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RCVD DEC 17 '07

OIL CONS. DIV.

DIST. 3

NOV 09 2007

Bureau of Land Management
Farmington Field Office

Form 3160-3
(February 2005)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMNM 103380

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

1a. Type of work: ☑ DRILL ☐ REENTER

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

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☐ Single Zone ☑ Multiple Zone

8. Lease Name and Well No.
FLORANCE #76

2. Name of Operator
XTO Energy, Inc.

9. API Well No.
30-045- 34501

3a. Address **382 CR 3100**
AZTEC, NM 87410

3b. Phone No. *(include area code)*
505-333-3100

10. Field and Pool, or Exploratory
BASIN FRUITLAND COAL

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **975' FNL x 665' FEL**
At proposed prod. zone **1980' FNL x 660' FWL** Lot 2/E

11. Sec., T R. M. or Blk. and Survey or Area
(A) SEC 18, T27N, R8W

14. Distance in miles and direction from nearest town or post office*
Approximately 2.6 miles Southeast of Bloomfield, 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 drig. unit line, if any) **660'**

16. No. of acres in lease
2400.96

17. Spacing Unit dedicated to this well
FC: 320.96

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **541**

19. Proposed Depth
MD-6460'

20. BLM/BIA Bond No. on file
UTB-000138

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6789' Ground Elevation

22. Approximate date work will start*
01/21/2007

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:

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 must 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 BLM.

25. Signature Kyla Vaughan — Name *(Printed/Typed)* **Kyla Vaughan** — Date **11/08/2007**

Title **Regulatory Compliance**

Approved by *(Signature)* — Name *(Printed/Typed)* — Date 12/14/07

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)

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

H2S POTENTIAL EXIST

NOTIFY AZTEC OCD 24 HRS. PRIOR TO CASING & CEMENT

APD/ROW

HOLD C104 FOR directional survey and as drilled C-102.

NMOCD

DEC 20 2007

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".

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	2 Pool Code	3 Pool Name
30-045-34501	71629	Basin Fruitland Coal

4 Property Code	5 Property Name	6 Well Number
22608	FLORANCE	76

7 OGRID No.	8 Operator Name	9 Elevation
5380	XTO ENERGY INC.	6789'

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
A	18	27-N	8-W	2	975	NORTH	665	EAST	SAN JUAN

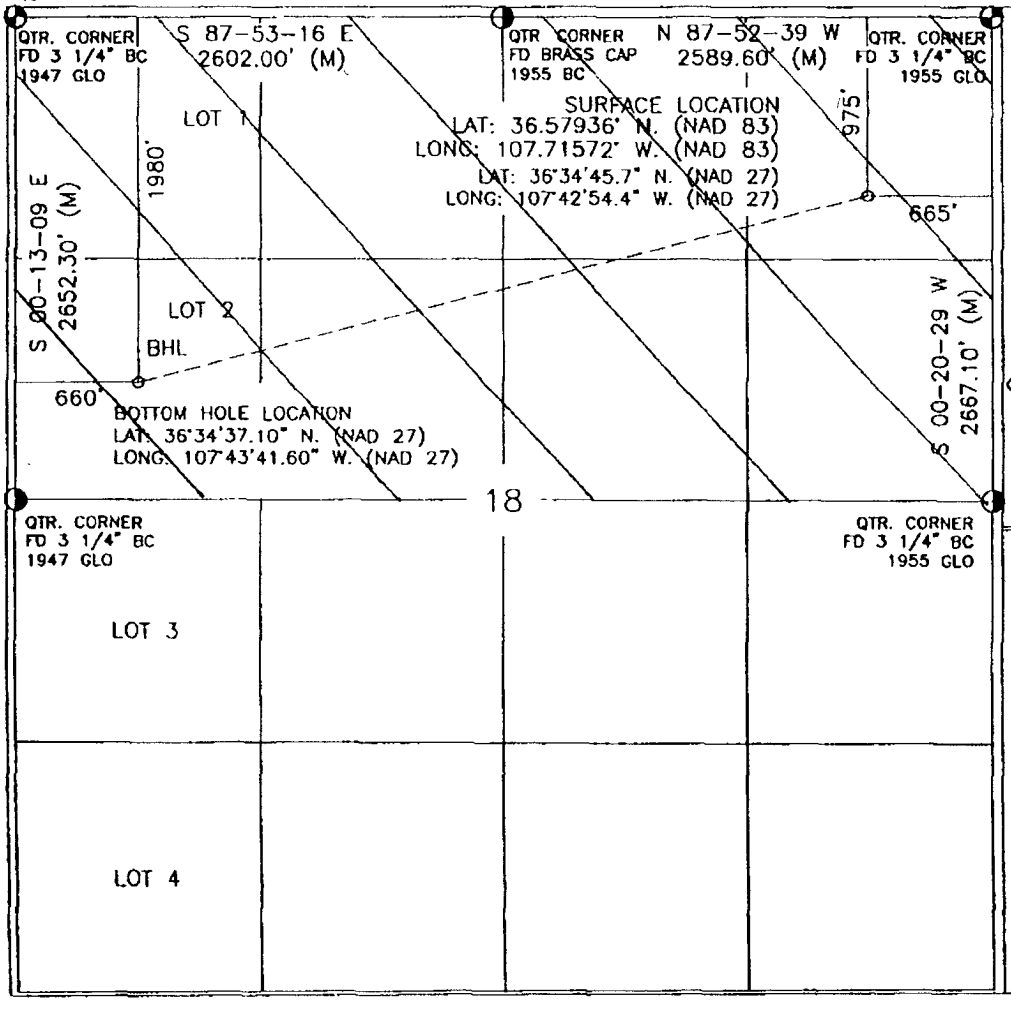
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	18	27-N	8-W	2	1980	NORTH	660	WEST	SAN JUAN

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
N/2 320.96			

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: 8/6/07

Printed Name: Johnson

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.

MARCH 9, 2007
Date of Survey

Signature and Seal of Professional Surveyor: ROY A. RUSH, NEW MEXICO, 8894, REGISTERED PROFESSIONAL LAND SURVEYOR

8894
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. 30-045-34501

5. Indicate Type of Lease STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

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: FLORANCE

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

8. Well Number #76

2. Name of Operator XTO Energy Inc.

9. OGRID Number 5380

3. Address of Operator 382 CR 3100 AZTEC, NM 87410 505-333-3100

10. Pool name or Wildcat BASIN FRUITLAND COAL

4. Well Location

Unit Letter A : 975 feet from the NORTH line and 665 feet from the EAST line

Section 18 Township 27N Range 8W NMPM NMPM County SAN JUAN

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6789' 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 <200

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 plans to construct 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 DATE 11/06/2007

Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-333-3159

For State Use Only

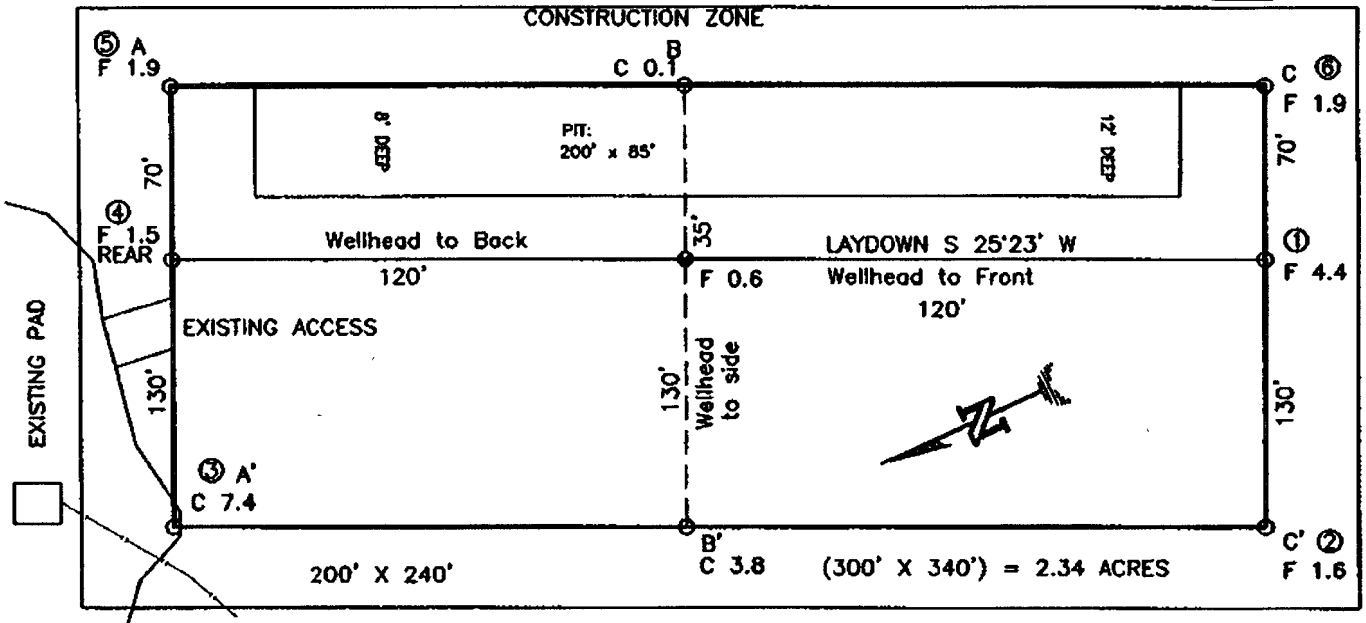
APPROVED BY _____ TITLE Deputy Oil & Gas Inspector, District #3 DATE DEC 20 2007

Conditions of Approval, if any:

EXHIBIT D

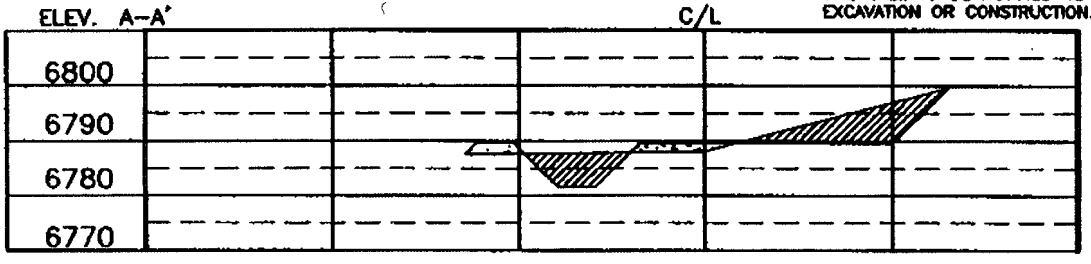
XTO ENERGY INC.
FLORANCE No. 76, 975 FNL 665 FEL
SECTION 18, T27N, R8W, N.M.P.M., SAN JUAN COUNTY, N. M.
GROUND ELEVATION: 6789' DATE: MARCH 9, 2007

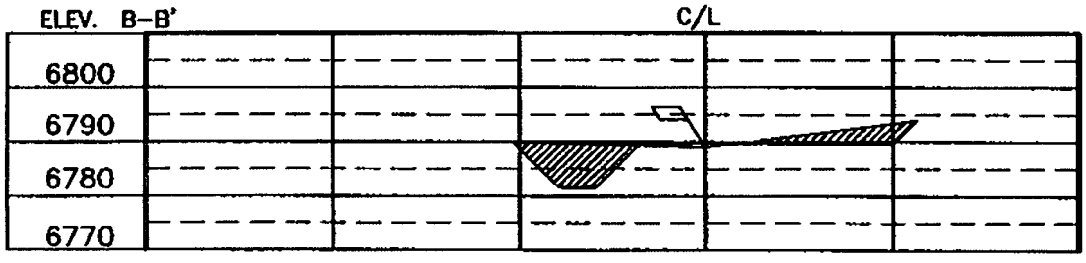
NAD 83
LAT. = 36.57936° N
LONG. = 107.71572° W
NAD 27
LAT. = 36°34'45.7" N
LONG. = 107°42'54.4" W

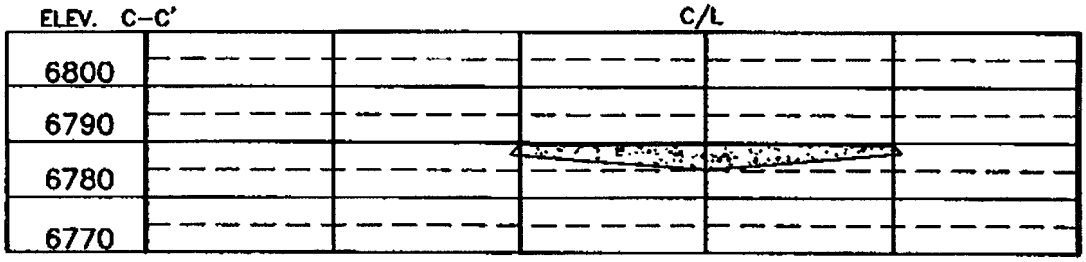


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW – 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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. 8894
date: 07/24/07

EXHIBIT E

XTO ENERGY INC.

Florance #76
APD Data
December 12, 2007

Location: 975' FNL x 665' FEL Sec 18, T27N, R8W **County**: San Juan **State**: New Mexico
Bottomhole Location: 1980' FNL x 660' FWL Sec 18, T27N, R8W

GREATEST PROJECTED TVD: 2815'
GREATEST PROJECTED MD: 6460'
OBJECTIVE: Fruitland Coal

APPROX GR ELEV: 6789'
Est KB ELEV: 6801' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 300'	300' to 3100'	3100' to TD
HOLE SIZE	12.25"	8.75"	6.125"
MUD TYPE	FW/Spud Mud	FW/Polymer	Air/Mist
WEIGHT	8.6-9.0	8.4-8.8	NA
VISCOSITY	28-32	28-32	NA
WATER LOSS	NC	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. Use Fruitland Coal produced water as make-up water for mist fluid. Pump enough fluid to dampen vibration at directional BHA. If directional control is not maintainable in air/mist environment convert to polymer mud.

2. CASING PROGRAM:

Surface Casing: 9.625" casing to be set at ± 300' 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[1]	SF Burst[2]	SF Ten[3]
0'-300'	300'	36.0#	J-55	ST&C	2020	3520	394	8.921	8.765	18.76	32.7	48.6

Intermediate Casing: 7" casing to be set at ±~~1800'~~ 3100' MD, ~~1494'~~ 2814' TVD 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[1]	SF Burst[2]	SF Ten[3]
0'-3100	3100'	23.0#	J-55	ST&C	3270	4360	284	6.276	6.151	4.58	6.10	6.86

Production Casing: 4.5" casing to be set at ±~~5125'~~ 6460' MD, ~~1494'~~ 2814' TVD in 6.125" hole filled with 8.4 ppg mud.

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll[1]	SF Burst[2]	SF Ten[3]
3040'-6460'	3420'	10.5	J-55	ST&C	4010	4790	132	4.052	3.927	6.14	6.70	3.78

[1]Collapse SF is based on evacuated annulus and hydrostatic at TVD.
[2]Burst SF is based on evacuated casing and hydrostatic at TVD.

[3]Tensile SF is based on hanging air weight of casing in a vertical hole at measured depth.

3. WELLHEAD:

A. Casing Head: WHI QDF System (or equivalent), 9-5/8" x 7", 3,000 psig WP (4,000 psig test) with 9-5/8" 8rnd thread ST&C pin end on bottom and 4-1/2" slips on top.

B. Tubing Head: WHI W2F (or equivalent), 7.063" nominal, 5,000 psig WP (5,000 psig test), 5-1/2" slip-on or weld-on.

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 ± 300' in 12-1/4" hole.

178 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 188 ft^3, 100% excess of calculated annular volume to 300'. ✓

B. ~~Production~~ Casing: 7", 23#/ft, J-55, ST&C casing to be set at ±3100'MD, 2814' TVD in 8.75" hole. Int.

LEAD:
± 179 sx of Premium Lite FM or CBM Lite typically containing accelerator, LCM, dispersant, and fluid loss additives at 12.1 ppg, 2.22 ft^3/sk, & 12.04 gal wtr/sk.

TAIL:
± 255 sx of Type III or V cement typically containing accelerator, LCM, dispersant, and fluid loss additives at 14.2 ppg, 1.48 ft^3/sk, & 7.34 gal wtr/sk.

Total estimated slurry volume for the 7" production casing is 660 ft^3.

C. Production Liner: 4.5", 10.5#/ft, J-55, ST&C casing is to be set at 6460' MD, 2814' TVD in 6.125" hole.

The production liner will be set using an uncemented liner hanger. The liner may be tied back to surface during the completion of the well.

Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined from the caliper logs (if available) plus 40%. It will be attempted to circulate cement to the surface.

5. LOGGING PROGRAM:

A. Mud Logger: A geologic consultant or unmanned mud logging unit will begin logging the well once the surface shoe is drilled out and remain on the well to TD.

B. Open Hole Logs as follows: Gamma Ray from Surface shoe to TD.

6. **FORMATION TOPS:**

See attached Directional Plan.

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	--

JN
12/12/07

XTO Energy, Inc.

Planning Report

Database:	EDM 2003 14 Single User Db	**Local Co-ordinate Reference:**	Well Florance #76
Company:	XTO Energy	**TVD Reference:**	Rig KB @ 6801.0ft (AWS #507)
Project:	T26N, R11E	**MD Reference:**	Rig KB @ 6801.0ft (AWS #507)
Site:	Florance #76	**North Reference:**	True
Well:	Florance #76	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Florance #76 -- Permitted Wellplan		
Design:	5 deg/100' to 40 deg & 15 deg/100' to TVD		

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Florance #76 -- Request - plan misses by 34 0ft at 6460 3ft MD (2814.0 TVD, -869 4 N, -3849 8 E) - Point	0 00	0.00	2,780 0	-869 4	-3,849 8	2,029,284.49	530,863.24	36° 34' 37 100 N	107° 43' 41 600 W

Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (")	Hole Diameter (")
300.0	300 0	9 5/8"	9-5/8	12-1/4
3,100 0	2,814.0	7"	7	8-3/4
6,460 0	2,814.0	4 1/2"	4-1/2	6-1/4

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
1,908.0	1,908 0	Ojo Alamo SS	Sandstone	0 00	
2,023 1	2,023 0	Kirtland Shale	Shale	0.00	
2,121.7	2,121.0	Farmington SS	Sandstone	0 00	
2,415 4	2,402 0	Fruitland Formation		0.00	
2,947 0	2,793 0	Lower Fruitland Coal	Coal	0.00	
3,069 9	2,814 0	Top of Target Seam	Coal	0 00	
3084	2,828 0	Bottom of Target Seam		0.00	
4184	3,928 0	Pictured Cliffs SS	Sandstone	0.00	

EXHIBIT F

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.

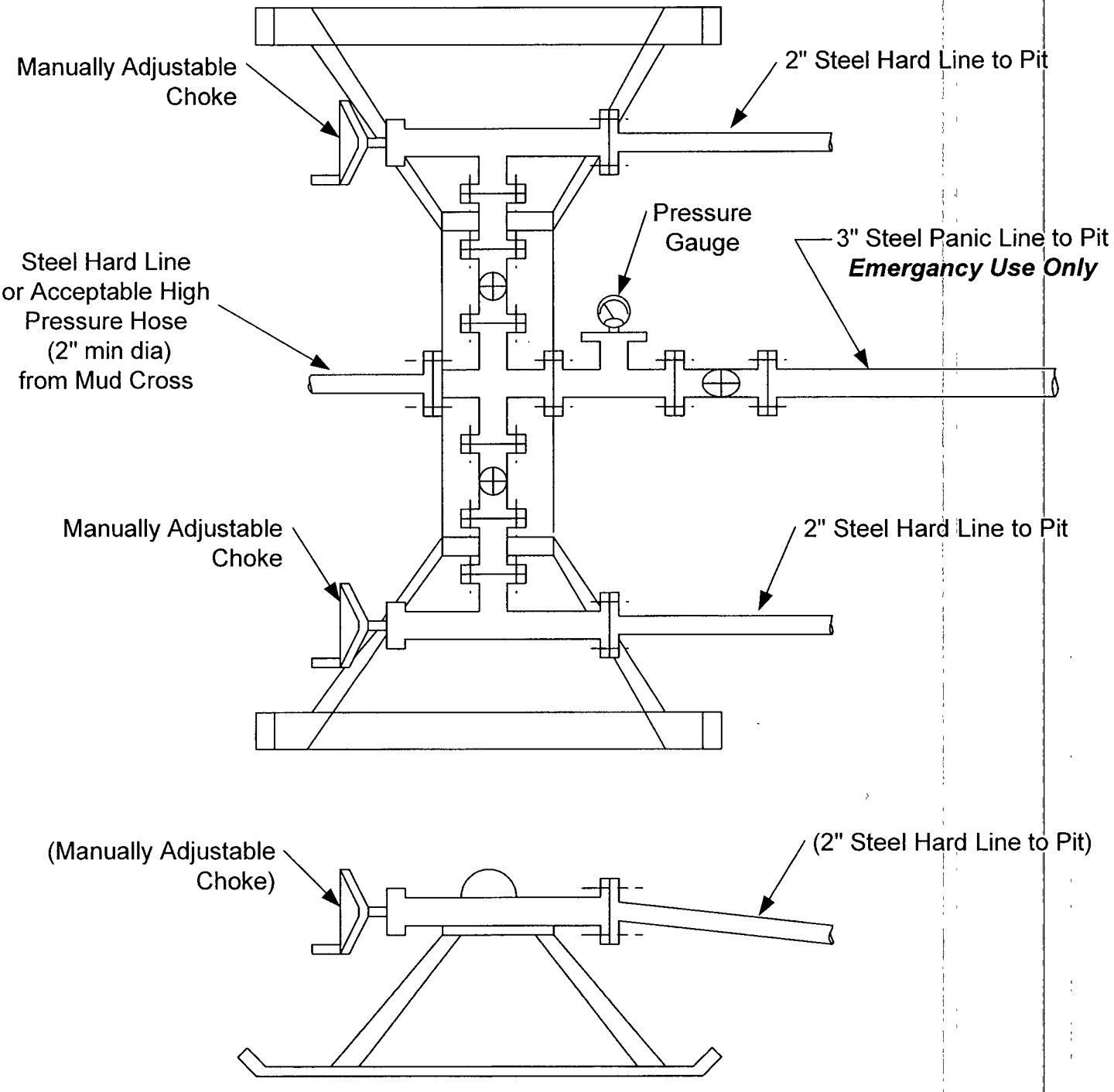
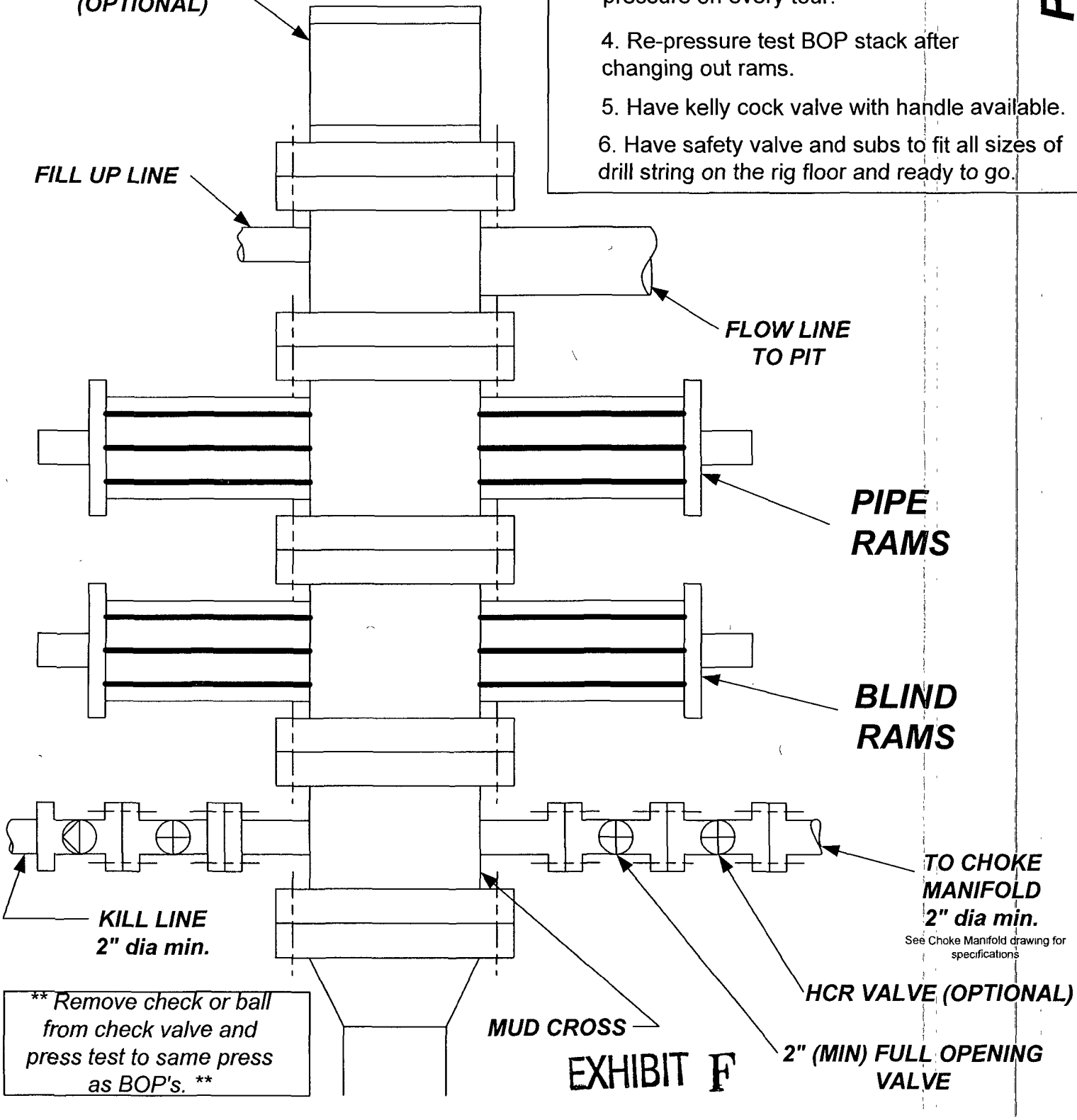


EXHIBIT F

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.



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

EXHIBIT F