

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-078138-A	
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. Story B #7R	
3b. Phone No. (include area code) 505-324-1090		9. API Well No. 30-045-33645	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1890 FSL x 1975 FWL in Sec 5, T30N, R11W At proposed prod. zone SAME		10. Field and Pool, or Exploratory Aztec Pictured Cliffs	
14. Distance in miles and direction from nearest town or post office* Approximately 2 miles North of Aztec, NM post office		11. Sec., T., R., M., or Blk. and Survey or Area (K) Sec 5, T30N, R11W	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1890'	16. No. of Acres in lease 478.63	17. Spacing Unit dedicated to this well SW/4 158.83	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 188'	19. Proposed Depth 2423'	20. BLM/BIA Bond No. on file UTB-000138	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5787' 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 03/08/06
Title Regulatory Compliance Tech		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 3/30/06
Title AFM	Office PFO	

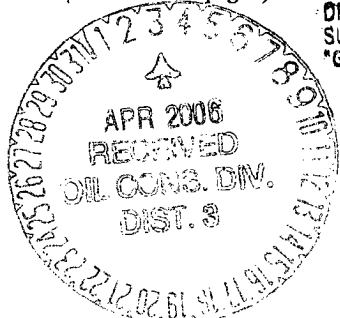
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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

NMOCD

DISTRICT IV
1720 South St. Francis Ch., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

04 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

For Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33645	*Pool Code 71280	*Pool Name Aztec Pictured Cliffs
*Property Code 35569	*Property Name STORY B	*Well Number 7R
*OGSD No. 1070107	*Operator Name XTO ENERGY INC.	*Elevation 578'

¹⁰ Surface Location

Lot or lot no.	Section	Township	Range	Lot Adn	Feet from the	North/South line	Feet from the	East/West line	County
K	5	30-N	11-W	7	1890	SOUTH	1975	WEST	SAN JUAN

"Bottom Hole Location Is 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
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17 Dedicated Acres	18 Joint or Initial	19 Consolidation Code	20 Order No.
510/4 158.83			

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

The map displays a grid of lots and boundary measurements:

- Lots:** LOT 5, LOT 6, LOT 7, LOT 8.
- Corner Points:**
 - QTR. CORNER** FD MARKED STONE WITH 1/2" REBAR (top left).
 - SEC. CORNER** 1969 B.L.M. BC DESTROYED (bottom left).
 - QTR. CORNER** 1969 B.L.M. BC DESTROYED (bottom right).
- Bearings and Distances:**
 - N 0-31-04 W 2556.4' (M)
 - S 89-39-42 E 411.3' (M)
 - 1975'
 - 1890'
- Coordinates:**
 - EAT: 36°50'21.4" N. (NAD 27)
 - LONG: 108°00'56.1" W. (NAD 27)
- Other Labels:** A large number "5" is located near the center-right of the map.

17 OPERATOR CERTIFICATION

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

Signature Heely & Small
Printed Name Heely & Small
Title Regulatory Compliance Tech
Date 8/10/05

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plot 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.

MAY 2005
 Date of Survey
 Signature of Surveyor
 JOHN A. FURUKOVICH
 NEW MEXICO
 14831
 REGISTERED PROFESSIONAL SURVEYOR
 15005

Can You Also Manage...

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>30-045-33645</u>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <u>SF-078138-A</u>
7. Lease Name or Unit Agreement Name: <u>Story B</u>
8. Well Number <u>#7R</u>
9. OGRID Number <u>167067</u>
10. Pool name or Wildcat <u>Aztec Pictured Cliffs</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
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>K</u> : <u>1890</u> feet from the <u>South</u> line and <u>1975</u> feet from the <u>West</u> line Section <u>5</u> Township <u>30N</u> Range <u>11W</u> NMPM <u>NMEM</u> County <u>SAN JUAN</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>5787' 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><100</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 _____ 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 03/08/06
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com
Telephone No. 505-564-6726

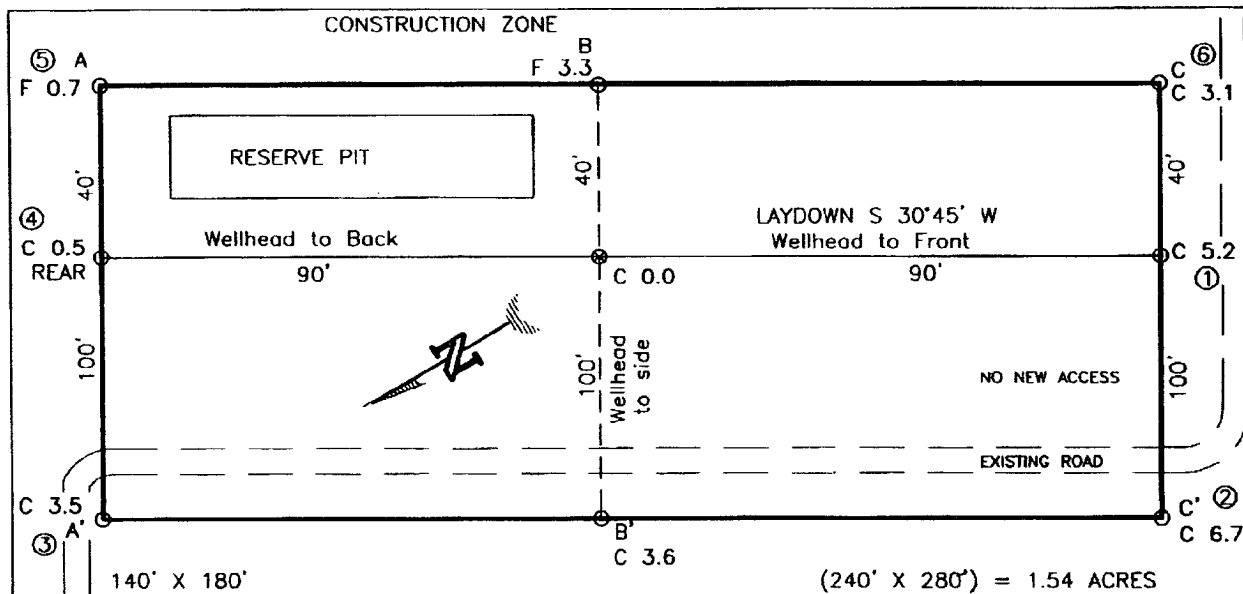
For State Use Only

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. IV DATE APR 03 2006
Conditions of Approval, if any:

EXHIBIT D

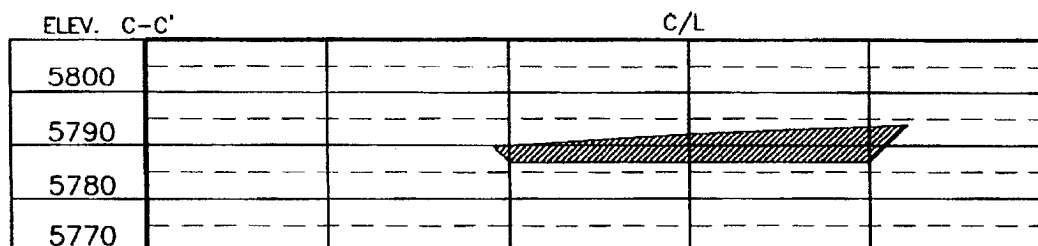
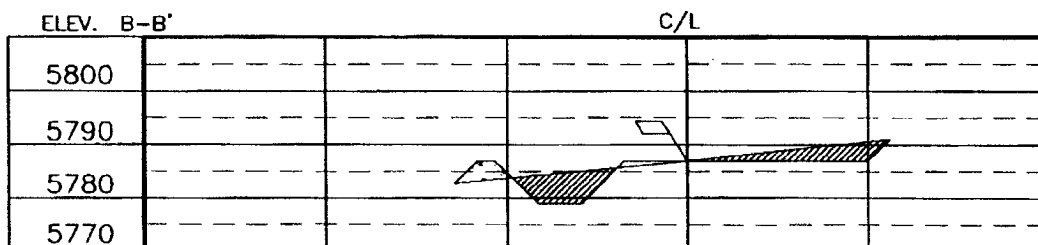
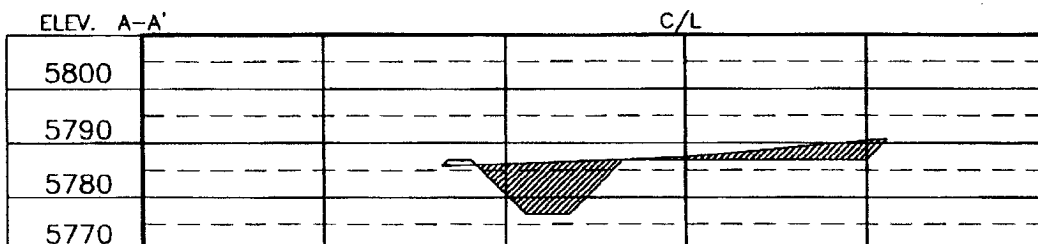
XTO ENERGY INC.
 STORY B No. 7R, 1890' FSL 1975' FWL
 SECTION 5, T30N, R11W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5787', DATE: MAY 17, 2005

LAT. = 36°50'21.4" N.
 LONG. = 108°00'56.1" 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.

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15068 • Farmington, NM 87401
 Phone (505) 324-1772 • Fax (505) 326-6019
 NEW MEXICO P.L.S. No. 14831
 CABLE CR540078
 DATE 05/24/05
 DRAWN BY B.L.
 ROW# CR540

XTO ENERGY INC.

Storey B #7R

APD Data

March 8, 2006

Location: 1890' FSL x 1975' FWL Sec 5, T30N, R11W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 2423'

OBJECTIVE: Pictured Cliffs

APPROX GR ELEV: 5787'

Est KB ELEV: 5793' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 225'	225' to 2423'
HOLE SIZE	12.25"	7.875"
MUD TYPE	FW/Spud Mud	FW/Polymer
WEIGHT	8.6-9.0	8.4-8.8
VISCOSITY	28-32	28-32
WATER LOSS	NC	NC

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 $\pm 225'$ 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'-225'	225'	24.0#	J-55	ST&C	1370	2950	244	8.097	7.972	12.73	27.41	45.19

Production Casing: 5.5" casing to be set at TD ($\pm 2423'$) 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'-2423	2423'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	3.49	4.15	5.38

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 $\pm 225'$ in 12-1/4" hole.

134 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 186 ft³, 100% excess of calculated annular volume to 225'.

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at $\pm 2423'$ in 7.875" hole.

LEAD:

± 177 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 588 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. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (2423') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (2423') to 225'.

EXHIBIT F

6. FORMATION TOPS:

Est. KB Elevation: 5793'

<u>FORMATION</u>	<u>Sub-Sea Elev.</u>	<u>WELL DEPTH</u>
Ojo Alamo SS		
Kirtland Shale		
Farmington SS		
Fruitland Formation	3770	2,023
Lower Fruitland Coal	3670	2,123
Pictured Cliffs SS	3570	2,223
Lewis Shale	3370	2,423
Total Depth	3443	2,350
<i>* Primary Objective ** Secondary Objective</i>		

**** 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
Jerry Lacy	Drilling Superintendent	505-566-7917	505-320-6543
Red Meek	Project Geologist	817-885-2800	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWE
3/8/06

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.

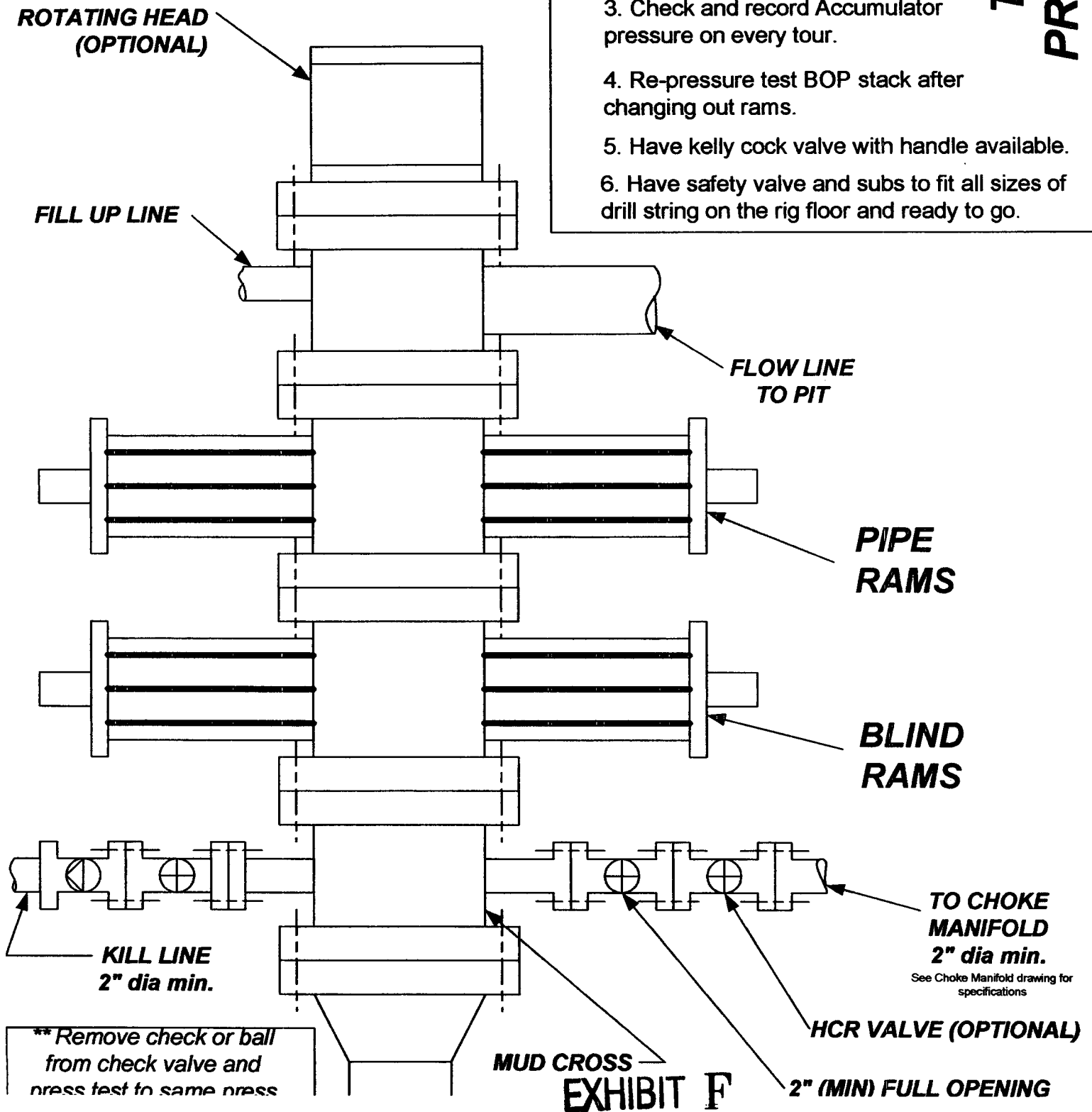
2. Test operation of (both) rams on every trip.

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.



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

