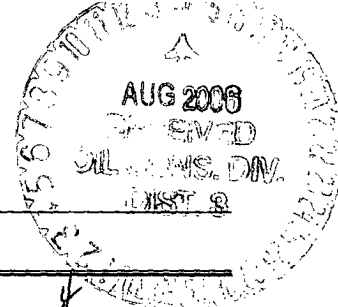


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	2006 AUG 2 PM 2 59	5. Lease Number NMSF-078885
	RECEIVED	Unit Reporting Number
1b. Type of Well GAS	070 FARMINGTON NM	6. If Indian, All. or Tribe
2. Operator BURLINGTON RESOURCES Oil & Gas Company, LP		7. Unit Agreement Name Canyon Largo Unit
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700		8. Farm or Lease Name 9. Well Number #254E
4. Location of Well Unit P (SESE), 660' FSL & 730' FEL, Latitude 36° 23.6760'N Longitude 107° 24.7241'W		10. Field, Pool, Wildcat Basin Dakota 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 13, T25N, R06W API # 30-039- 30014
14. Distance in Miles from Nearest Town	12. County Rio Arriba	13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 660'		
16. Acres in Lease	17. Acres Assigned to Well DK - 320 acres E/2	
18. Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease		
19. Proposed Depth 6928'	20. Rotary or Cable Tools Rotary	
21. Elevations (DF, FT, GR, Etc.) 6482' GL	22. Approx. Date Work will Start	
23. Proposed Casing and Cementing Program See Operations Plan attached		
24. Authorized by: <u>Peter Clugst</u> Sr. Regulatory Specialist	Date <u>8/2/06</u>	

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

Archaeological Report attached

Threatened and Endangered Species Report attached

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes 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 presentations as to any matter within its jurisdiction.

NMOC

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1301 West Grand Avenue, Artesia, N.M. 88210

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039 - 30014	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 6886	⁵ Property Name CANYON LARGO UNIT	⁶ Well Number 254E
⁷ GRID No. 14538	⁸ Operator Name BURLINGTON RESOURCES OIL AND GAS COMPANY LP	⁹ Elevation 6482'

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
P	13	25-N	6-W		680'	SOUTH	730'	EAST	RIO ARriba

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
P									
¹² Dedicated Acres DK 320.00ac E2			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

LAT: 36°23.6760' N. LONG: 107°24.7241' W. NAD 1927		USA SF-078885	
13			
LAT: 36.394612 N. LONG: 107.412672 W. NAD 1983			
<div style="text-align: right;">N 0° 33' 38" W 2684.20'</div> <div style="text-align: center;">730'</div> <div style="text-align: center;">660'</div> <div style="text-align: center;">S 89° 27' 01" W 2606.97'</div>			

17 OPERATOR CERTIFICATION

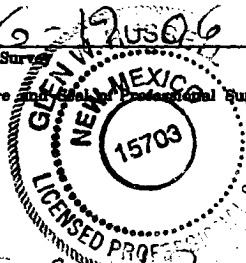
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or a working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Patsy Clugston
Signature
Patsy Clugston 6/26/06
Printed Name

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.

6-19-06
Date of Survey
Signature and Seal of Professional Surveyor:
Glen V. Russell
Certificate Number 15703



Office

Energy, Minerals and Natural Resources

May 27, 2004

District I

1625 N. French Dr., Hobbs, NM 88240

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.

30-039-

30014

5. Indicate Type of Lease

STATE ☐FEE ☐

6. State Oil & Gas Lease No.

Federal SF-078885

7. Lease Name or Unit Agreement Name

Canyon Largo Unit

8. Well Number

#254E

9. OGRID Number

14538

10. Pool name or Wildcat

Basin Dakota

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 ☐Gas Well ☒

Other

2. Name of Operator

BURLINGTON RESOURCES OIL & GAS COMPANY LP

3. Address of Operator

3401 E. 30TH STREET, FARMINGTON, NM 87402

4. Well Location

Unit Letter P : 660' feet from the South line and 730' feet from the East line
Section 13 Township 25N Rng 6W NMPM County Rio Arriba

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

6482' GL

Pit or Below-grade Tank Application

☐ or Closure ☐

Pit type

New Drill

Depth to Groundwater

<100'

Distance from nearest fresh water well

>1000

Distance from nearest surface water

<200'

Pit Liner Thickness:

12

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 ☐TEMPORARILY ABANDON ☐PULL OR ALTER CASING ☐PLUG AND ABANDON ☐CHANGE PLANS ☐MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐COMMENCE DRILLING OPNS. ☐CASING/CEMENT JOB ☐ALTERING CASING ☐P AND A ☐

OTHER:

Workover Pit ☒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.

New Drill, Lined:

Burlington Resources proposes to construct a new drill pit. Based on Burlington's interpretation of the Ecosphere's risk ranking criteria, the new drill pit will be a lined pit as detailed in Burlington's Revised Drilling / Workover Pit Construction / Operation Procedures dated November 11, 2004 on file at the NMOCD office. Burlington Resources anticipates closing the pit according to the Drilling / Workover Pit Closure Procedure dated August 2, 2004 on file at the NMOCD office.

On this new drill, a vent/flare pit may be the only pit that will be required. Under this circumstance, a portion of this vent/flare pit will be designed to manage fluids, and that portion will be lined, as per the risk ranking criteria.

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

TITLE

Sr. Regulatory Specialist

DATE

7/12/2006

Type or print name

Patsy Clugston

E-mail address:

pclugston@br-inc.com

Telephone No.

505-326-9518

For State Use Only

APPROVED BY

TITLE

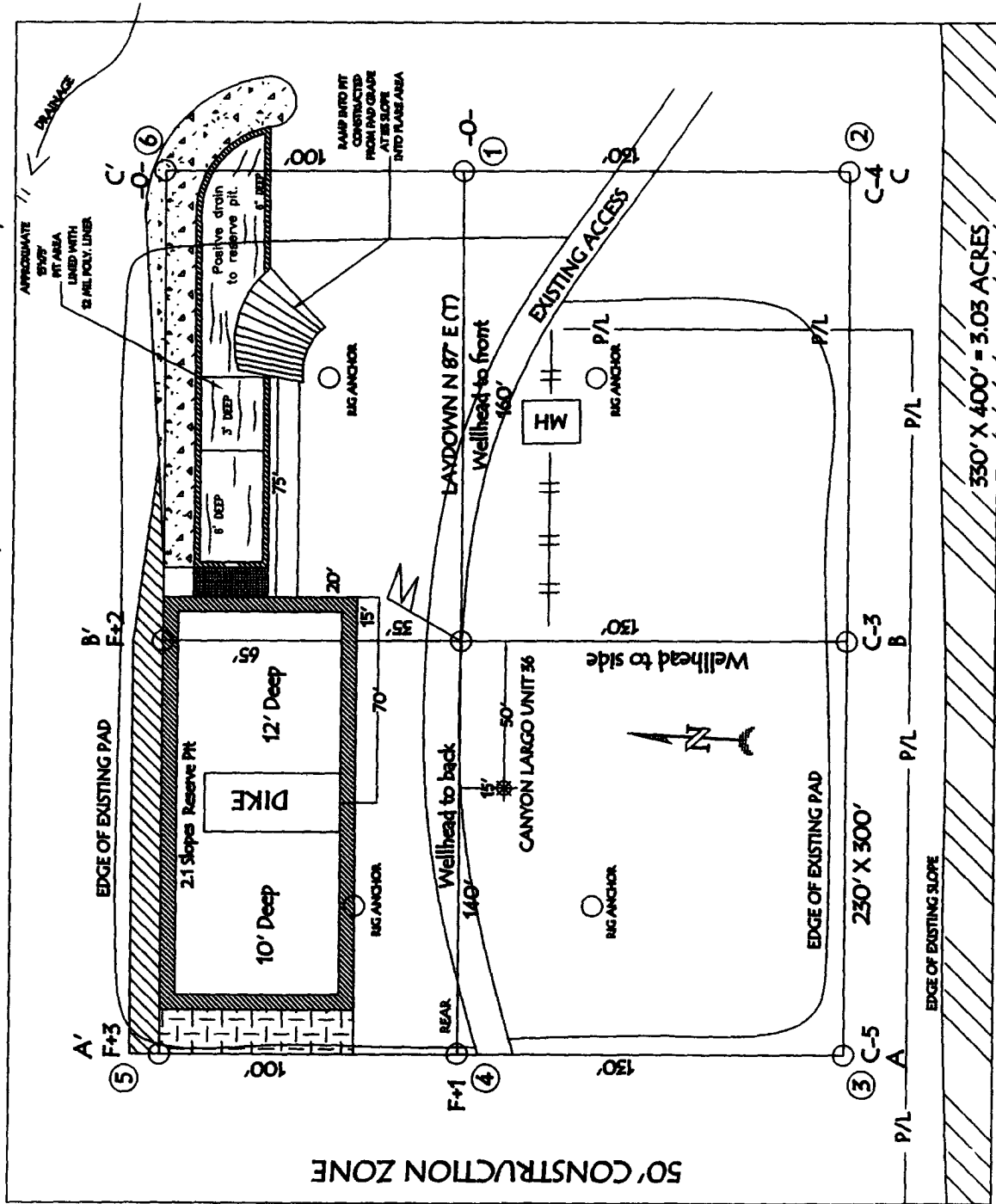
DEPUTY OIL & GAS INSPECTOR, DIST. 63

DATE

AUG 14 2006

Conditions of Approval (if any):

BURLINGTON RESOURCES OIL & GAS COMPANY LP CANYON LARGO UNIT 254E, 660' FSL & 730' FEL SECTION 13, T-25-N, R-6-W, NMPM, RIO ARriba COUNTY, NM GROUND ELEVATION: 6482', DATE: JUNE 13, 2006



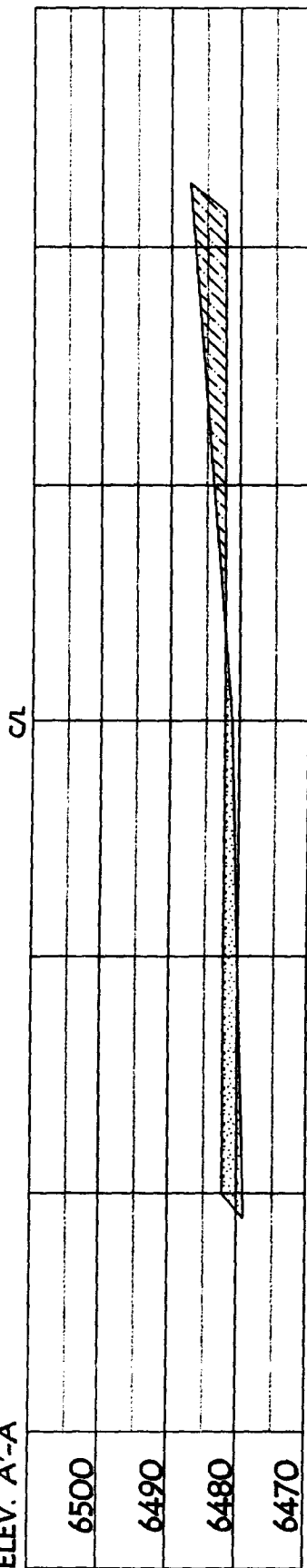
RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).

NOTE: VECTOR SURVEYS IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.
 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.

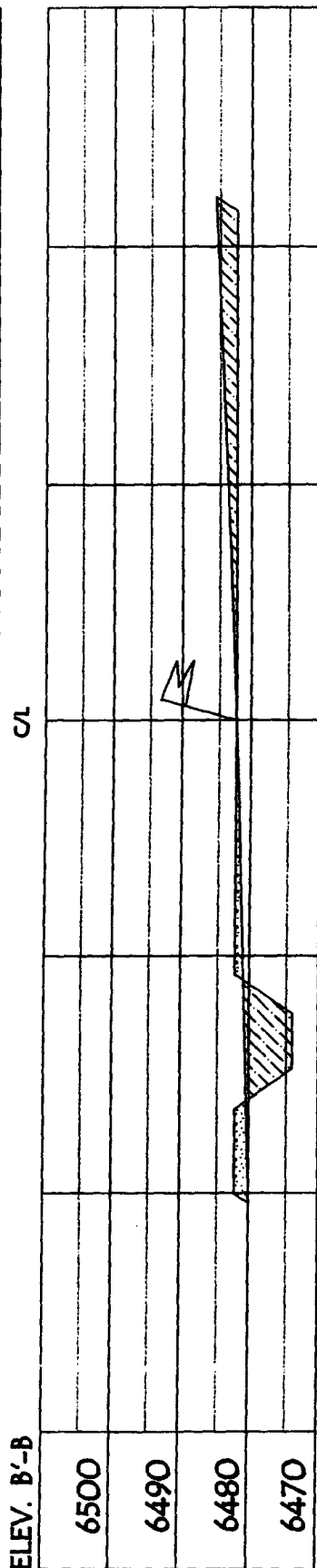
BURLINGTON RESOURCES OIL & GAS COMPANY LP

CANYON LARGO UNIT 254E, 660' FSL & 730' FEL
SECTION 13, T-25- N, R-6-W, NMPM, RIO ARriba COUNTY, NM
GROUND ELEVATION: 6482', DATE: JUNE 13, 2006

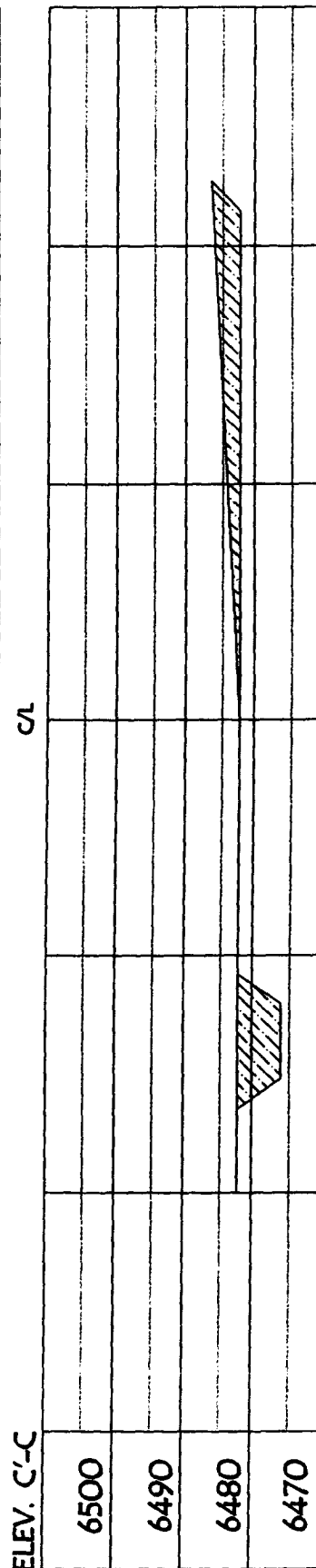
ELEV. A'-A



ELEV. B'-B



ELEV. C'-C



NOTE: VECTOR SURVEYS IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.
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.

OPERATIONS PLAN

Well Name: Canyon Largo Unit #254E
Location: Unit P (SESE), 660' FSL & 730' FEL, Sec. 13, T25N, R6W
Rio Arriba County, New Mexico

Formation: Basin Dakota
Elevation: 6482' GL

Surface	San Jose		
Surface	San Jose	2034'	
Ojo Alamo	2034'	2124'	aquifer
Kirtland	2124'	2384'	gas
Fruitland	2384'	2524'	gas
Pictured Cliffs	2524'	2597'	gas
Lewis	2597'	2901'	
Huerfanito Bentonite	2901'	3367'	
Chacra	3367'	4116'	gas
Massive Cliff House	4116'	4188'	gas
Menefee	4188'	4727'	gas
Massive Point Lookout	4727'	5061'	gas
Mancos Shale	5061'	5776'	
Upper Gallup	5776'	6647'	gas
Greenhorn	6647'	6704'	gas
Graneros	6704'	6757'	gas
Two Wells	6757'	6839'	gas
Paguate	6839'	6871'	gas
Cubero	6871'	6942'	gas
Encinal	6942'	6928'	gas
Total Depth:	6928'		

Logging Program:

Mud Logs/Coring/DST

Mud logs - none
Coring - none
DST - none
Open hole - none
Cased hole - Gamma Ray, CBL - surface to TD

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0 - 120' 200	Spud MUD/Air/Air Mist	8.4 - 9.0	40 - 50	no control
120 - 2697'	LSND	8.4 - 9.0	30 - 60	no control
2697' - 6928'	Air/Air Mist/Nitrogen	n/a	n/a	n/a

Casing Program (as listed, the equivalent, or better):

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0' - 120' 200	9 5/8"	32.3#	H-40
8 3/4"	0' - 2697'	7"	20#	J-55
6 1/4"	0' - 6928'	4 1/2"	10.5#	J-55

Tubing Program:

<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
0' - 6928'	2 3/8"	4.7#	J-55

BOP Specifications, Wellhead and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, BOPE and casing will be tested to 600 psi for 30 minutes.

Intermediate TD to Total Depth -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out intermediate casing, BOPE and casing will be tested to 1500 psi for 30 minutes.

Surface to Total Depth -

2" nominal, 2000 psi minimum choke manifold (Reference Figure #3).

Completion Operations -

7 1/16" 2000 psi double gate BOP stack (Reference Figure #2). After nipple-up prior to completion, BOPE, casing and liner top will be tested to 2000 psi for 15 minutes.

Wellhead -

9 5/8" x 7" x 4 1/2" x 2 3/8" x 2000 psi tree assembly.

General -

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drill crew.
- All BOP tests & drills will be recorded in daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

9 5/8" surface casing -

Pre-Set Drilled - Cement with ~~1500~~ Type I, II cement with 20% flyash mixed at 14.5 ppg, 1.61 cu ft per sack yield. ~~(30 gal 1000 psi slurry)~~ bring cement to surface) Wait on cement for 24 hours for pre-set holes before pressure testing or drilling out from under surface.

Conventionally Drilled - Cement with ~~1400~~ 1400 sxs Type III cement with 0.25 pps Celloflake, 2% CaCl. (113 cu ft of slurry, 200% excess, bring cement to surface) Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Wait on cement appropriate time until cement achieves 250 psi compressive strength at 60 degrees F. prior to nipple up of BOPE. Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing -

Lead with 224 sacks Premium Lite cement with 3% calcium chloride, 0.25 pps Celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate (478 cu ft 50% excess to circulate to surface. Tail w/90 sacks Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss (124 cu ft 50% excess to circulate to surface). WOC minimum of 8 hours before drilling out intermediate casing. If cement does not circulate to surface, a CBL or a temperature survey will be run to determine TOC. Test casing to 1500 psi for 30 minutes.

7" intermediate casing alternative two stage -

Stage collar set 300' above the top of the Fruitland. First stage: Lead w/7 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss (14 cu ft 50% excess to circulate to surface. Tail w/90 sxs Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss. Second stage: 218 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate (602 cu ft - 50% excess to circulate to surface).

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. Bowspring centralizers spaced every other joint off bottom, to the base of the Ojo Alamo @ 2124'. Two turbolating centralizers at the base of the Ojo Alamo @ 2124'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Casing -

Pump 277 sxs Premium Lite HS FM w/0.25 pps celloflake, 0.3% CD-32, 6.25 pps LCM-1, 1% fluid loss, 6% gel, 7 pps CSE (548 cu.ft., 30% excess to achieve 100' overlap in 4-1/2" x 7" annulus). WOC a minimum of 18 hrs prior to completing.

Cementing: Continued

Cement float collar stacked on top of float shoe.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. The liner hanger will have a rubber packoff.

- If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/ mud contamination or cement hydration.

Special Drilling Operations (Air/Mist Drilling):

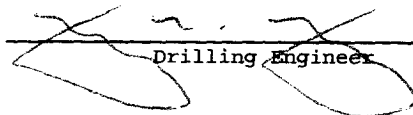
The following equipment will be operational while air/mist drilling:

- An anchored blooie line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- The blooie line will be equipped with an automatic igniter or pilot light.
- Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the blooie line.
- Engines will have spark arresters or water cooled exhaust.
- The rotating head will be properly lubricated and maintained.
- A float valve will be utilized above the bit.
- Mud circulating equipment, water, and mud materials will be sufficient to maintain control of the well.

Additional Information:

- The Dakota formations will be completed.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

Fruitland Coal	300 psi
Pictured Cliffs	600 psi
Mesa Verde	700 psi
Dakota	2000 psi
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The east half of Section 13 is dedicated to the Dakota formation.
- This gas is dedicated.


Drilling Engineer

7/14/06
Date

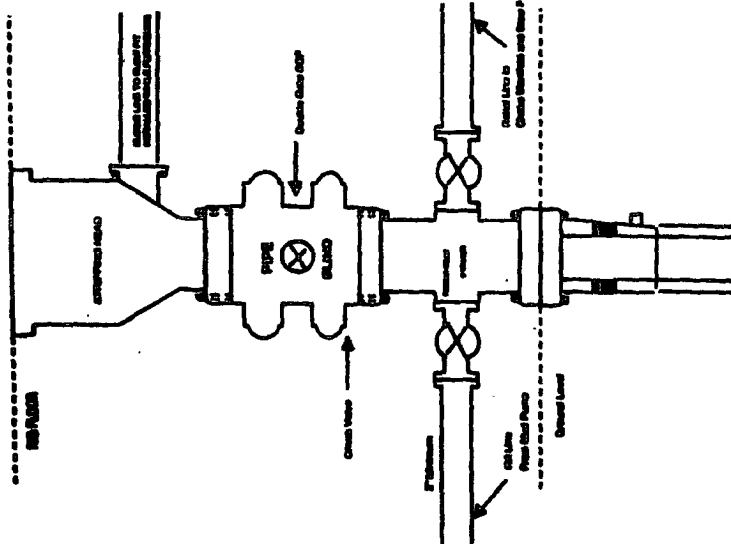
C. HARRADEN/ August 4, 2006 ^{CH}

BURLINGTON RESOURCES/ Canyon Largo Unit #254E APD
STIPULATION/CONDITION OF APPROVAL

This well is located within a 'vulnerable area'. In order to protect the integrity of the fresh water alluvium aquifer, a minimum surface csg. depth of 200' is stipulated as a condition of approval for this APD.

BURLINGTON RESOURCES

Completion/Workover Rig
BOP Configuration
2,000 psi System

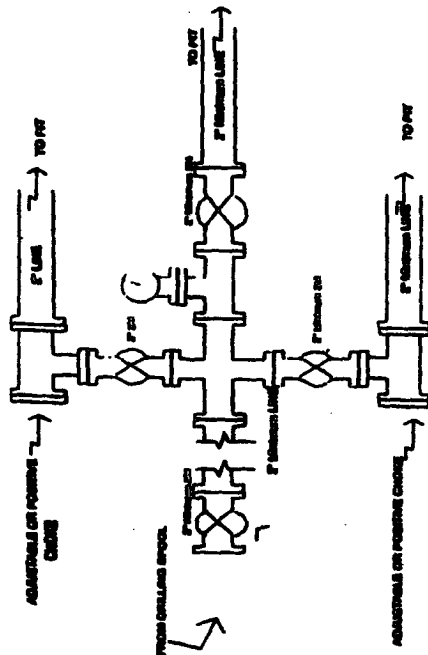


Minimum BOP Installation for all Completion/Workover Operations. 7-1/16" bore, 2000 psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A sheering head to be installed on the top of the BOP. All BOP equipment is 2000 psi working pressure or greater excluding 600 psi sheering head.

Figure #2

BURLINGTON RESOURCES

Drilling Rig
Choke Manifold Configuration
2000 psi System

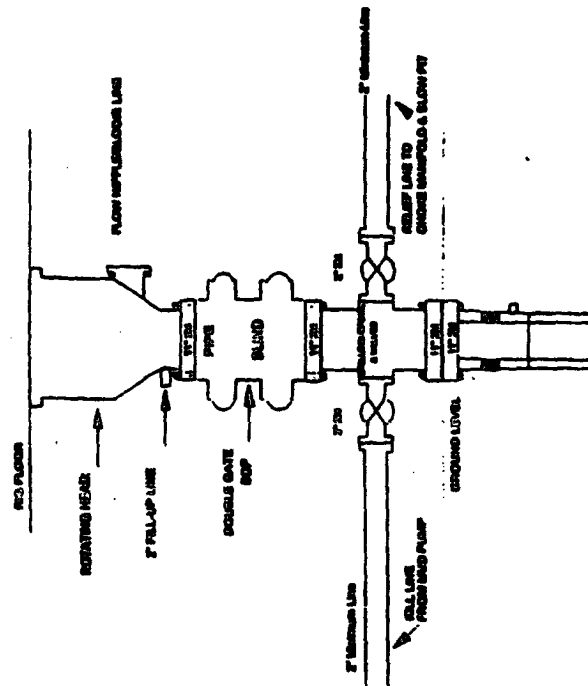


Choke manifold installation from Surface Casing Point to Total Depth. 2,000psi working pressure equipment with two chokes.

Figure #3

Burlington Resources

Drilling Rig
2000 psi System



BOP Installation from Surface Casing Point to Total Depth. 11" Bore 40" Adjusted. 2000 psi working pressure double gate BOP to be installed. All BOP equipment is 2,000 psi working pressure or greater. All BOP equipment is 2,000 psi working pressure or greater.

Figure #4