

Form 3160-3
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2007 AUG 3 AM 11 15

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

070 FARMINGTON NM

1a. Type of work. <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF047039B
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO Energy, Inc.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 2700 Farmington Ave, Bldg K - Suite 1 Farmington NM 87402	3b. Phone No. (include area code) 505-324-1090	8. Lease Name and Well No. Kutz Federal #10C
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1600' FSL x 1975' FEL At proposed prod. zone same		9. API Well No. 30-045-34380
14. Distance in miles and direction from nearest town or post office* Approximately 4.5 miles Southeast of Bloomfield, NM post office		10. Field and Pool, or Exploratory Basin Dakota/Basin Mancos
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1600'	16. No. of acres in lease 1343.85	11. Sec., T. R. M. or Blk. and Survey or Area (J) Sec 18, T28N, R10W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 311'	19. Proposed Depth 6700'	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5865' Ground Elevation	22. Approximate date work will start* 09/01/2007	13. State NM
23. Estimated duration 2 weeks		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must be filed with the appropriate Forest Service Office)
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Kyla Vaughan</i>	Name (Printed/Typed) Kyla Vaughan	Date 08/01/2007
Title Regulatory Compliance		
Approved by (Signature) <i>Jim Lato</i>	Name (Printed/Typed)	Date 11/6/07
Title Acting AFM Minerals	Office	

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".

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

This action is subject to technical and
procedural review pursuant to 43 CFR 31.65.4
and appeal pursuant to 43 CFR 31.65.4

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

APD/ROW

NMOCD

NOV 13 2007

AV

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. Francisco
Santo Fe. NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

Stole Lease - 4 Copies

Free Lease - 3 Copies

RECEIVED

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAN

*API Number 30-045-34380		*Pool Code 71599	*Pool Name Basin Dakota
*Property Code 22756	*Property Name KUTZ FEDERAL		*Well Number 10G
*OGRM No 5380	*Operator Name XTO ENERGY INC		*Elevation 5865

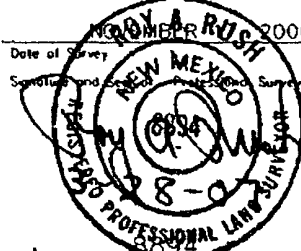
¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
J	18	28-N	10-W		1600	SOUTH	1975	EAST	SAN JUAN

"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 E/2 330			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 LOT 1 41.96		FD 2 1/2" BC 1913 CLO	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.
LOT 2 42.00			Signature: <u>James S. Small</u> Date: _____ Printed Name: <u>James S. Small</u>
LOT 3 42.04 LAT: 36.65945° N. (NAD 83) LONG: 107.93468° W. (NAD 83) LAT 36°39'34.0" N (NAD 27) LONG 107°56'02.6" W (NAD 27)	18	N 0-00-25° E 5277.41' (M)	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.
LOT 4 42.08 FD 5/8" REBAR SET STONE	1600'	FD 2 1/2" BC. 1913 CLO N 89-46-40 W 2639.68' (M)	Date of Survey: _____ Signature and Seal of Registered Surveyor: 

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-34380	² Pool Code 97232	³ Pool Name WC BASIN MANCOS
⁴ Property Code 22756	⁵ Property Name KUTZ FEDERAL	⁶ Well Number 10G
⁷ OCRD No. 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 5865

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
J	18	28-N	10-W		1600	SOUTH	1975	EAST	SAN JUAN

"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
²⁷ Dedicated Acres SE/4 160			²⁸ Joint or Infill		²⁹ 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 LOT 1 41.96	LOT 2 42.00	LOT 3 42.04 LAT: 36.65945° N. (NAD 83) LONG: 107.93468° W. (NAD 83) LAT: 36°39'34.0" N. (NAD 27) LONG: 107°56'02.6" W. (NAD 27)	17 FD 2 1/2" BC. 1913 G.L.O. 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. <div style="text-align: right;"> <u>Kyla Vaughan</u> 8/1/07 Signature Date <u>Kyla Vaughan</u> Printed Name </div>
LOT 4 42.08 FD. 5/8" REBAR SET STONE			18 N 0-00-25 E 5277.41' (M) 1975 1600' FD 2 1/2" BC. 1913 G.L.O. N 89-46-40 W 2639.68 (M)

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. 30-045-34380
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
8. Well Number #10G
9. OGRID Number 5380
10. Pool name or Wildcat BASIN DAKOTA/WC BASIN MC

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	7. Lease Name or Unit Agreement Name: KUTZ FEDERAL
2. Name of Operator XTO Energy Inc.	8. Well Number #10G
3. Address of Operator 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401	9. OGRID Number 5380
4. Well Location Unit Letter J : 1600 feet from the SOUTH line and 1975 feet from the EAST line Section 18 Township 28N Range 10W NMPM NMPM County SAN JUAN	10. Pool name or Wildcat BASIN DAKOTA/WC BASIN MC
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6700' GROUND ELEVATION	
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 >1000 Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 8000 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 <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: PTT	<input checked="" type="checkbox"/>	OTHER:	<input type="checkbox"/>

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 08/02/2007
E-mail address: kyla_vaughan@xtoenergy.com
Type or print name Kyla Vaughan Telephone No. 505-564-6726

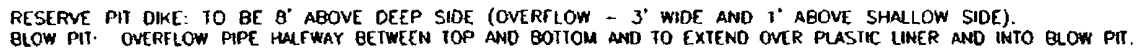
For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE NOV 13 2007
Conditions of Approval, if any:

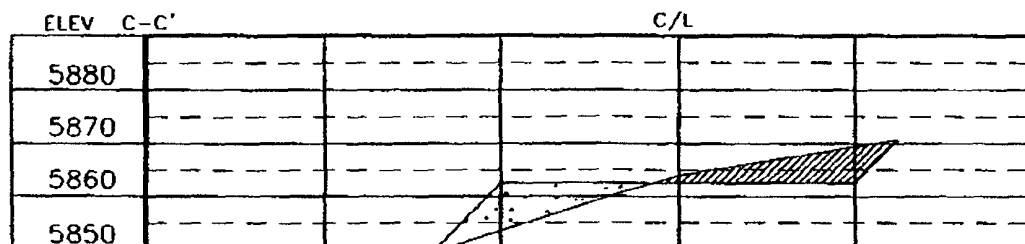
EXHIBIT **ED**

NAD 83
LAT. = 36.65945° N
LONG. = 107.93468° W

NAD 27
LAT. = 36°39'34.0" N
LONG. = 107°56'02.6" W



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.




NEWSPAPER	DATE	RECEIVED BY
		
Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 Farmington, NM 87401 Phone (505) 328-1772 • fax (505) 328-6018 NEW MEXICO L.S. No. 8394	CADPAC CR792-C78	DATE: 3/23/07
ISSUED BY: G V	ISSUED BY: CR792	

EXHIBIT ~~D~~ E

XTO ENERGY INC.

Kutz Federal #10G

APD Data

August 1, 2007

Location: 1600' FSL x 1975' FEL Sec 18, T28N, R10W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 6700'
APPROX GR ELEV: 5865'

OBJECTIVE: Basin Dakota / Basin Mancos
Est KB ELEV: 5877' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6700'
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 12.25" 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 ($\pm 6700'$) in 7.875" 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'-6700	6700'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.26	1.50	1.95

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 $\pm 360'$ 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 $\pm 6700'$ in 7.875" hole. DV Tool set @ $\pm 4100'$

1st Stage

LEAD:

± 199 sx of Premium Lite HS (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

150 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:

± 341 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 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 1635 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: None.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (6700') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6700') to 3,000'.

EXHIBIT F

6. FORMATION TOPS:

Est. KB Elevation: 5877'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Ojo Alamo SS	5052	825	Gallup**	411	5,466
Kirtland Shale	4925	952	Greenhorn	-355	6,232
Farmington SS			Graneros	-413	6,290
Fruitland Formation	4434	1,443	Dakota 1*	-448	6,325
Lower Fruitland Coal	3970	1907	Dakota 2*	-467	6,344
Pictured Cliffs SS	3942	1,935	Dakota 3*	-526	6,403
Lewis Shale	3731	2,146	Dakota 4*	-593	6,470
Chacra SS	2953	2,924	Dakota 5*	-623	6,500
Cliffhouse SS	2340	3,537	Dakota 6*	-656	6,533
Menefee	2260	3,617	Burro Canyon	-680	6,557
Point Lookout SS	1613	4,264	Morrison*	-718	6,595
Mancos Shale	1273	4,604	TD	-823	6,700

**** 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
8/1/07

EXHIBIT F

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

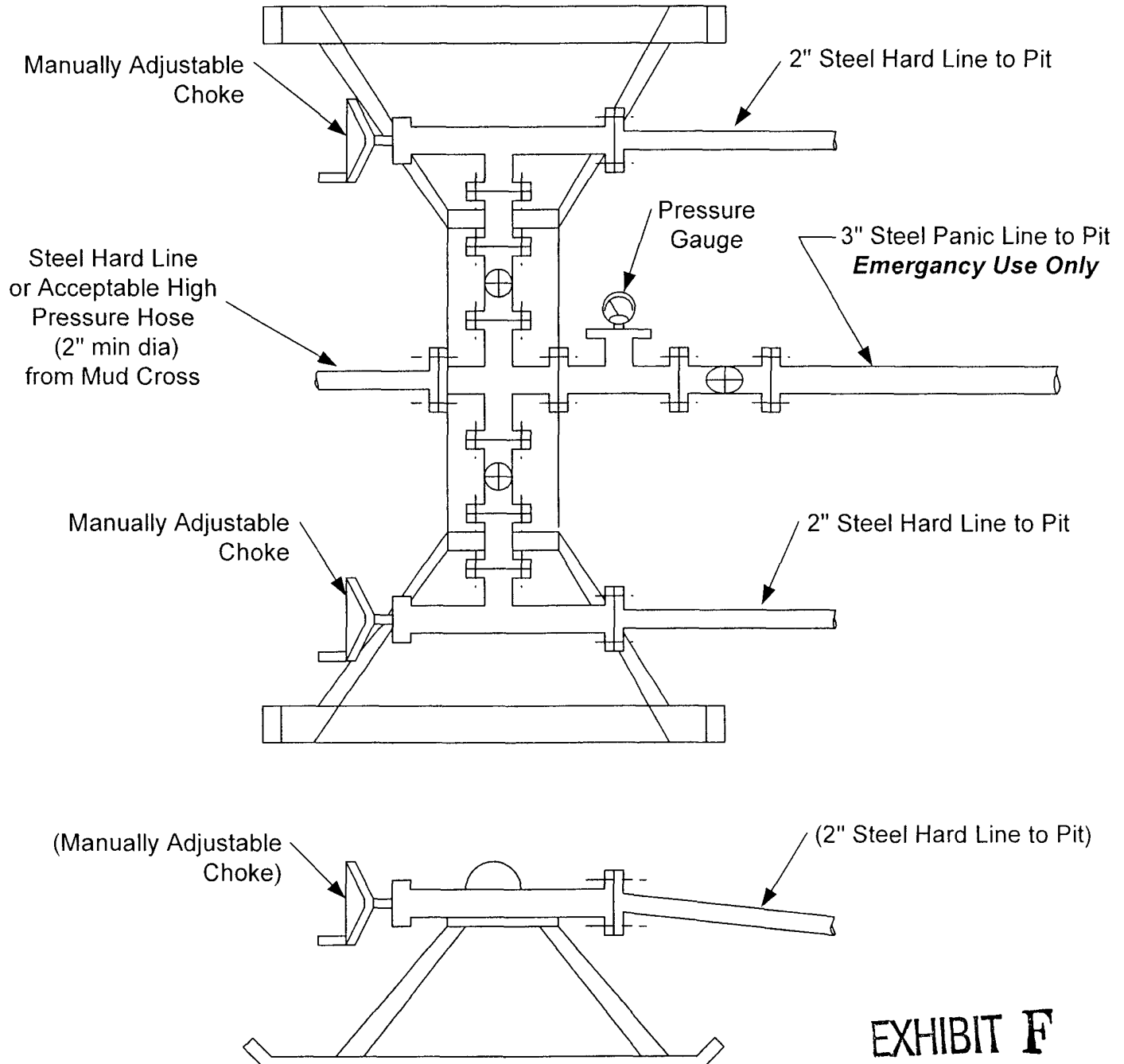


EXHIBIT F

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. **

