTH</u> line and <u>665</u> feet from the <u>WEST</u> line Section <u>4</u> Township <u>30N</u> Range <u>12W</u> NMPM <u>NMPM</u> County <u>SAN JUAN</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5952'			
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> Pit type <u>DRILL</u> Depth to Groundwater <u>>100</u> Distance from nearest fresh water well <u>1 MILE</u> Distance from nearest surface water <u>1 MILE</u> Pit Liner Thickness: <u>12</u> 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: 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 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 07/15/05
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-564-6726

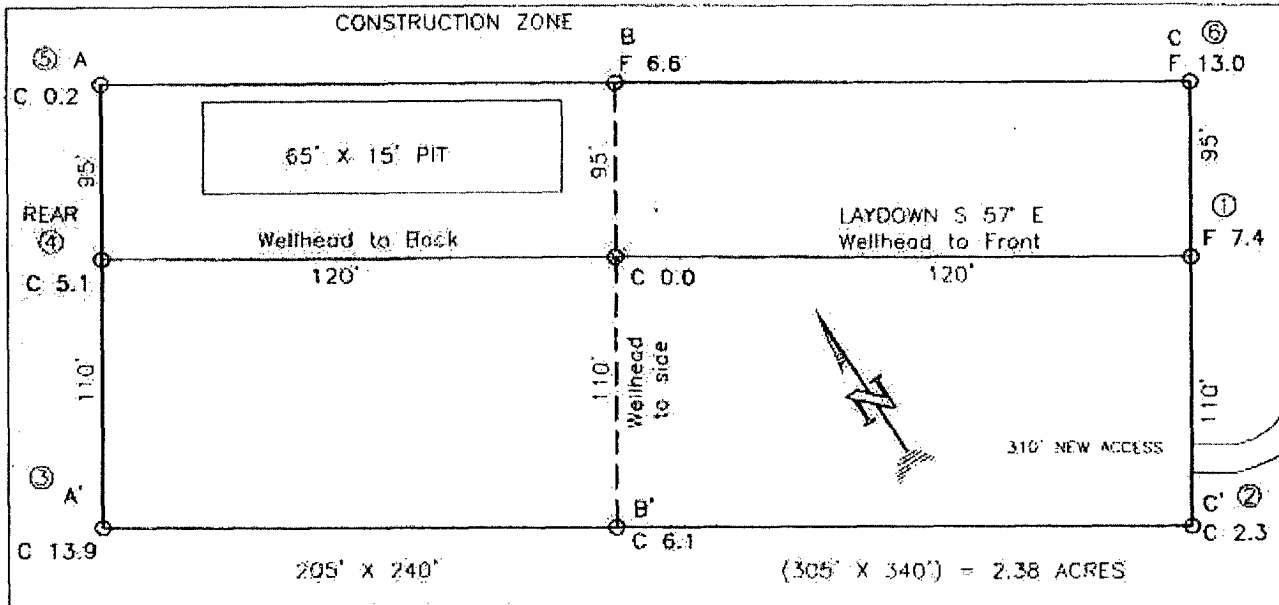
For State Use Only

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. III DATE AUG 22 2005
Conditions of Approval, if any:

EXHIBIT D

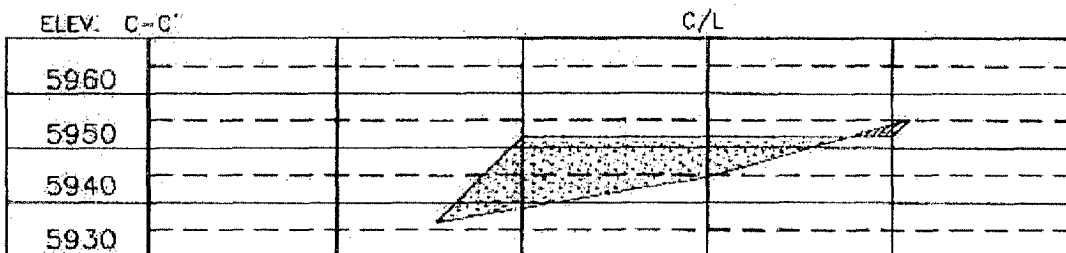
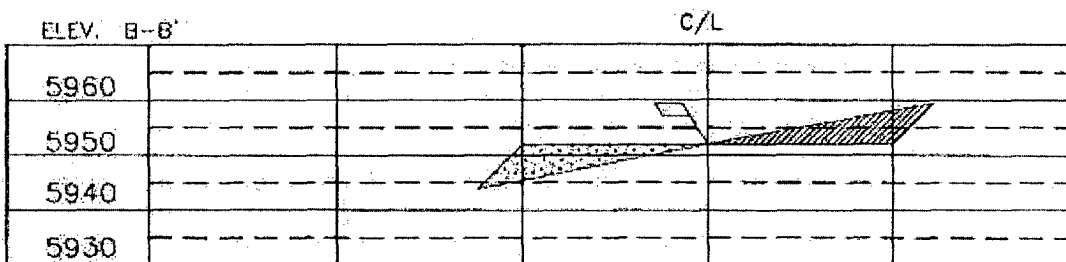
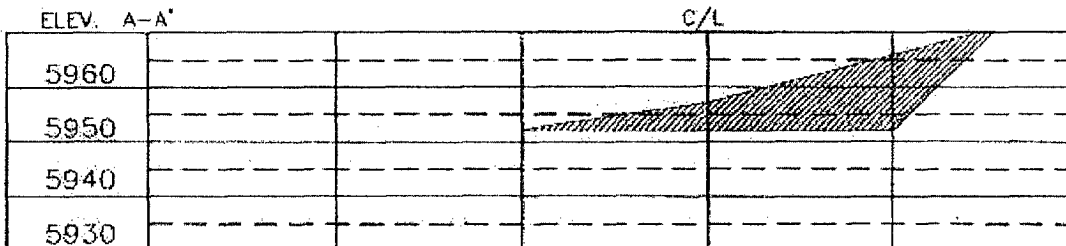
XTO ENERGY INC.
 L.C. KELLY NO. 3F, 665' FNL 665' FWL
 SECTION 4, T30N, R12W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5952', DATE: FEBRUARY 22, 2005

LAT. = 36°50'48.2" N
 LONG. = 108°06'35.6" 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

REVISION	DATE	REVISED BY
<p>Daggett Enterprises, Inc. Surveying and Oil Field Services P.O. Box 15088 • Farmington, NM 87401 Phone (505) 328-1772 • Fax (505) 328-6015 NEW MEXICO L.S. No. 14831 CABLE: CR483, C58 DATE 03/08/05</p>		
<p>DRAWN BY: G.V. PLOT: CR483</p>		

EXHIBIT E

XTO ENERGY INC.

LC Kelly #3F

APD Data

July 12, 2005

Location: 665' FNL x 665' FWL Sec 4, T30N, R12W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 7,150'
APPROX GR ELEV: 5,952'

OBJECTIVE: Basin Dakota / Blanco Mesaverde
Est KB ELEV: 5,964' (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 ($\pm 7,150'$) 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	7,150'	15.5#	J-55	STC	4040	4810	222	4.950	4.825	1.22	1.45	2.02

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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 (or slip-on, weld-on), 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 $\pm 7,150'$ in 7-7/8" hole. DV Tool set @ $\pm 4,000'$

1st Stage

LEAD:

± 300 sx of Premium Lite HS (Type III/Poz/Gel) with 2% salt, 1/4 pps cello, 0.2% dispersant, 0.5% fluid loss & 2% LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III with 5% bonding additive, 1/4 pps cello, 2% LCM, 0.3% dispersant & 0.2% fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2nd Stage

LEAD:

± 550 sx of Type III with 8% gel, 1/4 pps cello & 2% 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 2,370 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 (7,150') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7,150') to 3,000'.

EXHIBIT F

6. FORMATION TOPS:

Est. KB Elevation: 5,964'

Formation	Subsea Depth	Well Depth
Ojo Alamo SS	+5300'	664'
Kirtland Shale	+5200'	764'
Farmington SS	+5090'	874'
Fruitland Formation	+4133'	1831'
Lower Fruitland Coal	+3933'	2031'
Pictured Cliffs SS	+3733'	2231'
Lewis Shale	+3555'	2409'
Chacra	+2675'	3289'
Cliffhouse SS	+2128'	3836'
Menefee	+2071'	3893'
Point Lookout SS	+1395'	4569'
Mancos Shale	+1048'	4916'
Gallup SS	+131'	5833'
Greenhorn Limestone	-616'	6580'
Graneros Shale	-668'	6632'
1 st Dakota SS	-735'	6699'
2 nd Dakota SS	n/a	n/a
3 rd Dakota SS	-780'	6744'
4 th Dakota SS	n/a	n/a
5 th Dakota SS	-820'	6784'
6 th Dakota SS	-874'	6838'
Burro Canyon SS	-943'	6907'
Morrison Shale	-1000'	6964'
Project TD	-1186'	7150'

**** Maximum anticipated BHP should 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
7/12/05

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~~¹⁰ 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.

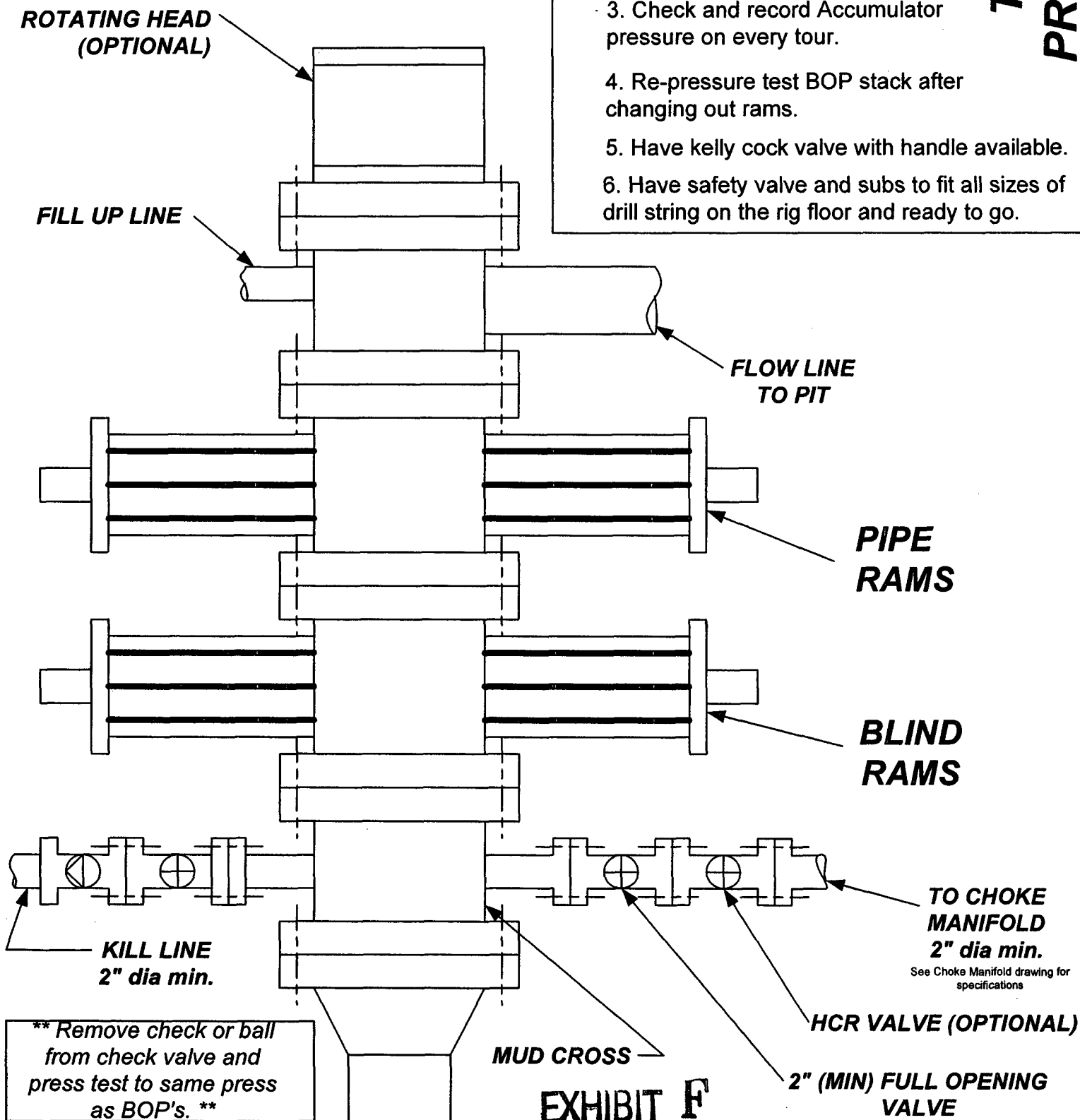


EXHIBIT F

CHOKES 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

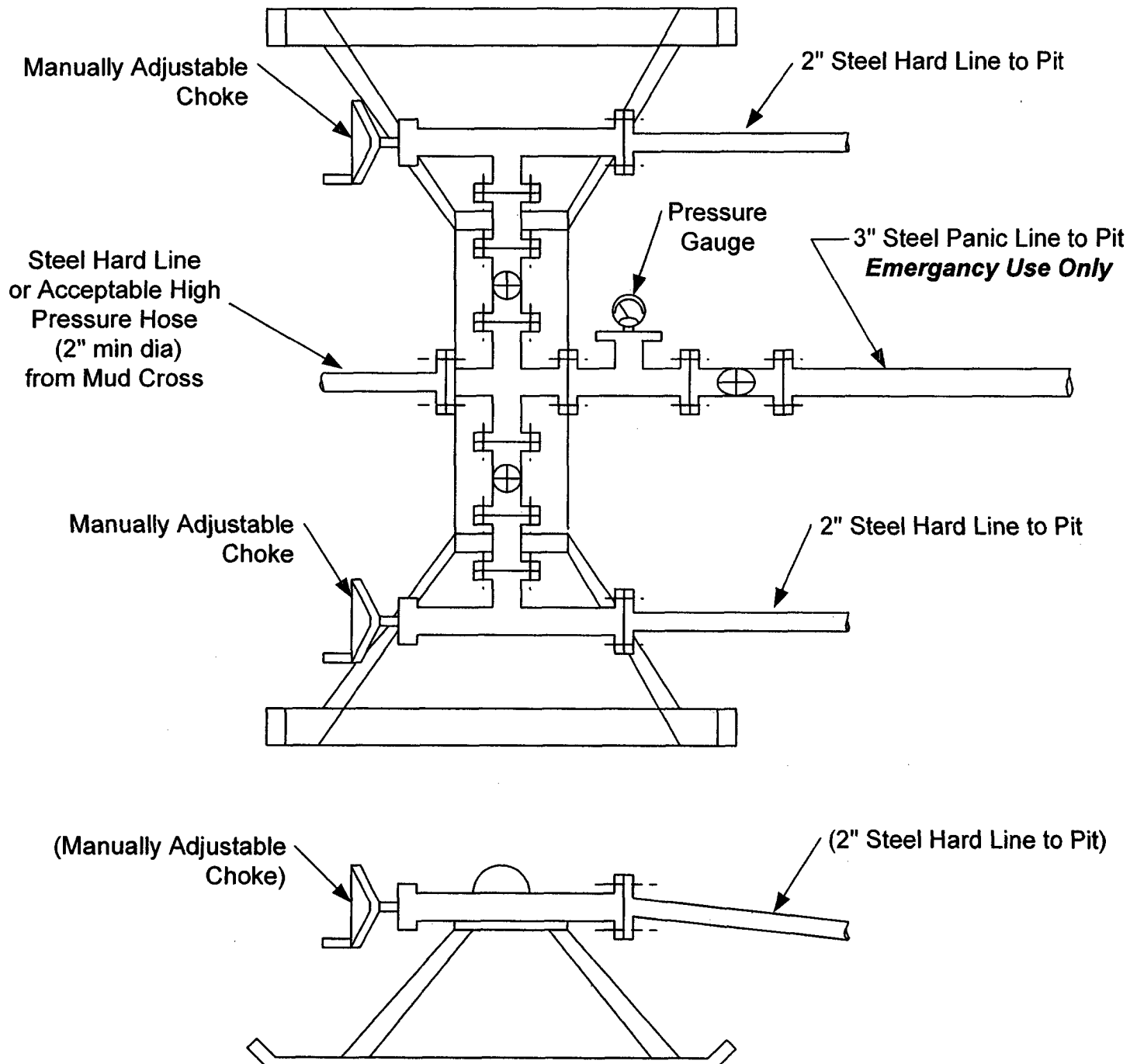


EXHIBIT F