Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

RCVD DEC 1'06
OIL CONS. DIV.
DIST. 3

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
USA NM 09867-A

1a. Type of Work [x] DRILL [ ] REENTER

6. If Indian, Allotee or Tribe Name
N/A

1b. Type of Well [ ] Oil Well [x] Gas Well [ ] Other [x] Single Zone [ ] Multiple Zone

7. Unit or CA Agreement Name and No.
N/A

2. Name of Operator
XTO Energy Inc.

8. Lease Name and Well No.
LUNT FC #2

3a. Address
2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM

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

9. API Well No.
30-045- 34037

4. Location of Well (*Report location clearly and in accordance with any State equirements*)*

At surface 745' FSL x 1155' FWL

At proposed prod. zone SAME

10. Field and Pool, or Exploratory
BASIN FRUITLAND COAL

11. Sec., T., R., M., or Blk. and Survey or Area
(M) SEC 5, T30N, R13W

14. Distance in miles and direction from nearest town or post office*
Approximately 12 miles Northwest of Farmington, NM post office

12. County or Parish
SAN JUAN

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
745'	2395.24	W/2 320.72
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
80'	1623'	UTB000138
21. Elevations (Show whether DF, KDB, RT, GL, etc.	22. Approximate date work will start*	23. Estimated duration
5537' GROUND ELEVATION	JANUARY 2007	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.
2. A Drilling Plan
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (*Printed/Typed*)	Date
Kyla Vaughan	Kyla Vaughan	10/23/06

Title
Regulatory Compliance Tech

Approved by (Signature)	Name (*Printed/Typed*)	Date
		11/29/06
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)

APD/ROW

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

NMOCD 12/5/06

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

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 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	[2] Pool Code	[3] Pool Name
30-045-34037	71629	Basin Fruitland Coal

[4] Property Code	[5] Property Name	[6] Well Number
36166	LUNT FC	2

[7] OGRID No.	[8] Operator Name	[9] Elevation
~~167067~~ 5380	XTO ENERGY INC.	5537

[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
M	5	30-N	13-W		745	SOUTH	1155	WEST	SAN JUAN

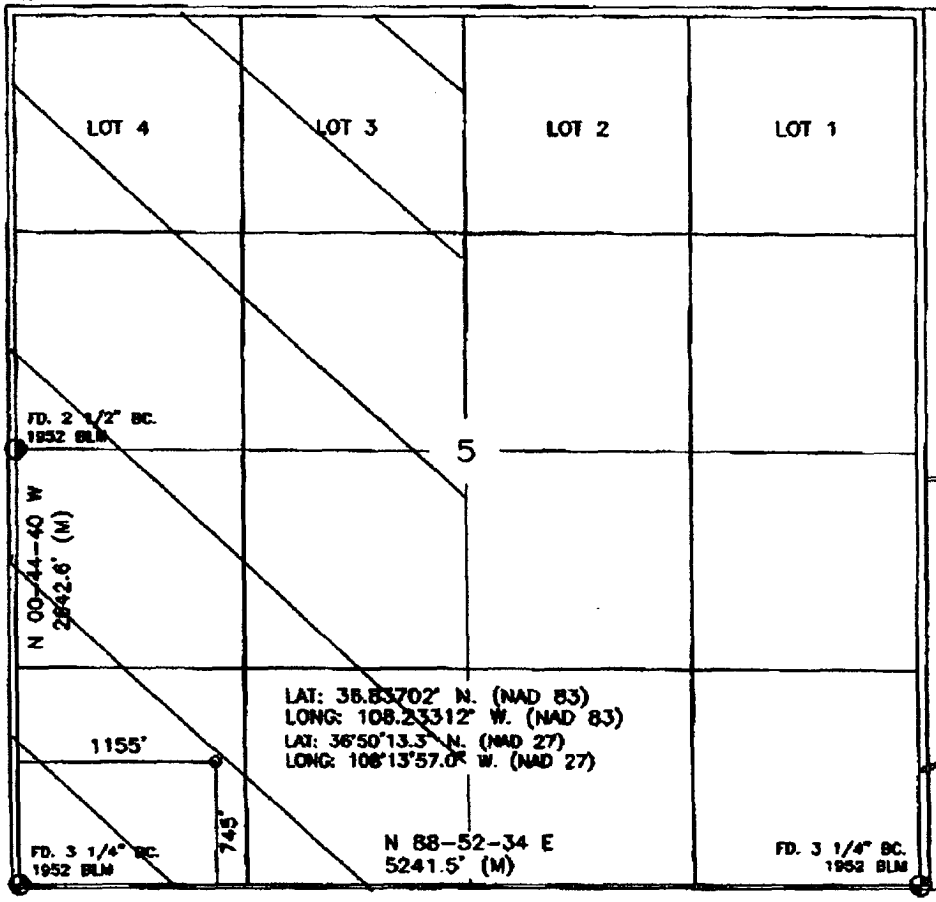
[11] Bottom Hole Location If Different From Surface

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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
W/2 320.72			

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 — Date

Kelly Small
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.

FEBRUARY
Date of Survey

Signature and Seal of Professional Surveyor

NEW MEXICO 14831 REGISTERED PROFESSIONAL SURVEYOR

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

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

Form C-103
May 27, 2004

WELL API NO. 30-045-34037

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
USA NM 09867-A

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.)

7. Lease Name or Unit Agreement Name:
LINT FC

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

8. Well Number
#2

2. Name of Operator
XTO Energy Inc.

9. OGRID Number
167067

3. Address of Operator
2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401

10. Pool name or Wildcat
BASIN FRUITLAND COAL

4. Well Location

Unit Letter M : 745 feet from the SOUTH line and 1155 feet from the WEST line

Section 5 Township 30N Range 13W NMPM NMPM County SAN JUAN

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
5537' GROUND ELEVATION

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 ≤ 500

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 3000 bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER: 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.

XTO Energy intends to install a lined 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 10/23/06

Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-564-6726

For State Use Only

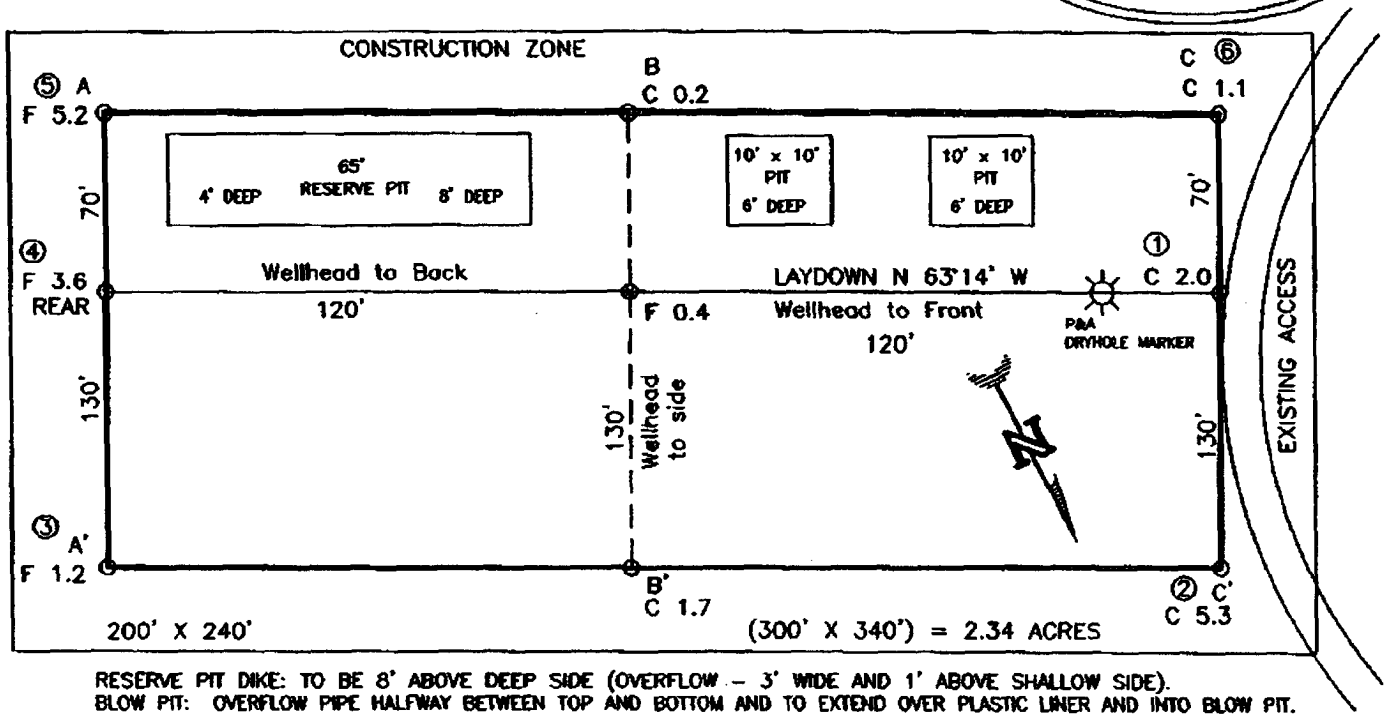
APPROVED BY _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE DEC 05 2006

Conditions of Approval, if any:

EXHIBIT D

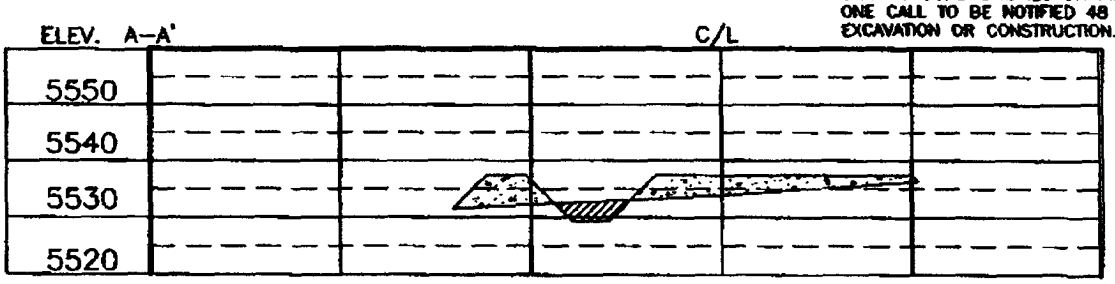
XTO ENERGY INC.
LUNT FC No. 2, 745 FSL 1155 FWL
SECTION 5, T30N, R13W, N.M.P.M., SAN JUAN COUNTY, N. M.
GROUND ELEVATION: 5537' DATE: FEBRUARY 8, 2006

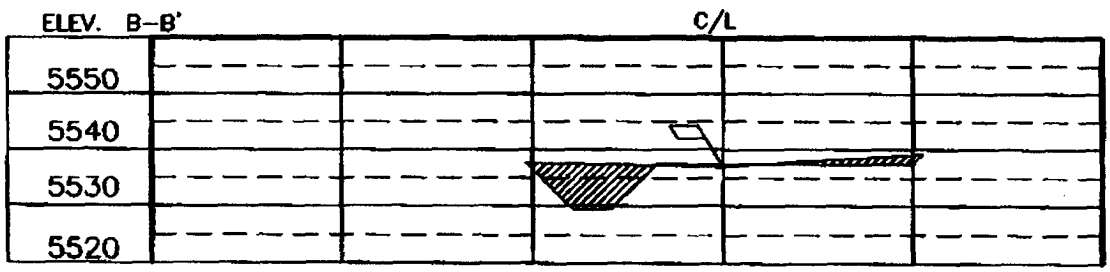
NAD 83
LAT. = 36.83702° N
LONG. = 108.23312° W
NAD 27
LAT. = 36°50'13.3" N
LONG. = 108°13'57.0" W

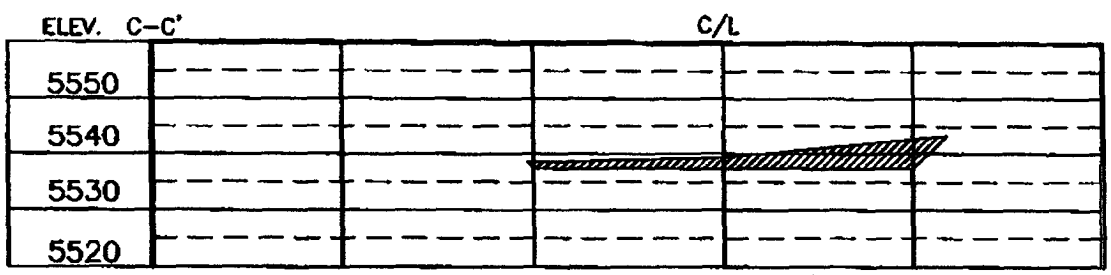


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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) 326-1772 • Fax (505) 326-6019
NEW MEXICO L.S. No. 14831

EXHIBIT E

XTO ENERGY INC.

Lunt FC #2
APD Data
October 23, 2006

Location: 745' FSL x 1155' FWL Sec 5, T30N, R13W **County**: San Juan **State**: New Mexico

GREATEST PROJECTED TD: 1623' OBJECTIVE: Basin Fruitland Coal
APPROX GR ELEV: 5537' Est KB ELEV: 5543' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 225'	225' to 1623'
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 ± 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 (±1623') 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'-1623	1623'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	5.20	6.19	8.03

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.

EXHIBIT G

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 ± 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 ft^3/sk, & 6.70 gal wtr/sk.

Total slurry volume is 186 ft^3, 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 ±1623' in 7.875" hole.

LEAD:
±119 sx of Premium Lite HS (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 12.5 ppg, 2.01 ft^3/sk, 10.55 gal wtr/sx.

TAIL:
100 sx Type III or equivalent cement with bonding additive, LCM, dispersant, & 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 400 ft^3.

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 (1623') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (1623') to 225'.

EXHIBIT G

6. FORMATION TOPS:

Est. KB Elevation: 5543'

FORMATION	Sub-Sea Elev.	WELL DEPTH
Fruitland Formation*	4420	1,123
Lower Fruitland Coal*	4320	1,223
Pictured Cliffs SS	4120	1,423
Lewis Shale	4000	1,543
Total Depth	***3920***	***1,623***

** 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
Reed Meek	Project Geologist	817-885-2800	--

JWE
10/23/06

EXHIBIT G

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.

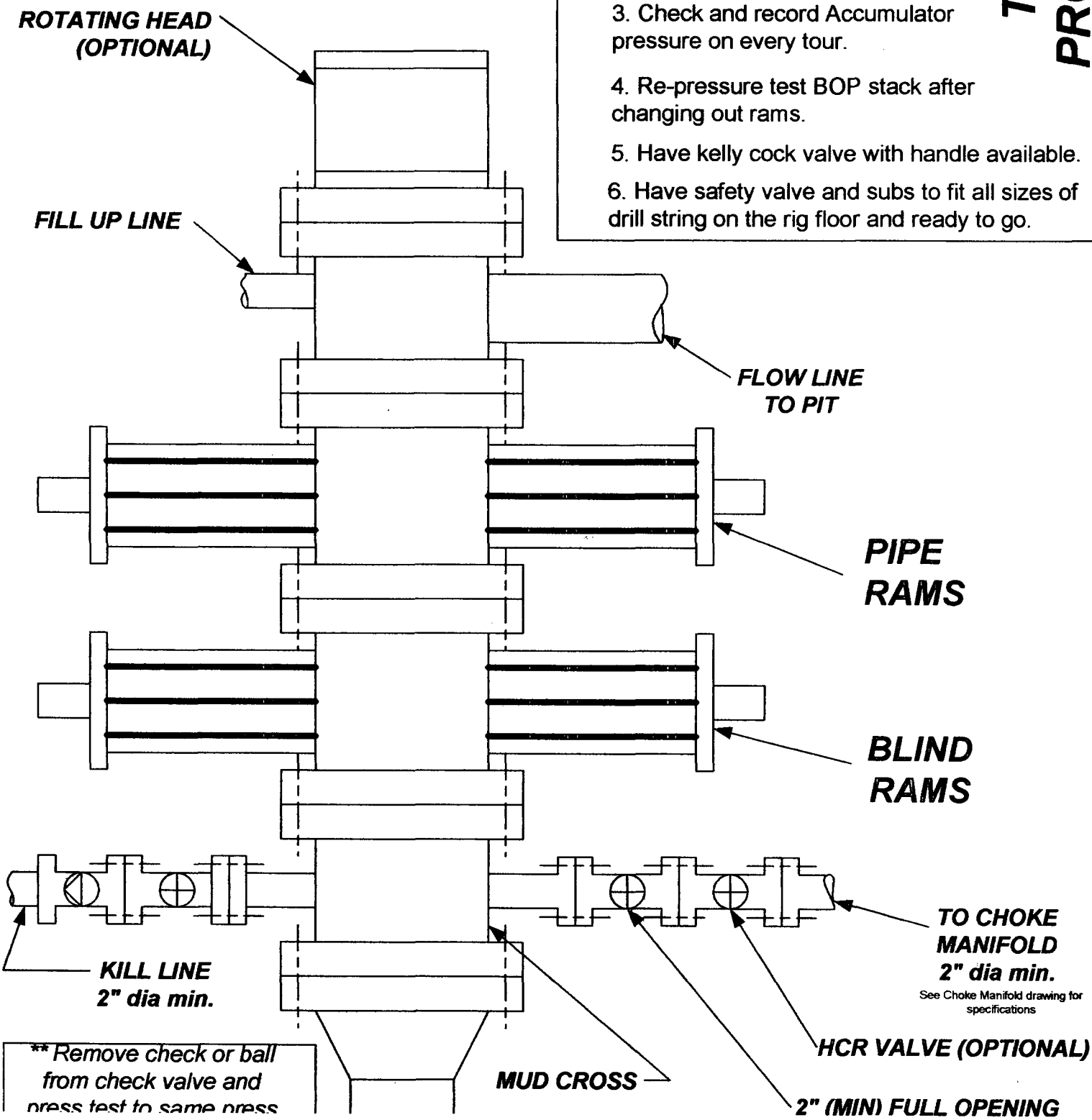


EXHIBIT G

CHOKE MANIFOLD
SCHEMATIC FOR DRILLING OPERATIONS
CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

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.

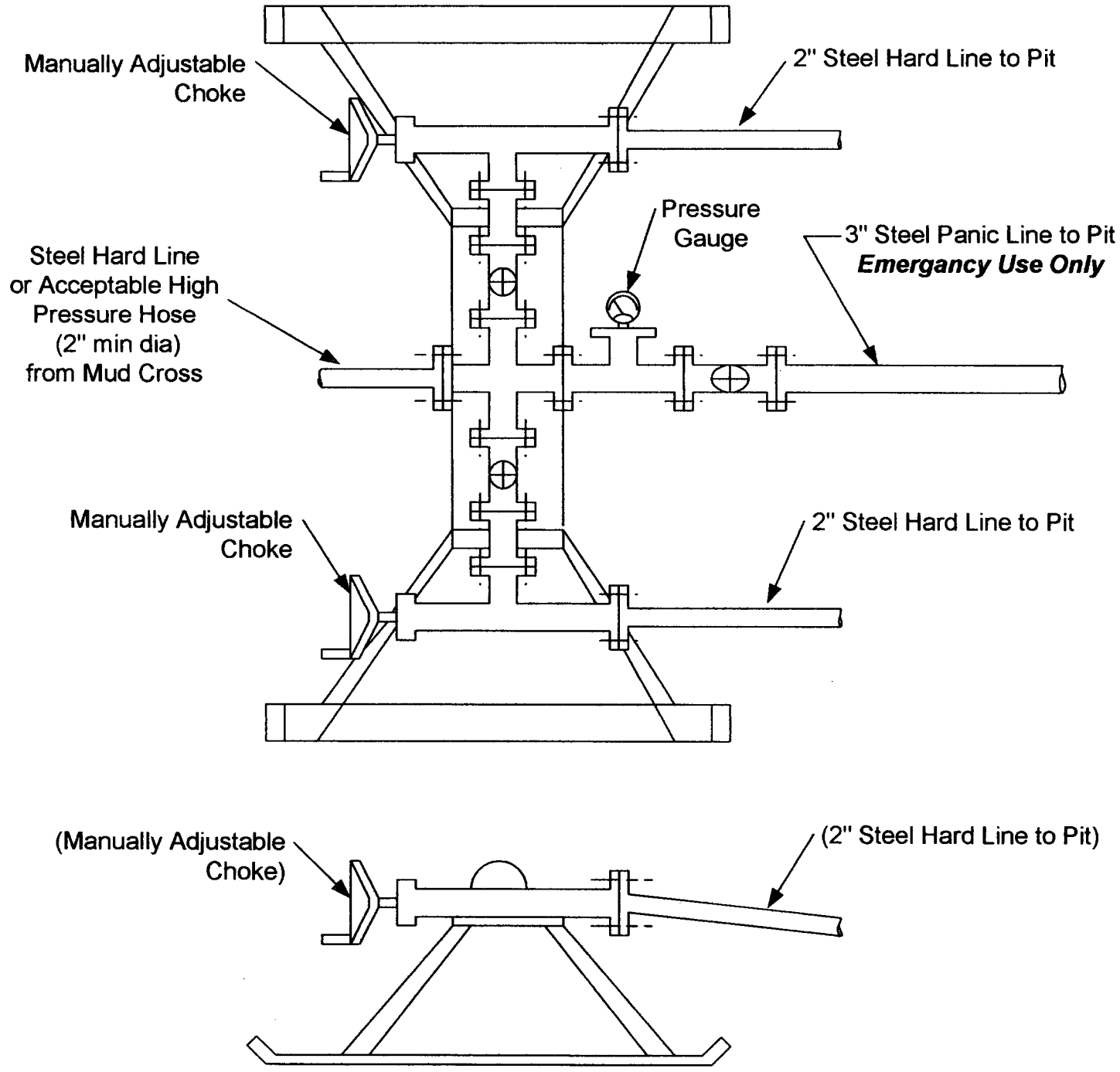


EXHIBIT G