

SEP 2006
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB NO. 1004-0136
Expires: January 31, 2004

1a. Type of Work ☒ DRILL ☐ REENTER
1b. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone
2. Name of Operator

5. Lease Serial No.
NO-G-0503-1723
6. If Indian, Allottee or Tribe Name
NAVAJO ALLOTMENT
7. If Unit or CA Agreement, Name and No.
8. Lease Name and Well No.
NEW YEAR 1

XTO Energy Inc.

3a. Address
San Juan Division, 2700 Farmington Ave., Build K, Suite
1, Farmington, NM 87401

3b. Phone No. (include area code)
(505) 324-1090

9. API Well No.
30-045-33745

10. Field and Pool, or Exploratory

DAKOTA

Location of well (Report location clearly and in accordance with any State requirements. *)
At surface

1620' FNL, 1090' FWL, Lat: 36° 24' 13.8" N, Long: 107° 53' 19.1" W

At proposed prod. zone

11. Sec., T., R., M., or Blk. And Survey or Area

E Section 15, T25N, R10W, NMPM,

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

From US Hwy 550 at Huerfano Trading Post go West for 2.6 miles. Turn North and go 1.1

12. County or Parish

San Juan

13. State

NM

15. Distance from proposed*
location to nearest
property or lease line, ft.

(Also to nearest drlg unit line, if any)

1090'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

W 1/2, 320 Acres

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

N/A

19. Proposed Depth

6750'

20. BLM/ BIA Bond No. on file

BIA Blanket Bond No. 104312789

21. Elevations (Show whether DF, RT, GR, etc.)

6609'

22. Approximate date work will start*

1-Jul-06

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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by existing bond on file (see item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Juan E. Betoni

Name (Printed/ Typed)

Juan E. Betoni

Date

4-20-06

Title

Land Consultant

Approved By (Signature)

D. M. McKelvey

Name (Printed/ Typed)

Date

9/1/06

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 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 reverse)

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOC

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

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., 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 October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33745	² Pool Code 71599	³ Pool Name DAKOTA
⁴ Property Code 359765	⁵ Property Name NEW YEAR	⁶ Well Number 1
⁷ GRID No. 197035 167067	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 6609'

¹⁰ Surface Location

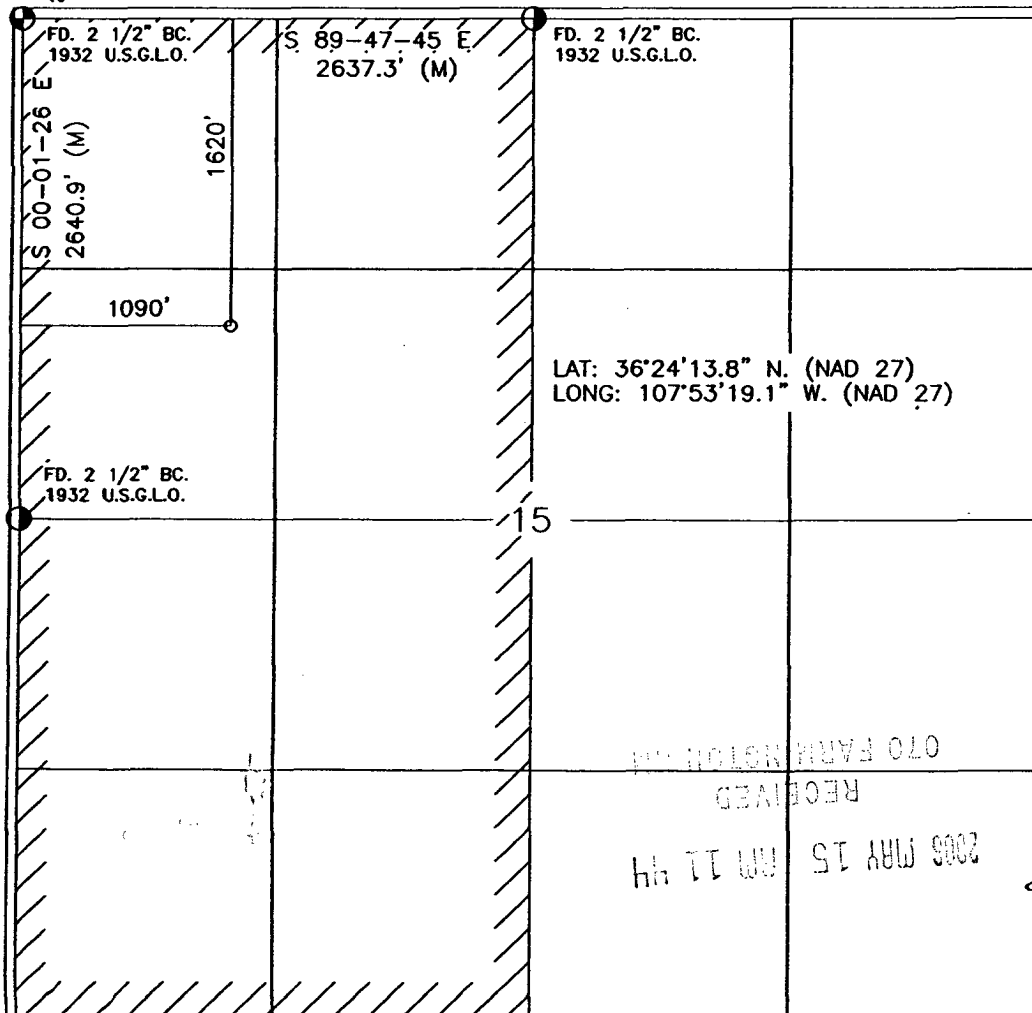
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	15	25-N	10-W		1620	NORTH	1090	WEST	SAN JUAN

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 W1/2, 320 AC ±					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

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 working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

[Signature] 05-01-06
Signature Date
S.M. LIBBY
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.

Date of Survey MAY 14, 2005
Signature *[Signature]*
Registered Professional Surveyor

[Circular Seal: NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 14831]
Certificate Number

Submit 3 Copies To Appropriate District Office
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

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. 30-045-33745
5. Indicate Type of Lease, Navajo Indian Allotment STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NO-G-0503-1723
7. Lease Name or Unit Agreement Name New Year 1
8. Well Number
9. OGRID Number
10. Pool name or Wildcat Dakota

Pit or Below-grade Tank Application ☐ **or Closure** ☐

Pit type Drill Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water <1000'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material Synthetic

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
XTO Energy Inc.

3. Address of Operator
San Juan Division, 2700 Farmington Ave., Build K, Suite 1, Farmington, NM 87401

4. Well Location
Unit Letter E : 1620 feet from the FNL line and 1090 feet from the FWL line
Section 15 Township 25 North, Range 10 West, NMPM, San Juan County, New Mexico.

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

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 COMPL ☐

OTHER: Pit ☒ X

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/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 X, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Kyla Vaughan TITLE Regulatory Compliance DATE 5/5/06
Kyla Vaughan

Type or print name
For State Use Only

E-mail address:

Telephone No.

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE SEP 05 2006
Conditions of Approval (if any):

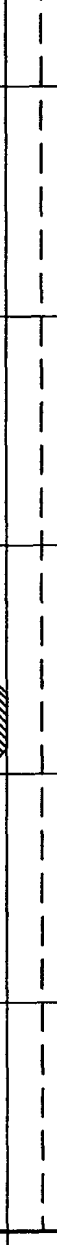
Exhibit D

NEW YEAR No. 1, 1620 FNL 1090 FWL

SECTION 15, T-25-N, R-10-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO

GROUND ELEVATION: 6609, DATE: SEPTEMBER 14, 2005

LATITUDE: 36°24'13.8" N (NAD 27) LONGITUDE: 107°53'19.1" W (NAD 27)

ELEV. A-A'	C/L
6620	
6610	
6600	
6590	

ELEV. B-B'	C/L			
6620				
6610				
6600				
6590				

ELEV. C-C'	C/L
6620	
6610	
6600	
6590	

NOTES

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.
ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

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.

Exhibit E



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 L.S. 14831

DRAWN BY: B.L.

ROW#: CR447

DATE: 01/05/06

DATE: 01/05/06

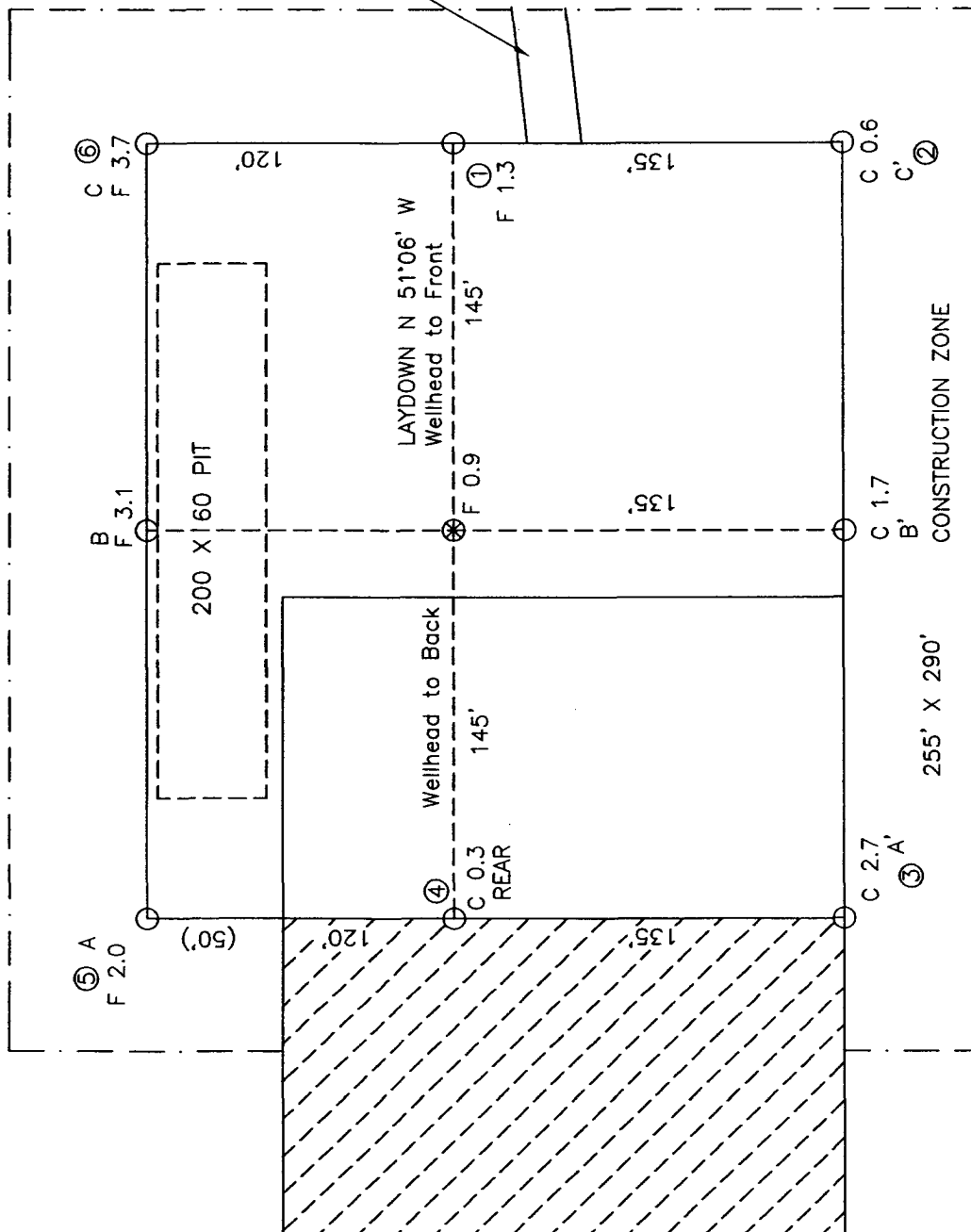
XTO ENERGY INC.

NEW YEAR No. 1, 1620 FNL 1090 FWL

SECTION 15, T-25-N, R-10-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO

GROUND ELEVATION: 6609, DATE: SEPTEMBER 14, 2005

LAT. = 36°24'13.8" N.
LONG. = 107°53'19.1" W
NAD 27



AREA OF DISTURBANCE:
PAD = 255' x 290' = 1.7 ACRES
CONSTRUCTION ZONE 985' x 50' = 1.1 ACRES
TOTAL DISTURBANCE = 2.8 ACRES

Exhibit E

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. 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) 326-1772 • Fax (505) 326-8019
NEW MEXICO P.L.S. No. 14831
COPY: CR447PLB
DATE: 01/05/06

REVISION:	DATE:	REVISED BY:
DRAWN BY: B.L.	ROW: CR447	

Exhibit F

XTO ENERGY INC.

New Year #1

APD Data

March 27, 2006

Location: 1620' FNL x 1090' FWL Sec 15, T25N, R10W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 6750'

OBJECTIVE: Basin Dakota

APPROX GR ELEV: 6609'

Est KB ELEV: 6621' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6750
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 ($\pm 6750'$) 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'-6750	6750'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.25	1.49	1.93

3. WELLHEAD:

- A. 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.
- B. 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.

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 $\pm 6750'$ in 7.875" hole. DV Tool set @ $\pm 4200'$

1st Stage

LEAD:

± 193 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:

± 350 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 1647 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 (6750') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6750') to 3,000'.

6. **FORMATION TOPS:**

Est. KB Elevation: 6621'

FORMATION	Sub-Sea Elev.	WELL DEPTH	FORMATION	Sub-Sea Elev.	WELL DEPTH
Ojo Alamo SS	5753	868	Gallup Ss**	1499	5,122
Kirtland Shale	5578	1,043	Greenhorn Ls	457	6,164
Farmington SS			Graneros Sh	403	6,218
Fruitland Formation	5242	1,379	1 ST Dakota Ss*	372	6,249
Lower Fruitland Coal		1,741	2 ND Dakota Ss*	346	6,275
Pictured Cliffs SS	4865	1,756	3 RD Dakota Ss*	322	6,299
Lewis Shale	4620	2,001	4 TH Dakota Ss*	250	6,371
Chacra SS	4044	2,577	5 TH Dakota Ss*	204	6,417
Cliffhouse SS	3340	3,281	6 TH Dakota Ss*	152	6,469
Menefee	3308	3,313	Burro Canyon Ss*	109	6,512
Point Lookout SS	2406	4,215	Morrison Fm*	82	6,539
Mancos Shale	2187	4,434	Total Depth	-129	6,750

* 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
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
3/27/06

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.

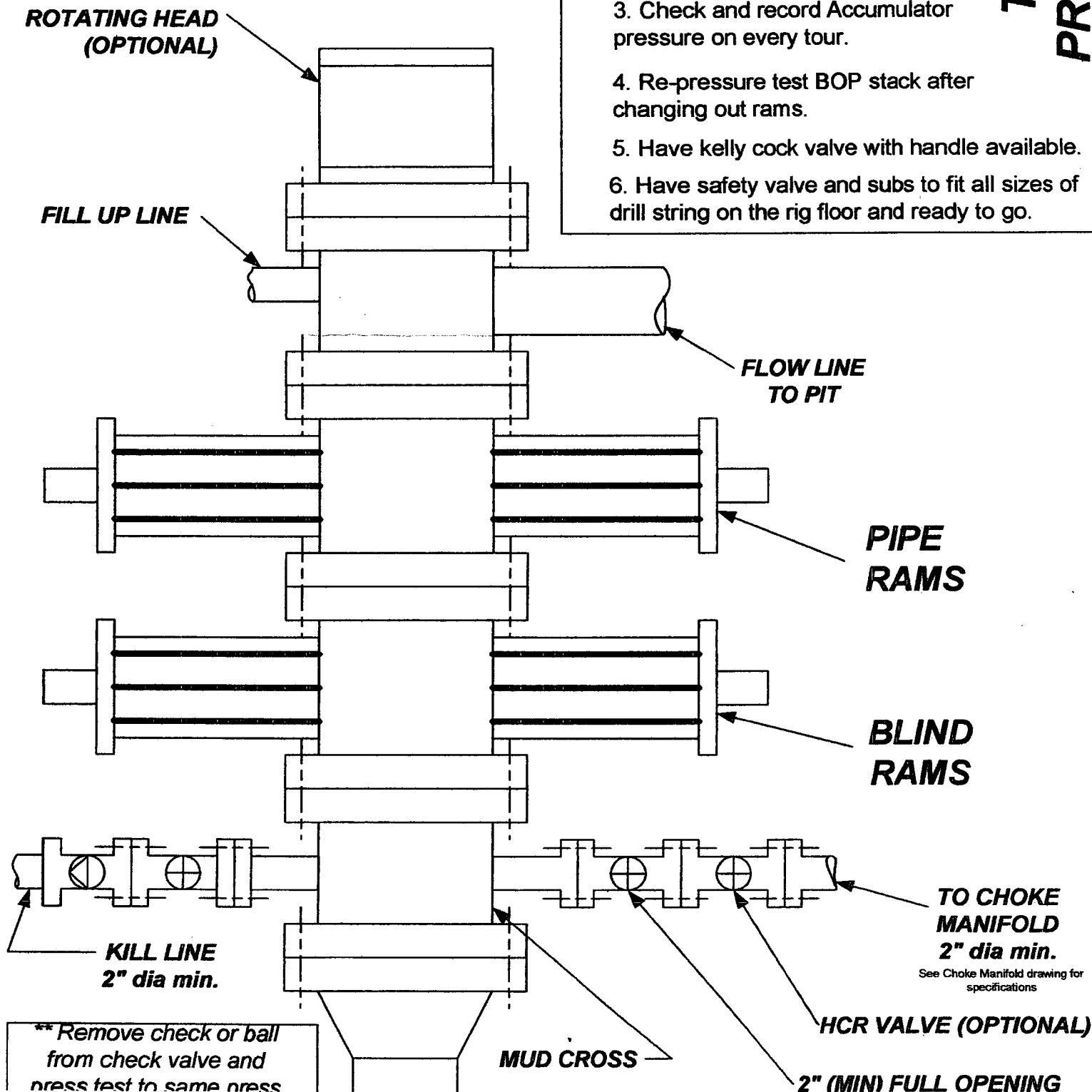
2. Test operation of (both) rams on every trip.

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

