

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. <b>SF-077875</b>	
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. If Indian, Allottee or Tribe Name <b>N/A</b>	
2. Name of Operator <b>XIO Energy Inc.</b>		7. Unit or CA Agreement Name and No. <b>N/A NMNM 673954</b>	
3a. Address <b>2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM</b>		8. Lease Name and Well No. <b>Pipkin Gas Com A #1G</b>	
3b. Phone No. (include area code) <b>505-324-1090</b>		9. API Well No. <b>30-045-33445</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface <b>2140' FNL x 1430' FWL in Sec 7, T27N, R10W</b> At proposed prod. zone <b>SAME</b>		10. Field and Pool, or Exploratory <b>WC Basin Dakota/Basin Mancos</b>	
14. Distance in miles and direction from nearest town or post office* <b>Approx 8.7 miles Southeast of Bloomfield, NM post office</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>(F) Sec 7, T27N, R10W</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) <b>1430'</b>	16. No. of Acres in lease <b>2080</b>	17. Spacing Unit dedicated to this well <b>F 332.97 DK-822-94 W/2 - MC 166.31 NW/4</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>542'</b>	19. Proposed Depth <b>6600'</b>	20. BLM/BIA Bond No. on file <b>UTB-000138</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5816' Ground Elevation</b>	22. Approximate date work will start* <b>winter 2005</b>	23. Estimated duration <b>2 weeks</b>	

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) <b>Kyla Vaughan</b>	Date <b>11/21/05</b>
Title <b>Regulatory Compliance Tech</b>		
Approved by (Signature) <i>Jim Lovato</i>	Name (Printed/Typed) <b>Jim Lovato</b>	Date <b>11/30/05</b>
Title <b>Acting Field Manager - Min.</b>	Office <b>Oil Cons. Div.</b>	

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)

HOLD C104 FOR NSL in WC Basin Mancos

NMOCDD

APD/ROW

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

2005 NOV 22 PM 4 12

RECEIVED

070 FARMINGTON NM

DISTRICT I  
1625 N. French 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 Ave., Artesia, N.M. 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

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

[ ] AMENDED REPORT

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

# WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-045-33445		<sup>2</sup> Pool Code 71599	<sup>3</sup> Pool Name Basin Dakota
<sup>4</sup> Property Code 22630	<sup>5</sup> Property Name PIPKIN GAS COM A		<sup>6</sup> Well Number 1G
<sup>7</sup> OGRIID No. 167067	<sup>8</sup> Operator Name XTO ENERGY INC.		<sup>9</sup> Elevation 5816'

## <sup>10</sup> Surface Location

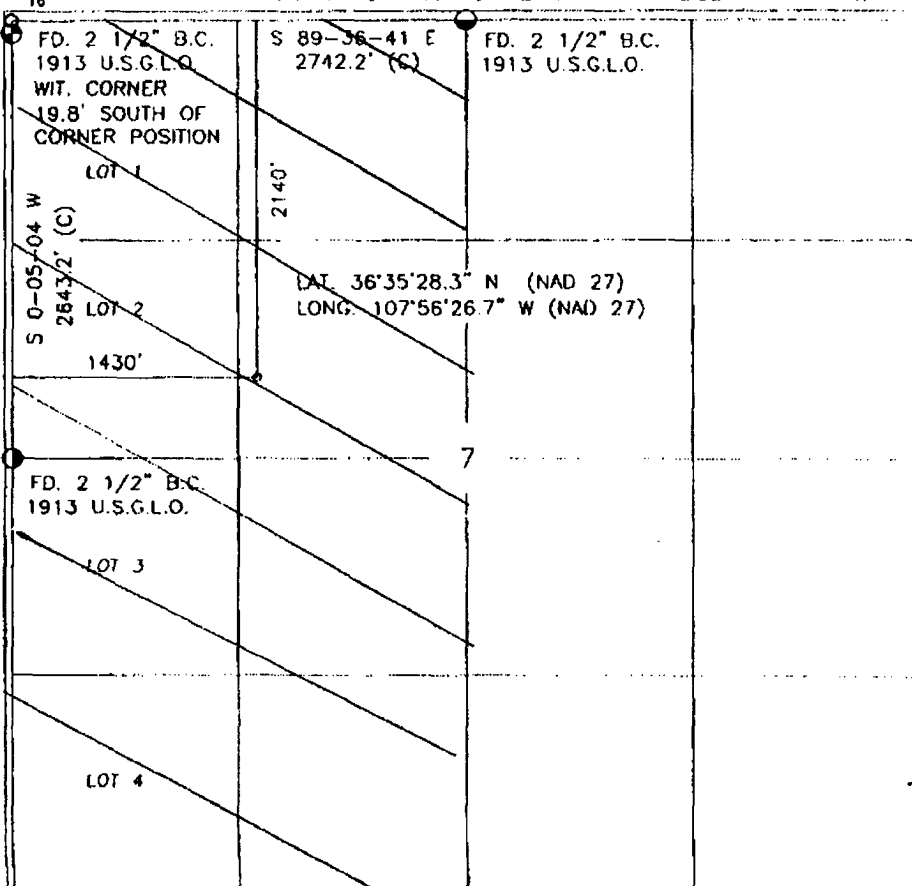
UL or lat no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	7	27-N	10-W		2140	NORTH	1430	WEST	SAN JUAN

## <sup>11</sup> 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

<sup>12</sup> Dedicated Acres 166.37 w/ 2 382.92	<sup>13</sup> Joint or Intdr	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: *Heery H. Smacer*  
Printed Name: *Heery H. Smacer*  
Title: *Regulatory Compliance Tech*  
Date: *9/29/09*

<sup>18</sup> 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: *JUNE 16, 2005*  
Signature: *JOHN A. VUKOBICH*  
Title: *REGISTERED PROFESSIONAL SURVEYOR*  
Certificate Number: *14831*

DISTRICT I  
1825 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

3005 MAY 22 PM 4 12

RECEIVED  
610 FARMINGTON NM

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 5 Copies

[ ] AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33445		*Pool Code 97232	*Pool Name W Basin mancos
*Property Code 22630	*Property Name PIPKIN GAS COM A		*Well Number 1G
*OGRID No. 167067	*Operator Name XTO ENERGY INC.		*Elevation 5816'

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
F	7	27-N	10-W		2140	NORTH	1430	WEST	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
12 Dedicated Acres N.W. 1/4 166.61					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

16		17 OPERATOR CERTIFICATION	
FD. 2 1/2" B.C. 1913 U.S.G.L.O. WIT. CORNER 19.8' SOUTH OF CORNER POSITION LOT 1 S 0-05-04 W 2643.2' (C) 2140' LOT 2 1430' LAT 36°35'28.3" N (NAD 27) LONG. 107°56'26.7" W (NAD 27) LOT 3 FD. 2 1/2" B.C. 1913 U.S.G.L.O. LOT 4		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature: <u>Kelly K. Small</u> Printed Name: <u>Kelly K. Small</u> Title: <u>Regulatory Compliance Tech</u> Date: <u>9/29/09</u>	
		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: <u>JUNE 16, 2005</u> Signature: <u>JOHN A. VUKOBRA</u> Title: <u>REGISTERED PROFESSIONAL SURVEYOR</u> Certificate Number: <u>1483</u>	

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

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

WELL API NO. <u>30-045-33445</u>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <u>SF-077875</u>
7. Lease Name or Unit Agreement Name: <u>Pipkin Gas Com A</u>
8. Well Number <u>#1G</u>
9. OGRID Number <u>167067</u>
10. Pool name or Wildcat <u>Basin Dakota/Basin Mancos</u>

**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 <input type="checkbox"/>	2. Name of Operator <u>XTO Energy Inc.</u>
3. Address of Operator <u>2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401</u>	4. Well Location Unit Letter <u>F</u> : <u>2140</u> feet from the <u>North</u> line and <u>1430</u> feet from the <u>West</u> line Section <u>7</u> Township <u>27N</u> Range <u>10W</u> NMPM <u>NMEM</u> County <u>SAN JUAN</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>5816' Ground Elevation</u>	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> Pit type <u>DRILL</u> Depth to Groundwater <u>&lt;100</u> Distance from nearest fresh water well <u>&gt;1000</u> Distance from nearest surface water <u>&gt;1000</u> Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u>8000</u> 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 intends to install a pit on location for drilling.

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 11/21/05  
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. # DATE DEC 02 2005  
Conditions of Approval, if any: \_\_\_\_\_

EXHIBIT D

# XTO ENERGY INC.

Pipkin Gas Com A #1G

APD Data

November 21, 2005

Location: 2140' FNL x 1430' FWL Sec 7, T27N, R10W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 6600'  
APPROX GR ELEV: 5816'

OBJECTIVE: Basin Dakota / Basin Mancos  
Est KB ELEV: 5828' (12' AGL)

## 1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6600
HOLE SIZE	12.25"	7.875"	7.875"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND / Gel Chemical
WEIGHT	8.6-9.0	8.4-8.8	8.6- 9.20
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: 8.625" casing to be set at  $\pm 360'$  in a 12-1/4" hole filled with 9.20 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	ST&C	1370	2950	244	8.097	7.972	7.950	17.13	28.24

Production Casing: 5.5" casing to be set at TD ( $\pm 6600'$ ) in 7-7/8" hole filled with 9.20 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'-6600	6600'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.28	1.52	1.97

## 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: 8.625", 24.0#, J-55, ST&C casing to be set at  $\pm 360'$  in 12-1/4" hole.

214 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft<sup>3</sup>/sk, & 6.70 gal wtr/sk.

*Total slurry volume is 297 ft<sup>3</sup>, 100% excess of calculated annular volume to 360'.*

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at  $\pm 6600'$  in 7.875" hole.

LEAD:

$\pm 682$  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 ft<sup>3</sup>/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.

*Total estimated slurry volume for the 5-1/2" production casing is 1601 ft<sup>3</sup>.*

*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 (6600') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6600') to 3,000'.

6. **FORMATION TOPS:**

Est. KB Elevation: 5828'

FORMATION	Sub-Sea Elev.	WELL DEPTH	FORMATION	Sub-Sea Elev.	WELL DEPTH
Ojo Alamo SS	5238	590	Gallup Ss**	659	5,169
Kirtland Shale	5105	723	Greenhorn Ls	-147	5,975
Farmington SS			Graneros Sh	-208	6,036
Fruitland Formation	4643	1,185	1 <sup>ST</sup> Dakota Ss*	-235	6,063
Lower Fruitland Coal			2 <sup>ND</sup> Dakota Ss*	-264	6,092
Pictured Cliffs SS	4203	1,625	3 <sup>RD</sup> Dakota Ss*	-316	6,144
Lewis Shale	4057	1,771	4 <sup>TH</sup> Dakota Ss*	-376	6,204
Chacra SS	3289	2,539	5 <sup>TH</sup> Dakota Ss*	-407	6,235
Cliffhouse SS	2681	3,147	6 <sup>TH</sup> Dakota Ss*	-441	6,269
Menefee	2544	3,284	Burro Canyon Ss*	-482	6,310
Point Lookout SS	1831	3,997	Morrison Fm	-517	6,345
Mancos Shale	1493	4,335	<b>Total Depth</b>	-772	<b>6,600</b>

\* Primary Objective

\*\* Secondary Objective

\*\*\*\* 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
John Egelston	Drilling Engineer	505-564-6734	505-330-6902
Dennis Elrod	Drilling foreman	505-486-6460	505-326-2024
Reed Meek	Project Geologist	817-885-2800	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWP  
11/21/05

**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~~<sup>10</sup> min.

Test BOP to Working Press or  
to 70% internal yield of surf csg  
(10 min) or which ever is less.

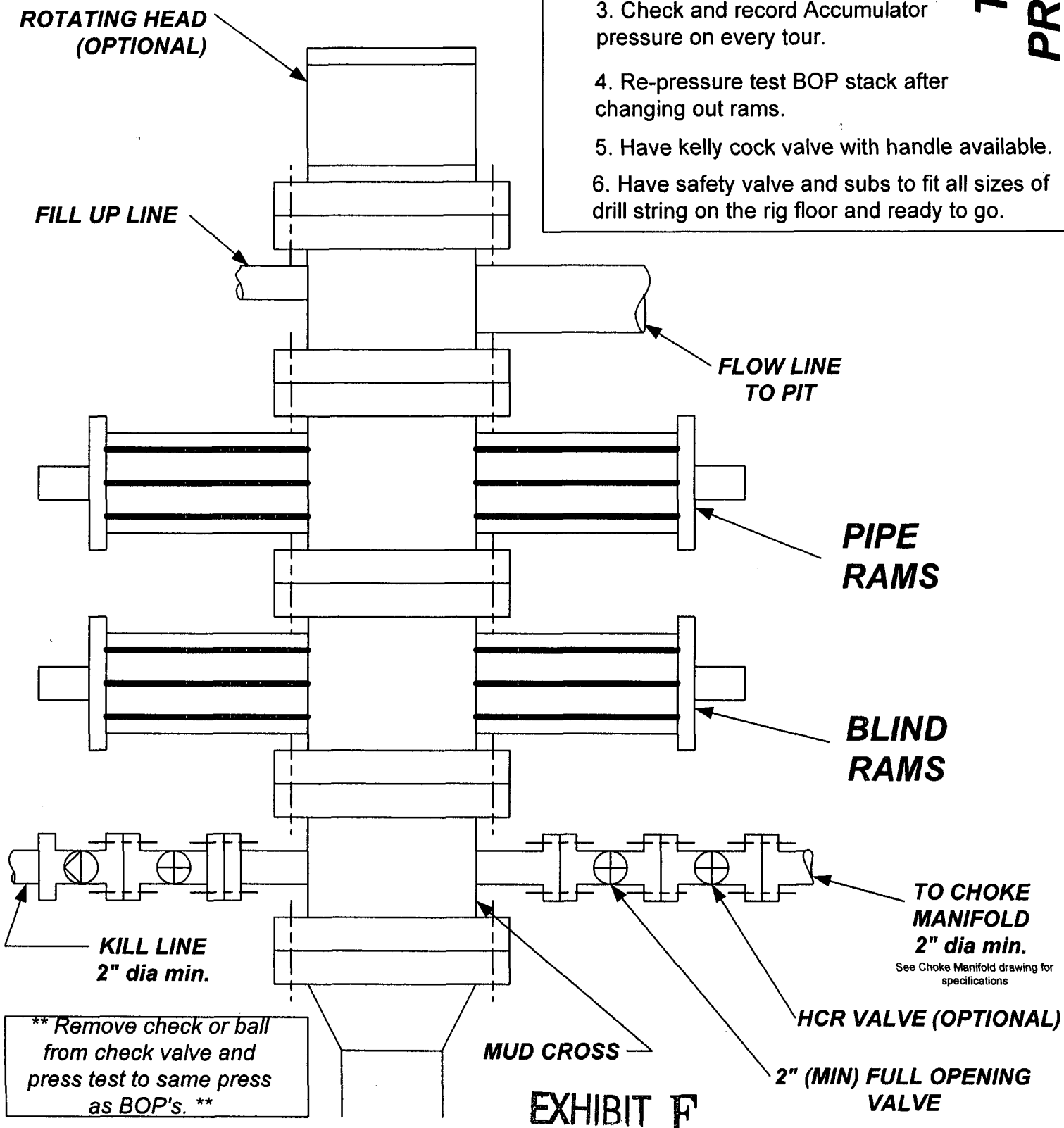
### 2. Test operation of (both) rams on every trip.

### 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.

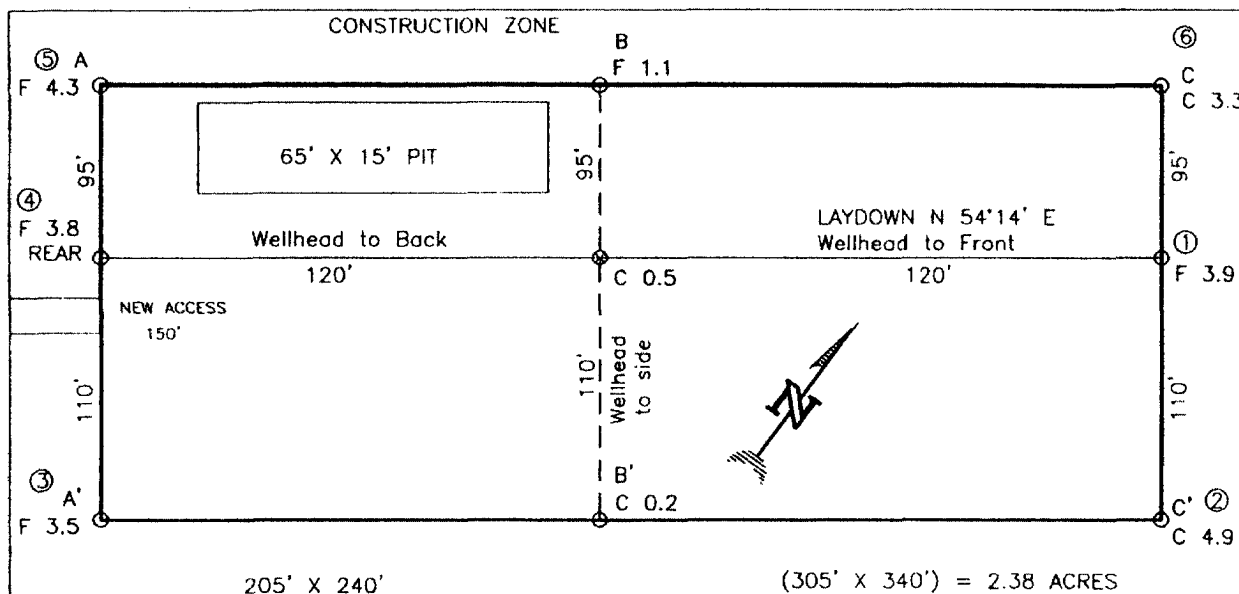


**EXHIBIT F**



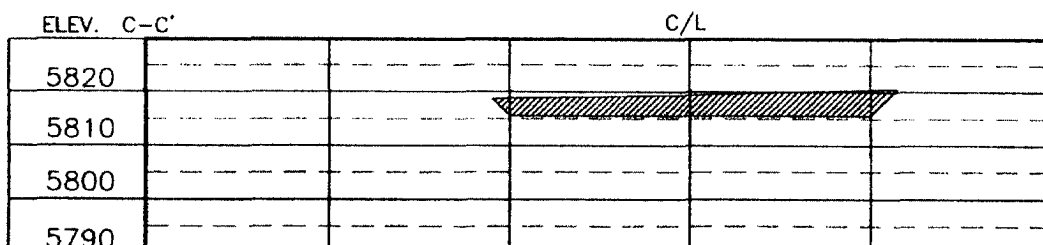
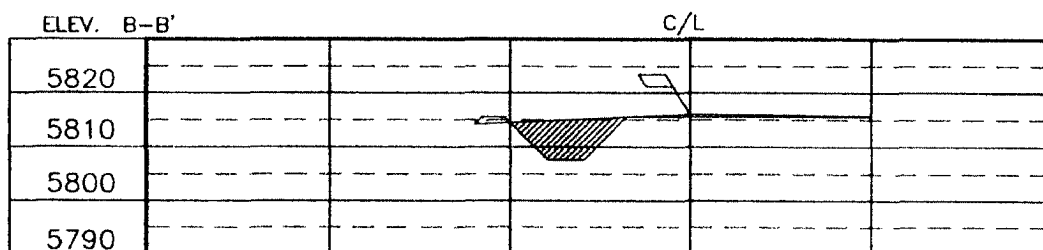
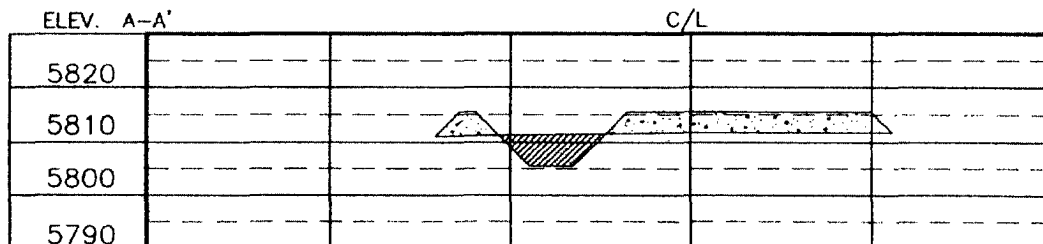
XTO ENERGY INC.  
 PIPKEN GAS COM A No. 1G, 2140 FNL 1430 FWL  
 SECTION 7, T27N, R10W, N.M.P.M., SAN JUAN COUNTY, N. M.  
 GROUND ELEVATION: 5816' DATE: JUNE 16, 2005

LAT. = 36°35'28.3" N.  
 LONG. = 107°56'26.7" 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	REVISED BY	<b>Daggett Enterprises, Inc.</b> Surveying and Oil Field Services P. O. Box 15068 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-8019 NEW MEXICO L.S. No. 14831 DAPPLE CR414CF8 DATE: 05/19/05
DATE	REVISED BY	
DATE	REVISED BY	
DATE	REVISED BY	

EXHIBIT E