

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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-047039A		
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 N/A		
2. Name of Operator XTO Energy Inc. 167067			7. Unit or CA Agreement Name and No. N/A NMNM 073949		
3a. Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM			8. Lease Name and Well No. Kurtz Federal #11G 22756		
3b. Phone No. (include area code) 505-324-1090			9. API Well No. 30-045-33554		
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2425' ENL x 1945' FWL in Sec 20, T28N, 10W At proposed prod. zone SAME			10. Field and Pool, or Exploratory Basin Dakota/Otero Chacra 8232 9		
14. Distance in miles and direction from nearest town or post office* Approximately 6.6 miles Southeast of Bloomfield, NM post office			11. Sec., T., R., M., or Blk. and Survey or Area (F) Sec 20, T28N, R10W		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1945'		16. No. of Acres in lease 600		17. Spacing Unit dedicated to this well 320 DK - W/2, 160 CH - NW/4	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1450'		19. Proposed Depth 7000'		20. BLM/BIA Bond No. on file UTB-000138	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6011' Ground Elevation		22. Approximate date work will start* May 2006		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:

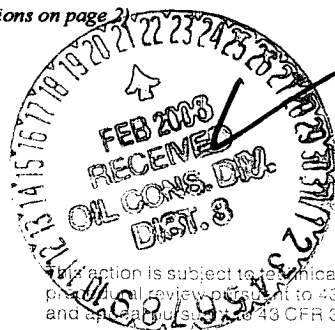
- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the 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 01/25/06
Title Regulatory Compliance Tech		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) [Signature]	Date 2/17/06
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)

HOLD 0104 FOR NSL in Otero Chacra**APD/ROW**

NMCCD

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

DRILLING OPERATIONS AUTHORIZED
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., Ariceo, 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

*API Number 30-06-33554		*Pool Code 71599	*Pool Name Basin Dakota
*Property Code 22756 ✓	*Property Name KUTZ FEDERAL ✓		*Well Number 11G ✓
*GRID No 1107067 ✓	*Operator Name XTO ENERGY INC. ✓		*Elevation 5011

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
F	20	28-N	10-W		2425	NORTH	1945	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
*Dedicated Acres 320 W12			*Joint or Infill		*Consolidation Code		*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>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><u>Helly K. Small</u> Signature</p> <p><u>Helly K. Small</u> Printed Name</p> <p><u>Drilling Assistant</u> Title</p> <p><u>3/8/05</u> Date</p> <p>12 11</p>

DISTRICT I
1525 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

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Revised June 10, 2003

Submit to Appropriate District Office
State Lease - 4 Copies
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33554		*Pool Code 82329	*Pool Name Otero Chacra
*Property Code 22756	*Property Name KUTZ FEDERAL		*Well Number 11G
*DCHD No 1157069	*Operator Name XTO ENERGY INC.		*Elevation 5011

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 1st	Feet from line	North/South line	Feet from line	East/West line	County
F	20	28-N	10-W		2425	NORTH	1945	WEST	SAN JUAN

11 Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot 1st	Feet from line	North/South line	Feet from line	East/West line	County
*Dedicated Acres 160 NW 1/4			*Joint or Infill		*Consolidation Code		*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. Signature: Kelly K. Smalley Printed Name: Kelly K. Smalley Title: Drilling Assistant Date: 3/8/05	
	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. JAN 11 2005 JOYNA VUKONICH NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 14832 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. <u>30-045-33554</u>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <u>SF-047039A</u>
7. Lease Name or Unit Agreement Name: <u>Kutz Federal</u>
8. Well Number <u>#11G</u>
9. OGRID Number <u>167067</u>
10. Pool name or Wildcat <u>Basin Dakota/Otero Chacra</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	11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>6011' Ground Elevation</u>
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>2425</u> feet from the <u>North</u> line and <u>1945</u> feet from the <u>West</u> line Section <u>20</u> Township <u>28N</u> Range <u>10W</u> NMPM <u>NMPM</u> County <u>SAN JUAN</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><50</u> Distance from nearest fresh water well <u>>1000</u> Distance from nearest surface water <u>>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 01/25/06
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com
Telephone No. 505-564-6726

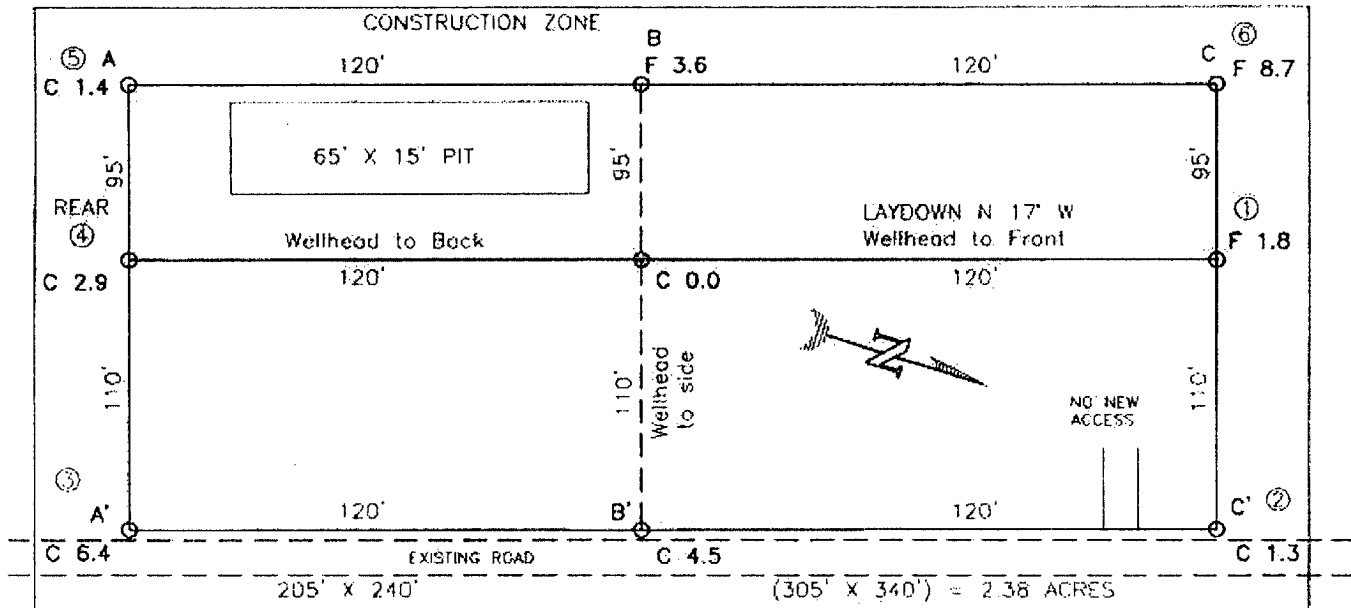
For State Use Only

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. # DATE FEB 2 1 2006
Conditions of Approval, if any:

EXHIBIT D

XTO ENERGY INC.
 KUTZ FEDERAL NO. 11G 2425' FNL 1945' FWL
 SECTION 20, T28N, R10W, N.M.P.M., SAN JUAN COUNTY, N.M.
 GROUND ELEVATION: 6011', DATE: JANUARY 14, 2005

LAT. = 36°38'54.1" N
 LONG. = 107°55'14.5" W
 NAD 27

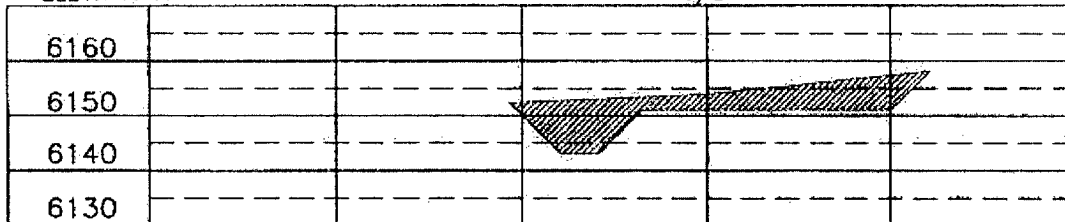


RESERVE PIT DIKE: TO BE 6" ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT

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.

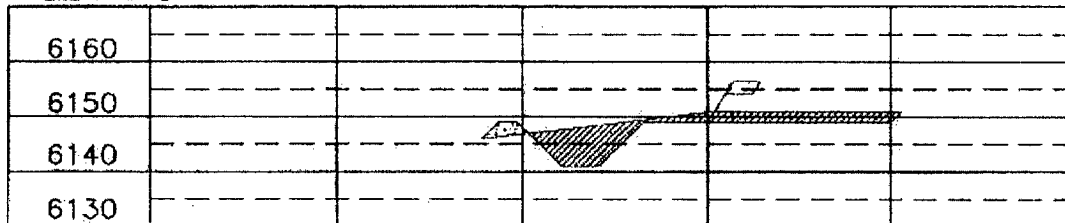
ELEV. A-A'

C/L



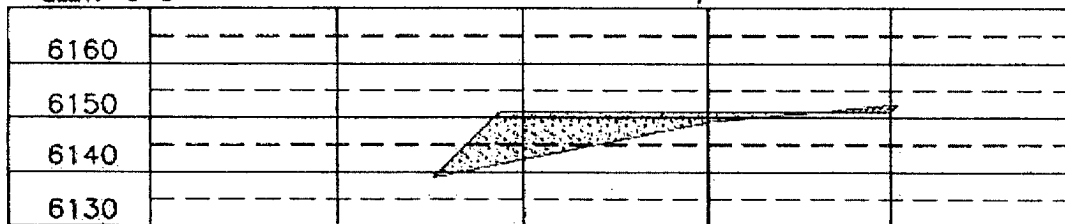
ELEV. B-B'

C/L



ELEV. C-C'

C/L



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
Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO U.S. No. 14831 CABLE CR429, CFB DRAWN BY: C.V. DATE: 02/07/05 ROW: CR429		



EXHIBIT E

XTO ENERGY INC.

Kutz Federal #11G

APD Data

January 24, 2006

Location: 2425' FNL x 1945' FWL Sec 20, T28N, R10W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 7000'

OBJECTIVE: Basin Dakota / Otero Chacra

APPROX GR ELEV: 6011'

Est KB ELEV: 6023' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2800'	2800' to 7000
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 ($\pm 7000'$) 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'-7000	7000'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.21	1.44	1.86

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 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is 297 ft³, 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 $\pm 7000'$ in 7.875" hole.

LEAD:

± 730 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.

Total estimated slurry volume for the 5-1/2" production casing is 1698 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 (7000') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7000') to 3,000'.

6. FORMATION TOPS:

Est. KB Elevation: 6023'

FORMATION	Sub-Sea Elev.	WELL DEPTH	FORMATION	Sub-Sea Elev.	WELL DEPTH
Ojo Alamo SS	5093	930	Gallup Ss	452	5,571
Kirtland Shale	4934	1,089	Greenhorn Ls	-302	6,325
Farmington SS			Graneros Sh	-363	6,386
Fruitland Formation	4427	1,596	1 ST Dakota Ss*	-396	6,419
Lower Fruitland Coal			2 ND Dakota Ss*	-420	6,443
Pictured Cliffs SS	3969	2,054	3 RD Dakota Ss*	-478	6,501
Lewis Shale	3778	2,245	4 TH Dakota Ss*	-545	6,568
Chacra SS**	3002	3,021	5 TH Dakota Ss*	-578	6,601
Cliffhouse SS	2409	3,614	6 TH Dakota Ss*	-621	6,644
Menefee	2315	3,708	Burro Canyon Ss*	-687	6,710
Point Lookout SS	1677	4,346	Morrison Fm	-727	6,750
Mancos Shale	1334	4,689	Total Depth	-977	7,000

* 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
John Egelston	Drilling Engineer	505-564-6734	505-330-6902
Gary Hancock	Drilling Engineer	505-324-1090	505-324-1090
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

JWE

1/24/06

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 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.

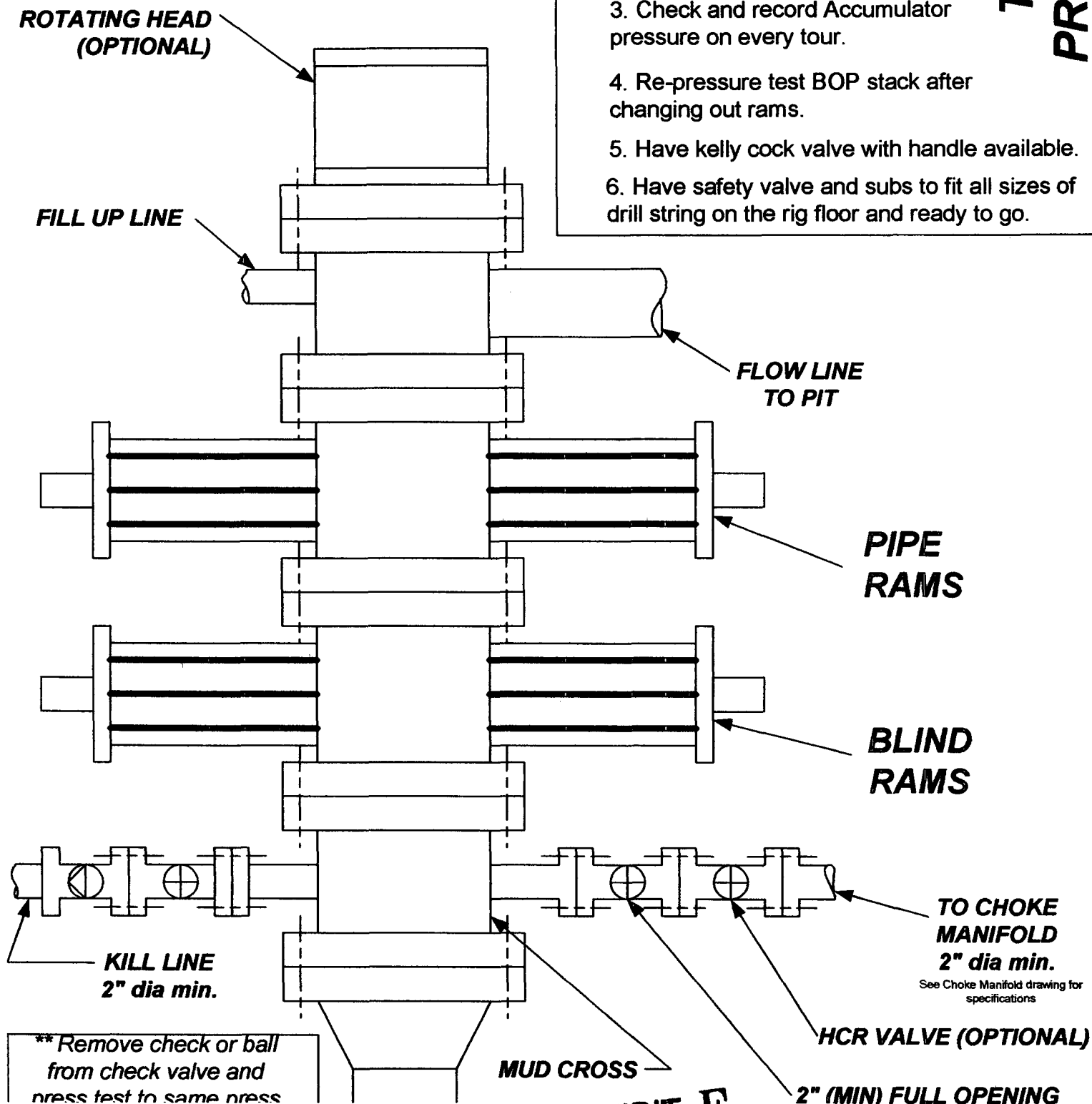


EXHIBIT F

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

