

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

RECEIVED
MAY 11 2007
REGULATORY COMPLIANCE

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSE 0777384
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. 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. KUTZ FEDERAL SWD #1
3b. Phone No. (include area code) 505-324-1090		9. API Well No. 30-045-34317
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2375' FNL x 1445' FWL At proposed prod. zone SAME		10. Field and Pool, or Exploratory 540 - BLIND MESAVERDE
14. Distance in miles and direction from nearest town or post office* Approximately 12 miles Southeast of Bloomfield, NM post office		11. Sec., T., R., M., or Blk. and Survey or Area (F) SEC 6, T27N, R10W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1445'	16. No. of Acres in lease 2108.35	17. Spacing Unit dedicated to this well N/A
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 766'	19. Proposed Depth 4260'	20. BLM/BIA Bond No. on file UTB000138
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5792' Ground Elevation	22. Approximate date work will start* July 2007	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 05/10/07
Title Regulatory Compliance Tech		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 6/28/07
Title Acting AFM Minerals		

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.

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

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

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

Obtain SWD order from
NM OCD prior to starting
injection.

APD/ROW

RCVD JUN29'07
OIL CONS. DIV.
DIST. 3

NMOCD

07-07-07

RH

DISTRICT I
1623 N. Fench Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Avenue, 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 87504-2088

Form C-102
Revised October 12, 2005
Instructions on back

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

RECEIVED
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT (water disposal)

*API Number	*Pool Code 72319 96160	*Pool Name DEER MESA VERDE
*Property Code 36588	*Property Name KUTZ FEDERAL S.W.D.	*Well Number 1
*GCRD No. 5380	*Operator Name XTO ENERGY INC.	*Elevation 5792'

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
F	6	27-N	10-W		2375	NORTH	1445	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
*Dedicated Acres 0			*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

SEC. CORNER FD 2 1/2" BC. G.L.O. 1913		S 89-46-35 E 2725.8 (M)		QTR. CORNER FD. 2 1/2" BC. G.L.O. 1913			
LOT 4 42.66		LOT 3 40.13		LOT 2 40.21		LOT 1 40.30	
S 0-06-55 W 2640.8' (M)		LAT: 36.60506° N. (NAD 83) LONG: 107.94131° W. (NAD 83) LAT: 36°38'18.2" N. (NAD 27) LONG: 107°56'26.5" W. (NAD 27)					
1445'		2375'					
QTR. CORNER FD. 2 1/2" BC. G.L.O. 1913		LOT 6 42.88					
		LOT 7 43.01					

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.

Kyla Vaughan 5/9/07
Signature Date
Kyla Vaughan
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.

DECEMBER 15, 2006
Date of Survey
Signature and Seal of Registered Surveyor:
ROY A. RUSSELL
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
8894
8804
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
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: KUTZ FEDERAL SWD
8. Well Number #1
9. OGRID Number 5380
10. Pool name or Wildcat BLANCO MESAVERDE

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.) 5792' Ground Elevation
2. Name of Operator XTO Energy Inc.	
3. Address of Operator 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401	
4. Well Location Unit Letter F : 2375 feet from the NORTH line and 1445 feet from the WEST line Section 6 Township 27N Range 10W NMPM NMCM County SAN JUAN	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type 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 ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐
OTHER: PTT ☒

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 plans 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 05/10/07
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-564-6726

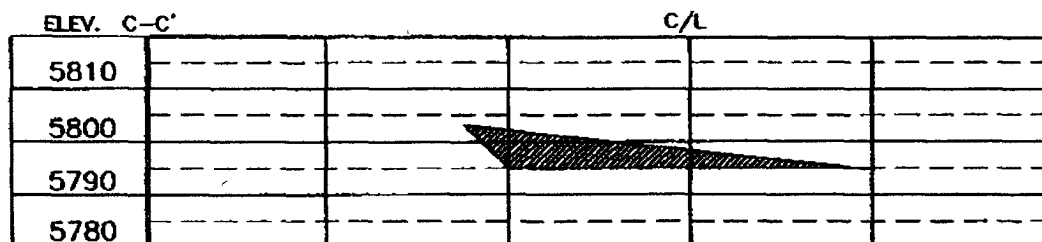
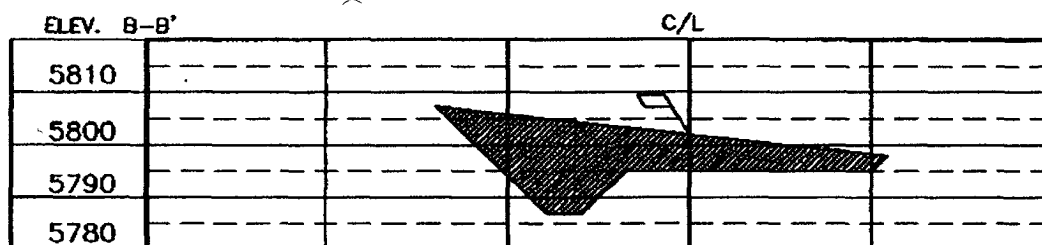
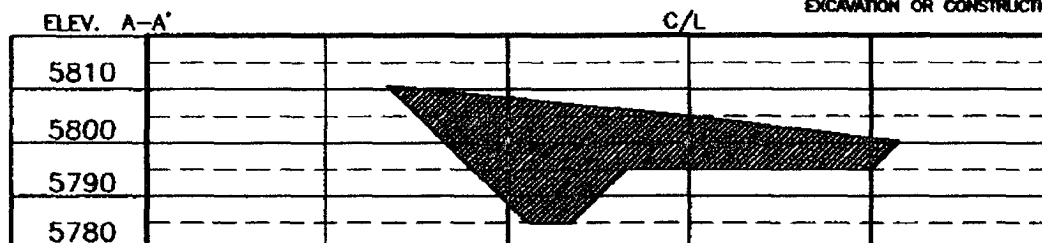
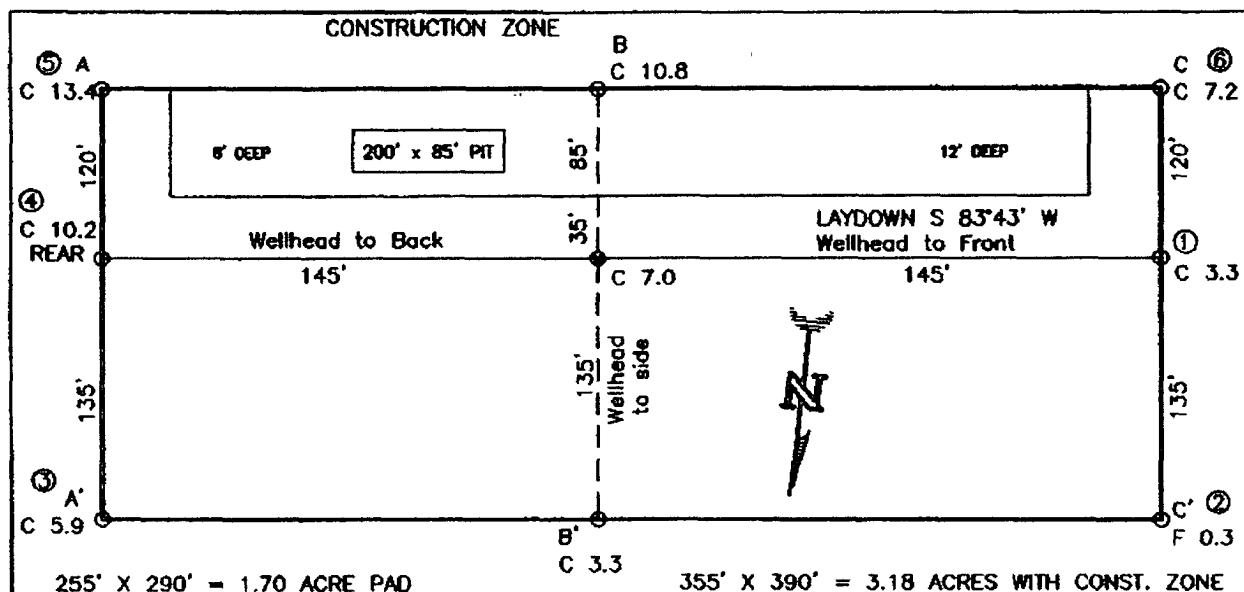
For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE JUL 17 2007
Conditions of Approval, if any:

EXHIBIT C

XTO ENERGY INC.
KUTZ FEDERAL S.W.D. No.1, 2375 FNL 1445 FWL
SECTION 6, T27N, R10W, N.M.P.M., SAN JUAN COUNTY, N. M.
GROUND ELEVATION: 5792' DATE: DECEMBER 15, 2006

NAD 83
LAT. = 36.60506° N
LONG. = 107.94131° W
NAD 27
LAT. = 36°36'18.2" N
LONG. = 107°36'26.5" W



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 15008 • Farmington, NM 87401
Phone (505) 325-1772 • Fax (505) 325-4019
NEW MEXICO L.S. No. 8884



DATE: 12/19/06
DRAWN: CDB/7253
CHECK: CDB/77

EXHIBIT E

XTO ENERGY INC.

Kutz Federal SWD #1

APD Data

May 9, 2007

Location: 2375' FNL x 1445' FWL Sec 6, T27N, R10W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 4260'

APPROX GR ELEV: 5792'

OBJECTIVE: Mesaverde Disposal

Est KB ELEV: 5804' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 600'	600' to 2500'	2500' to 4260'
HOLE SIZE	12.25"	8.75"	8.75"
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: 9.625" casing to be set at $\pm 600'$ 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'-600'	600'	36.0#	J-55	ST&C	2020	3520	394	8.921	8.765	7.040	12.26	18.24

Production Casing: 7" casing to be set at TD ($\pm 4260'$) in 8.75" 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'-4260'	4260'	23.0#	J-55	LT&C	3270	4360	313	6.366	6.241	1.60	2.14	3.19

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 F

4. CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):

A. Surface: 9.625", 36.0#, J-55, ST&C casing to be set at $\pm 600'$ in 12-1/4" hole.

270 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 376 ft³, 100% excess of calculated annular volume to 600'.

B. Production: 7", 23.0#, J-55 (or K-55), LT&C casing to be set at $\pm 4260'$ in 8.75" hole. DV Tool set @ $\pm 3000'$

1st Stage

172 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.

2nd Stage

LEAD:

± 199 sx of Type III or equivalent cement with 8% gel & LCM mixed at 11.9 ppg, 2.54 ft³/sk, 15.00 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 7" production casing is 910 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.

If cement does not circulate - Run CBL to determine cemented intervals

5. LOGGING PROGRAM:

A. Mud Logger: None.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (4260') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (4260') to 3,000'.

EXHIBIT F

6. **FORMATION TOPS:**

Est. KB Elevation: 5804'

<u>FORMATION</u>	<u>Sub-Sea</u>	<u>MD</u>
Ojo Alamo SS	5367	437
Kirtland Shale	5237	567
Farmington SS		
Fruitland Formation	4736	1,068
Lower Fruitland Coal	4269	1535
Pictured Cliffs SS	4249	1,555
Lewis Shale	4082	1,722
Chacra SS	3315	2,489
Cliffhouse SS	2701	3,103
Menefee	2574	3,230
Point Lookout SS*	1831	3,973
Mancos Shale	1545	4,259
TD	1544	4,260

* *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
John Klutsch	Project Geologist	817-885-2800	--

JWE
5/9/07

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.

ROTATING HEAD
(OPTIONAL)

FILL UP LINE

FLOW LINE
TO PIT

PIPE
RAMS

BLIND
RAMS

KILL LINE
2" dia min.

TO CHOKE
MANIFOLD
2" dia min.

See Choke Manifold drawing for
specifications

HCR VALVE (OPTIONAL)

2" (MIN) FULL OPENING
VALVE

MUD CROSS

EXHIBIT F

** Remove check or ball
from check valve and
press test to same press
as BOP's. **

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

