Form 3160-3
(February 2005)

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

RCVD SEP 8 '08
OIL CONS. DIV.
DIST. 3

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
BIA 751-06-1034

6. If Indian, Allotee or Tribe Name
Ute Mountain Ute

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.
Ute Mountain Tribal K #2

2. Name of Operator
XTO Energy, Inc.

9. API Well No.
30-045- 34785

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

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

10. Field and Pool, or Exploratory
Ute Dome Paradox

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **360' FNL x 865' FEL**
At proposed prod. zone **same**

11. Sec., T. R. M. or Blk. and Survey or Area
(A) Sec 33, T32N, R14W

14. Distance in miles and direction from nearest town or post office*
Approximately 20 miles Northwest of Farmington NM

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) **360'**

16. No. of acres in lease
1280

17. Spacing Unit dedicated to this well
PX: 640

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft **4130'**

19. Proposed Depth
8777'

20. BLM/BIA Bond No. on file
104312789

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6072' Ground Elevation
~~Venting / Flaring approved for 60 days~~
per NTL-4A

22. Approximate date work will start*
07/20/2008

23. Estimated duration
2 weeks

24. Attachments

SEE ATTACHED
CONDITIONS OF APPROVAL

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: Kelly Small for Kyla Vaughan
Name *(Printed/Typed)*: **Kyla Vaughan**
Date: **04/21/2008**
Title: **Regulatory Compliance**

APPROVED FOR A PERIOD
NOT TO EXCEED 2 YEARS

Approved by *(Signature)*: /S/ Richard A. Rymerson
Name *(Printed/Typed)*: ACTING CENTER MANAGER
Date: SEP 4 2008
Title:
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)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS

NMOCD

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto...

HOLD C104 FOR NSL

RECEIVED
MAY - 5 2008
Bureau of Land Management
Durango, Colorado

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

SEP 15 2008

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
30-045-34785	86760	UTE DOME PARADOX

[4] Property Code	[5] Property Name	[6] Well Number
37378	UTE MOUNTAIN TRIBAL K	2

[7] OGRID No.	[8] Operator Name	[9] Elevation
5380	XTO ENERGY INC.	6072

[10] Surface Location

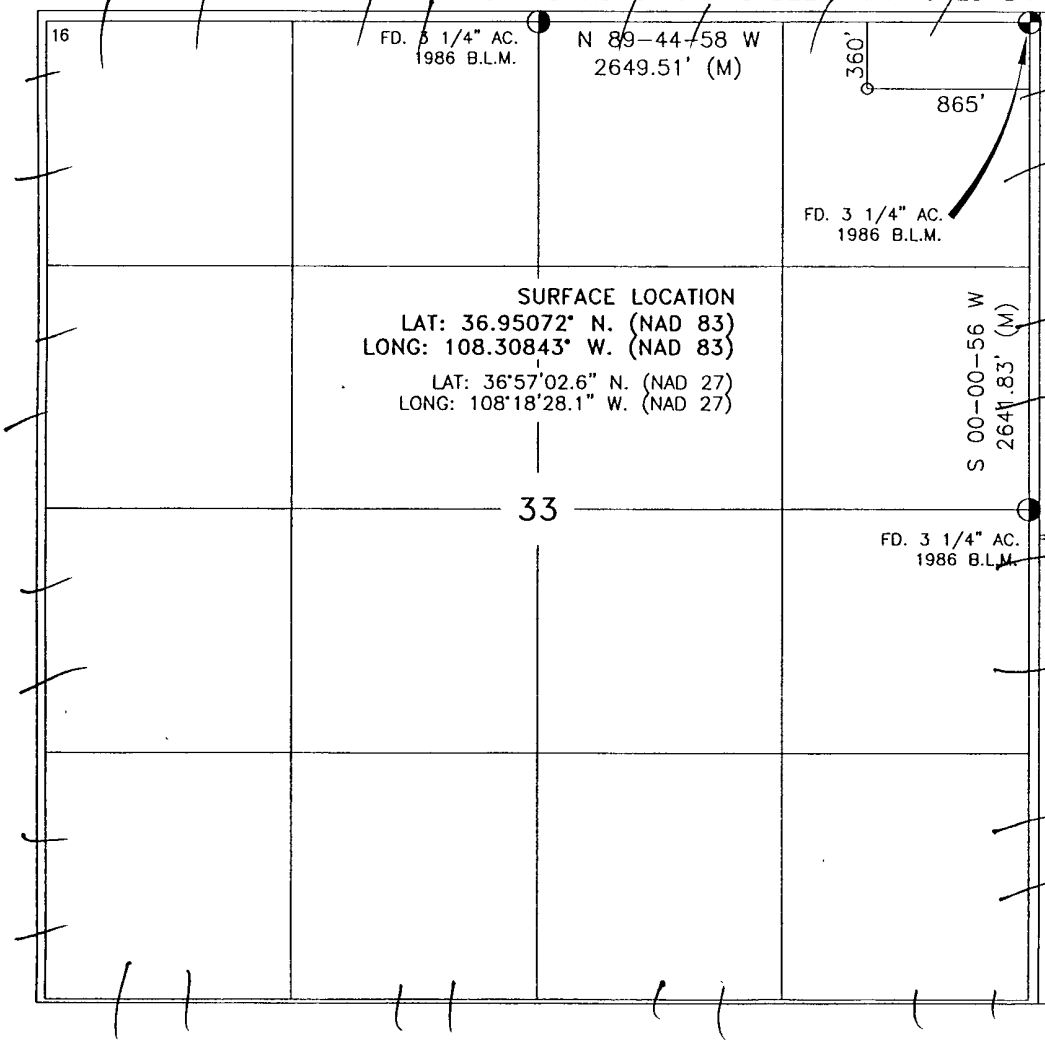
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	33	32-N	14-W		360	NORTH	865	EAST	SAN JUAN

[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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No
640			Pending

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



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 4/17/08
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 4, 2007
Date of Survey

Signature and Seal of Professional Surveyor:

04-19-08

8894
Certificate Number

XTO ENERGY INC.

Ute Mountain Tribal K #2
APD Data
April 30, 2008

Location: 360' FNL x 865' FEL Sec 33, T32N, R14W **County:** San Juan **State:** New Mexico

GREATEST PROJECTED TD: 8767' OBJECTIVE: Paradox
APPROX GR ELEV: 6072' Est KB ELEV: 6084' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 850'	850' to 850'	850' to 8767'
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 ± 850' 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'-850'	850'	24.0#	J-55	ST&C	1370	2950	244	8.097	7.972	3.370	7.25	11.96

Production Casing: 5.5" casing to be set at TD (±8777') 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'-8767	8767'	17.0#	N-80	LT&C	6280	7740	348	4.892	4.767	1.50	1.84	2.33

Remarks: All Casing strings will be centralized in accordance with Onshore Order #2 and NTL FRA-90-1.

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 ± 850' in 12-1/4" hole.

505 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 702 ft^3, 100% excess of calculated annular volume to 850'.

B. Production: 5.5", 17.0#, N-80 (or K-55), LT&C casing to be set at ±8767' in 7.875" hole.

1st Stage

LEAD:
±787 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:
250 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 2152 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. 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 (8767') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (8767') to 3,000'.

C. Coring and Drill Stem Testing: None

6. FORMATION TOPS:

Est. KB Elevation: 6084'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Cliffhouse			Carmel Fmtn	2180	3904
Menefee	6072	12	Wingate SS	2002	4082
Point Lookout	5839	245	Chinle Fmtn	1799	4285
Mancos	5402	682	Shinarump Congl.	1395	4689
Gallup SS	4125	1959	Moenkopi Fmtn	964	5120
Greenhorn LS	3530	2554	Cutler Group	726	5358
Graneros Shale	3495	2589	Hermosa Group	-1036	7120
Dakota SS	3430	2654	Paradox Fmtn	-1691	7775
Burro Canyon SS	3350	2734	Ismay Member*	-1842	7926
Morrison Fmtn	3251	~~2833~~ 3833	Desert Creek *	-2013	8097
Bluff SS	2618	3466	Akah *	-2163	8247
Summerville Fmtn	2413	3671	Barker Creek*	-2353	8437
Todilto LS	2315	3768	Alkali Gulch	-2853	8667
Entrada SS	2299	3785	**TD**	-2683	**8767**

** Primary Objective* *** Secondary Objective*

**** Maximum anticipated BHP should be <5,800 psig (<0.63 psi/ft) *****

7. ANTICIPATED OIL, GAS, & WATER ZONES:

A. ✓ ✓ ✓

Formation	Expected Fluids	Well Depth Top
Cliffhouse	Water	
Menefee	Water	12
Point Lookout	Water	245
Gallup	Water	1959
Dakota SS	Gas	2654
Burro Canyon SS	Gas	2734
Morrison Formation	Water	2833
Bluff SS	Water	3466
Entrada SS	Water	3785
Wingate SS	Water	4082
Ismay Member	Gas	7926
Desert Creek	Gas	8097
Akah	Gas	8247
Barker Creek	Gas	8437
Alkali Gulch	Gas	8667

B. No Appreciable Water Zones are anticipated.
C. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.
D. Once the Morrison is drilled the well will be treated as a potential source of H_2S.

8. BOP Equipment:

Minimum specification for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double ram with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50% of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

a. when initially installed:

b. whenever any seal subject to test pressure is broken

c. following related repairs: and

d. at 30 day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No.2 for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place.

Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The BLM in Durango, Colorado shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a BLM representative on location during pressure testing.

a. The size and rating of the BOP stack is shown on the attached diagram.

b. A choke line and a kill line are to be properly installed.

c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

e. See attached BOP & Choke Manifold diagrams.

9. COMPANY PERSONNEL:

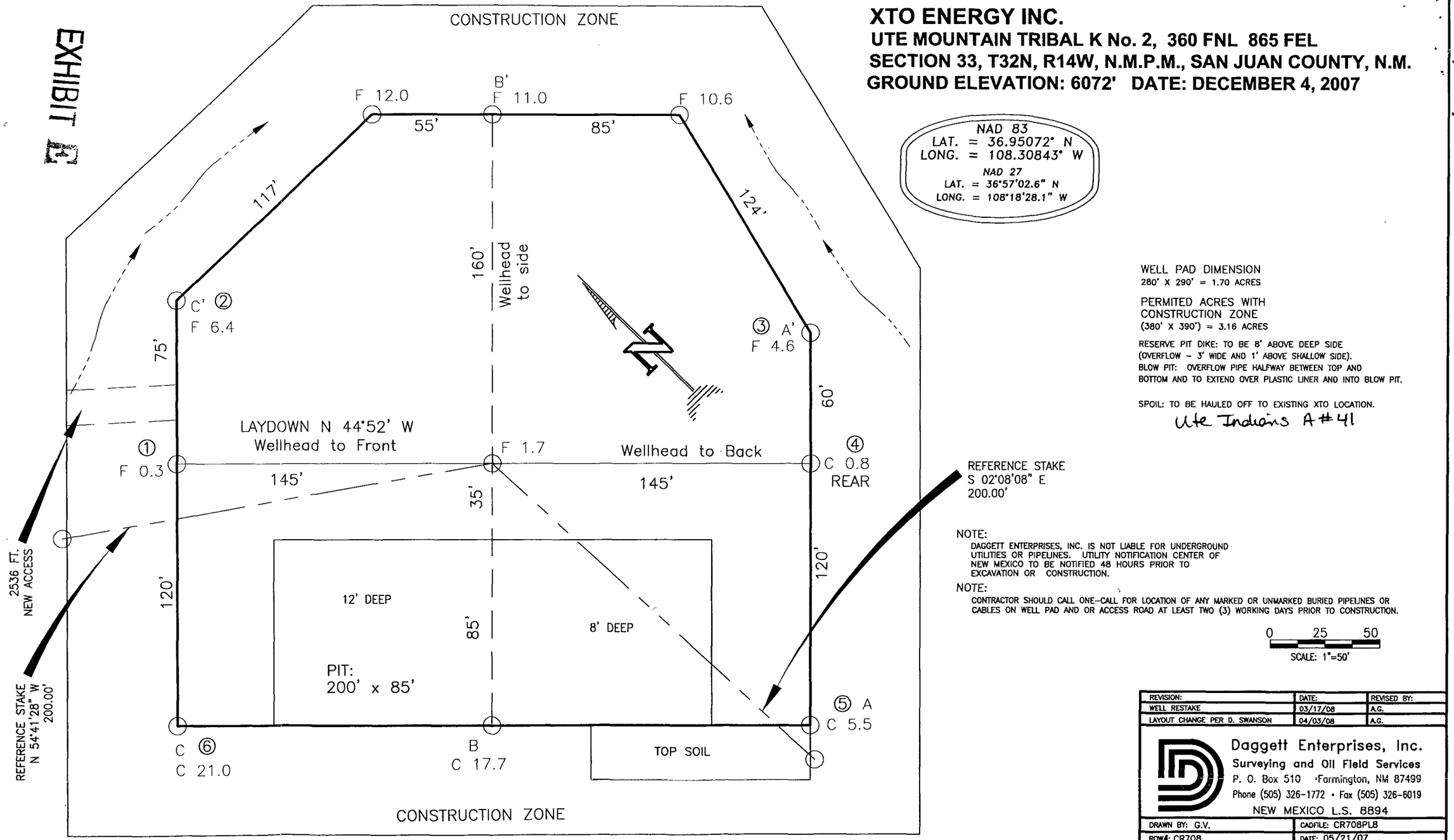
Name	Title	Office Phone	Home Phone
Justin Niederhofer	Drilling Engineer	505-333-3199	505-320-0158
Jerry Lacy	Drilling Superintendent	505-333-3177	505-320-6543
John Klutsch	Project Geologist	817-885-2800	--

JDN
4/30/08

EXHIBIT B

XTO ENERGY INC.

UTE MOUNTAIN TRIBAL K No. 2, 360 FNL 865 FEL
SECTION 33, T32N, R14W, N.M.P.M., SAN JUAN COUNTY, N.M.
GROUND ELEVATION: 6072' DATE: DECEMBER 4, 2007



NAD 83
LAT. = 36.95072° N
LONG. = 108.30843° W

NAD 27
LAT. = 36°57'02.6" N
LONG. = 108°18'28.1" W

WELL PAD DIMENSION
280' X 290' = 1.70 ACRES

PERMITED ACRES WITH CONSTRUCTION ZONE
(380' X 390') = 3.16 ACRES

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.

SPOIL: TO BE HAULED OFF TO EXISTING XTO LOCATION.
Ute Indians A #41

REFERENCE STAKE
S 02°08'08" E
200.00'

NOTE:
DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. UTILITY NOTIFICATION CENTER OF NEW MEXICO 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 (3) WORKING DAYS PRIOR TO CONSTRUCTION.

0 25 50
SCALE: 1"=50'

REVISION:	DATE:	REVISED BY:
WELL RESTAKE	03/17/08	A.G.
LAYOUT CHANGE PER D. SWANSON	04/03/08	A.G.

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 510 Farmington, NM 87499
Phone (505) 326-1772 • Fax (505) 326-6019
NEW MEXICO L.S. 8894

DRAWN BY: G.V.	CADFILE: CR708PL8
ROW#: CR708	DATE: 05/21/07

XTO ENERGY INC.
UTE MOUNTAIN TRIBAL K No. 2, 360 FNL 865 FEL
SECTION 33, T32N, R14W, N.M.P.M., SAN JUAN COUNTY, N.M.
GROUND ELEVATION: 6072' DATE: DECEMBER 4, 2007

NAD 83
LAT. = 36.95072° N
LONG. = 108.30843° W
NAD 27
LAT. = 36°57'02.6" N
LONG. = 108°18'28.1" W

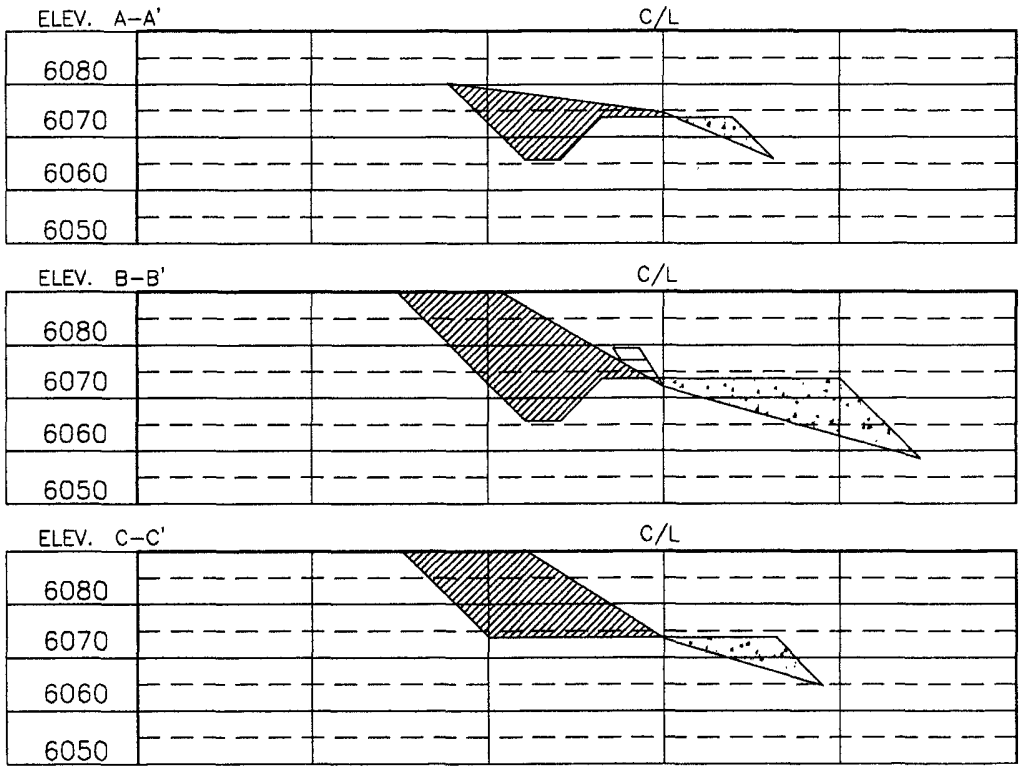


EXHIBIT F

NOTE:
DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES UTILITY NOTIFICATION CENTER OF NEW MEXICO TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

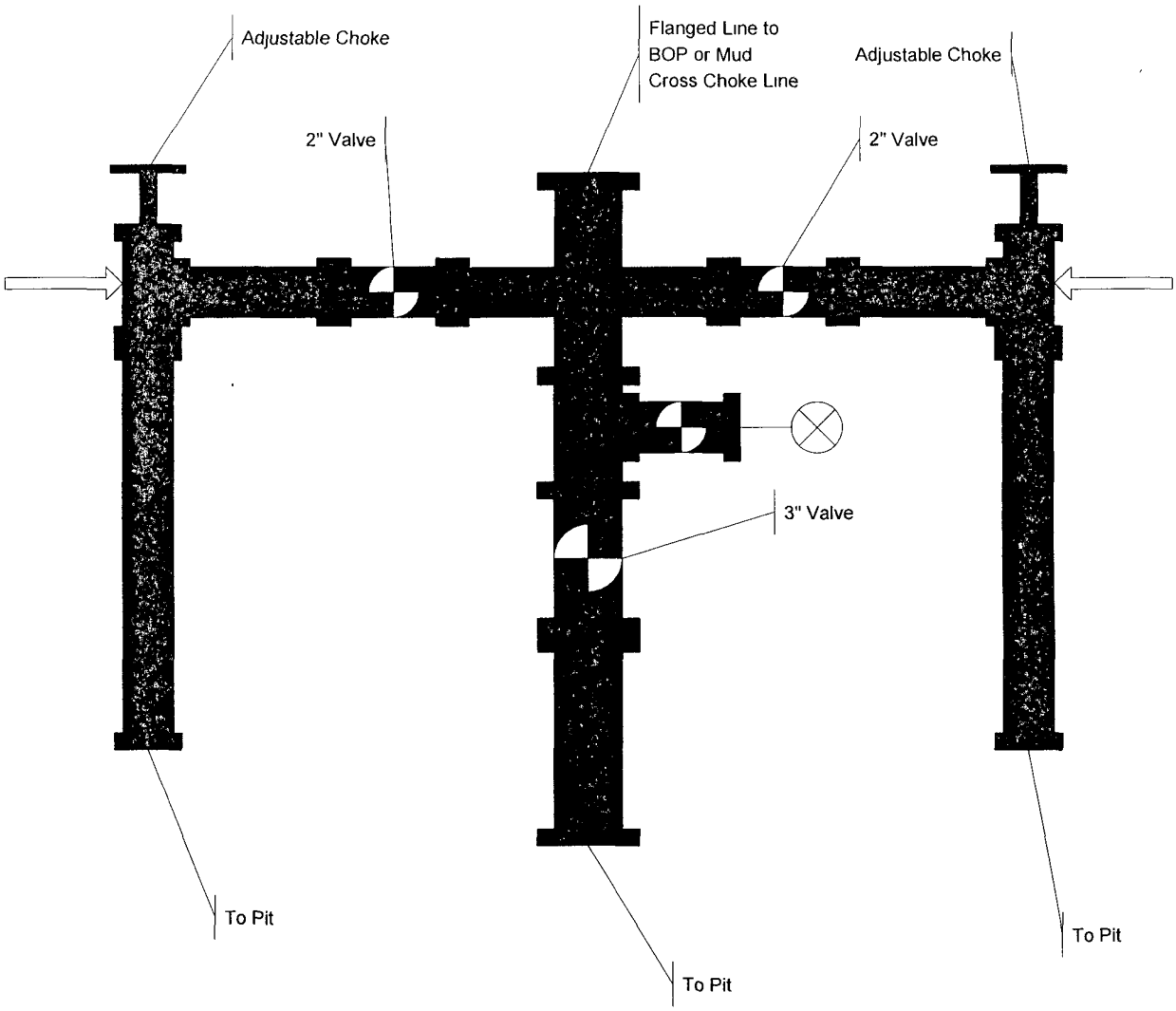
NOTE:
CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

REVISION.	DATE:	REVISED BY:
WELL RESTAKE	03/17/08	A.G
LAYOUT CHANGE PER D. SWANSON	04/03/08	A.G.

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 510 · Farmington, NM 87499
Phone (505) 326-1772 · Fax (505) 326-6019
NEW MEXICO L.S. 8894

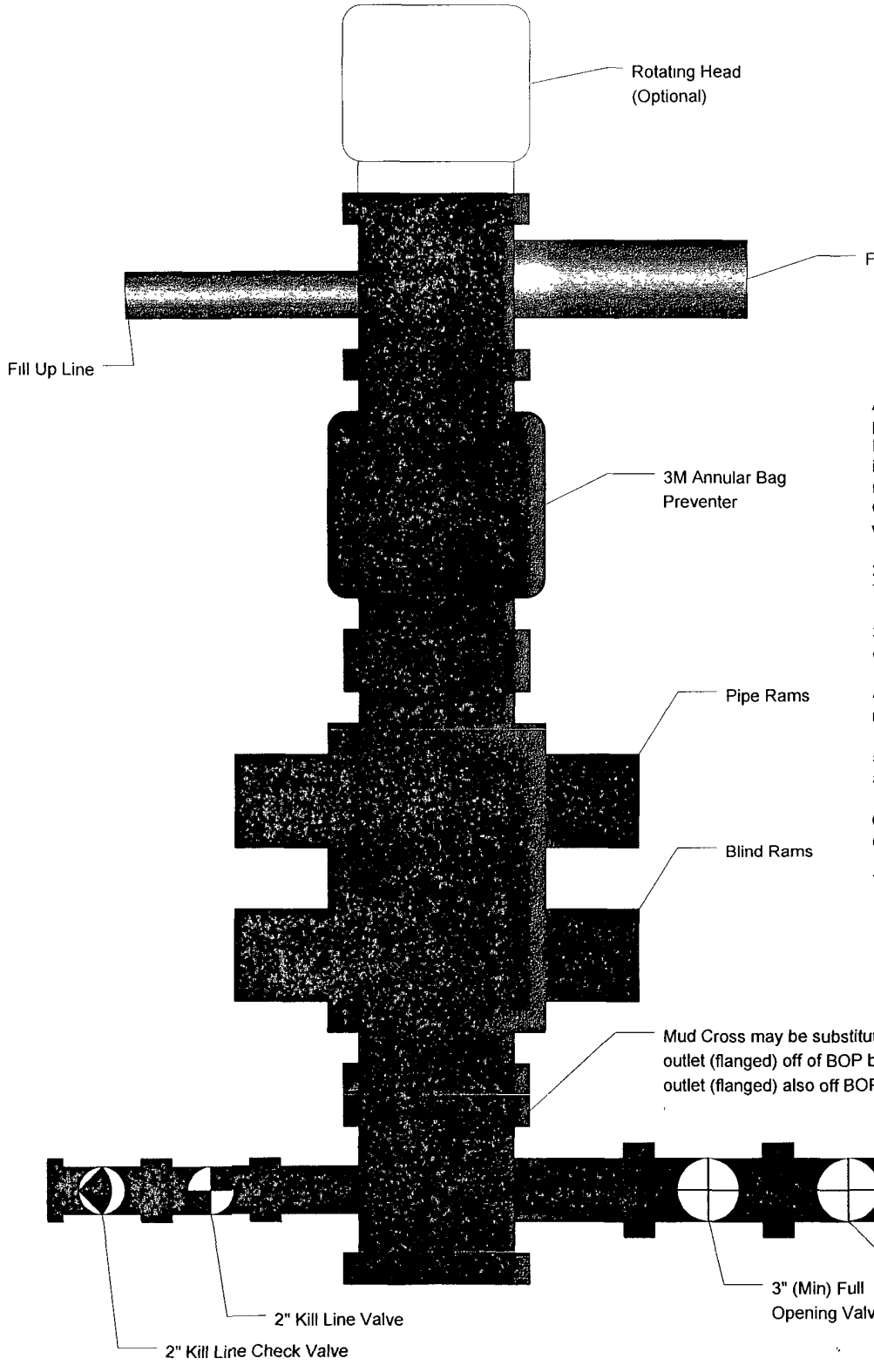
DRAWN BY. G.V	CADFILE: CR708PL8
ROW#: CR708	DATE 05/21/07

XTO Energy		
3M Choke Manifold	11/9/2006	



XTO Energy

3M BOP Stack	11/8/2006	



Testing Procedure

1 Test Bop After Installation
A.) Pressure test BOP to 200-300 psig (low pressure) for 5 minutes
B) Test BOP to Working pressure or 70% internal yield of surface casing for 10 minutes.
C.) Test Annular preventer to 50% of working pressure for 10 minutes.

2. Test operation of both rams on each trip. Test annular preventer function weekly.

3. Check and record Accumulator pressure on every tour.

4 Re-pressure test BOP after changing rams or breaking any pressure tested seal.

5 Have kelly cock valve with handle available on rig floor.

6. Have safety valve and subs to fit all sizes of drill string.

7. Record all BOP tests in IADC book