

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

RCVD MAR 31 '09
OIL CONS. DIV.
DIST. 3

Form 3160-3
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5 Lease Serial No.
BIA-142060462-142060479

6 If Indian, Allottee or Tribe Name
Ute Mountain Ute

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

8 Lease Name and Well No.
UTE INDIANS A #48

9 API Well No.
30-045-34929

10 Field and Pool, or Exploratory
UTE DOME PARADOX

11 Sec, T R M or Blk and Survey or Area
(E) SEC 3, T31N, R14W

1a. Type of work ☒ DRILL ☐ REENTER

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

2 Name of Operator
XTO Energy, Inc.

3a Address 382 CR 3100
AZTEC, NM 87410

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

4 Location of Well (Report location clearly and in accordance with any State requirements *)
At surface 1915' FNL x 750' FWL
At proposed prod zone same

14 Distance in miles and direction from nearest town or post office*
Approximately 15.3 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 drig. unit line, if any) 750'

16 No. of acres in lease
4800

17. Spacing Unit dedicated to this well
PX: 640.48

18 Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft 278'

19 Proposed Depth
9242'

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

21 Elevations (Show whether DF, KDB, RT, GL, etc)
6644' Ground Elevation

22. Approximate date work will start*
10/24/2008

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*
Title Regulatory Compliance

Name (Printed/Typed)
Kyla Vaughan

Date
06/12/2008

APPROVED FOR A PERIOD
NOT TO EXCEED 2 YEARS

Approved by (Signature) /S/ Richard A. Rymerson

Name (Printed/Typed)

Date
MAR 27 2009

Title MINERALS STAFF CHIEF

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)

Venting / Flaring approved for 30 days
per NTL-4A

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

SEE ATTACHED
CONDITIONS OF APPROVAL

RECEIVED

JUN 13 2008

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...

APR 01 2009

Bureau of Land Management
Durango, Colorado

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 30045-34929		² Pool Code 86760		³ Pool Name UTE DOME PARADOX	
⁴ Property Code 22645		⁵ Property Name UTE INDIANS A			⁶ Well Number 48
⁷ GRID No. 5380		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 6644

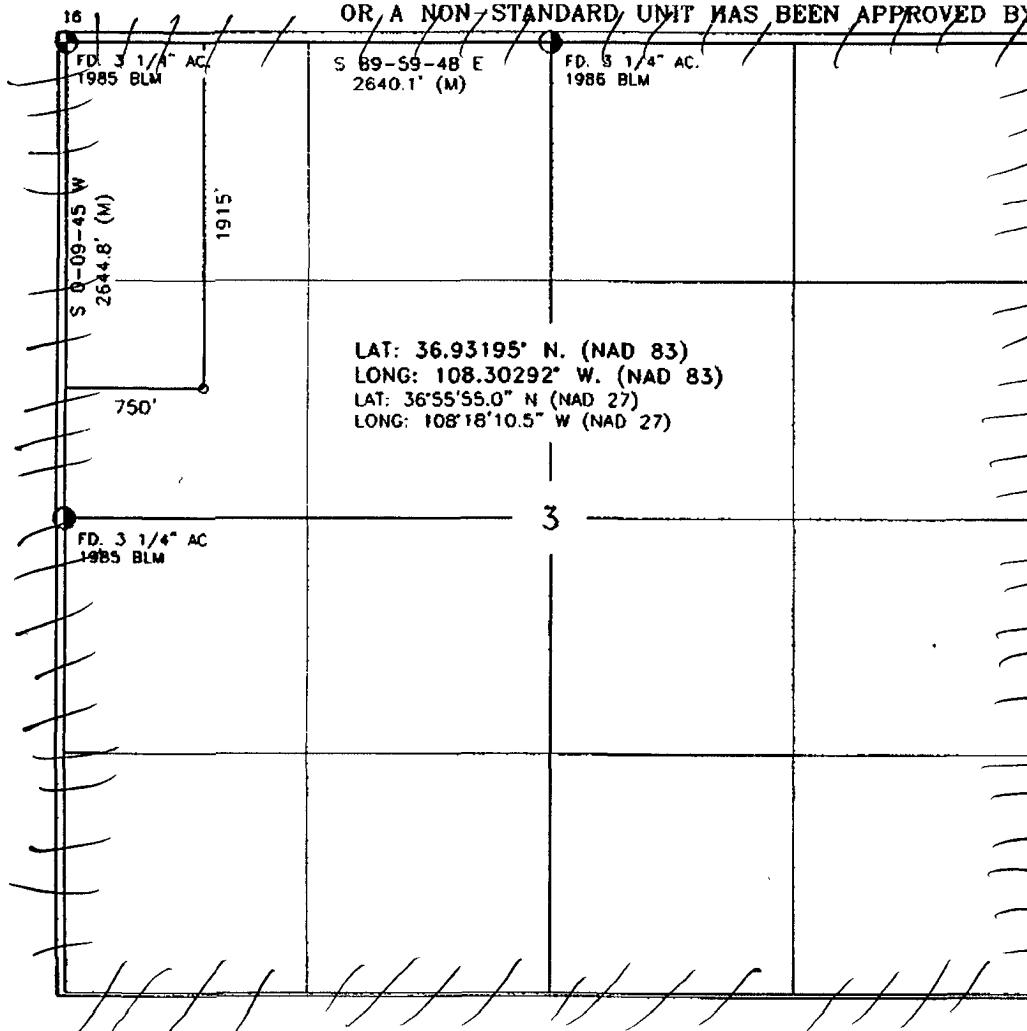
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	31-N	14-W		1915	NORTH	750	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 640.48					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



OPERATOR CERTIFICATION

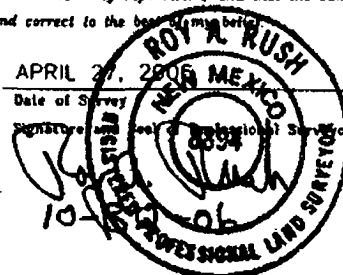
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this 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 6/12/08
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.

APRIL 27, 2006
Date of Survey
Signature of Professional Land Surveyor
8894
Certificate Number



XTO ENERGY INC.

Ute Indians A #48

APD Data

June 23, 2008

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JUN 25 2008

Bureau of Land Management
Durango, ColoradoLocation: 1915' FNL x 750' FWL Sec 3, T31N, R14W County: San Juan State: New MexicoGREATEST PROJECTED TD: 9242'APPROX GR ELEV: 6644'OBJECTIVE: Ute Dome ParadoxEst KB ELEV: 6656' (12' AGL)**1. MUD PROGRAM:**

INTERVAL	0' to 1250'	1250' to 2500'	2500' to 9242'
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 1250' 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'-1250'	1250'	36.0#	J-55	ST&C	2020	3520	394	8.921	8.765	3.380	5.899	8.760

Production Casing: 5.5" casing to be set at TD (\pm 9242') 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'-9242	9242'	17.0#	N-80	LT&C	6280	7740	348	4.892	4.767	1.44	1.77	2.24

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: 9.625", 36.0#, J-55, ST&C casing to be set at $\pm 1250'$ in 12-1/4" hole.

565 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 785 ft³, 100% excess of calculated annular volume to 1250'.

B. Production: 5.5", 17.0#, N-80 (or K-55), LT&C casing to be set at $\pm 9242'$ in 8.75" hole.

1st Stage

LEAD:

± 1317 sx of Premium Lite FM (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 12.1 ppg, 2.08 ft³/sk, 11.55 gal wtr/sx.

TAIL:

250 sx Premium Lite HS cement with bonding additive, LCM, dispersant, & fluid loss mixed at 12.5 ppg, 1.97 cuft/sx, 10.41 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 3252 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 (9242') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (9242') to 3,000'.

C. There are no plans to shoot wire line side wall cores or to conduct rotary "whole" coring operations on this well.

D. There is not any open hole formation testing operations planned for this well.

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6. FORMATION TOPS:

Est. KB Elevation: 6656'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Cliffhouse			Carmel Fmtn	2353	4303
Menefee	5968	688	Wingate SS	2158	4498
Point Lookout	5819	837	Chinle Fmtn	2107	4549
Mancos	5570	1086	Shinarump Congl.	1523	5133
Gallup SS	4345	2311	Moenkopi Fmtn	1131	5525
Greenhorn LS	3718	2938	Cutler Group	910	5746
Graneros Shale	3640	3016	Hermosa Group	-873	7529
Dakota SS	3580	3076	Paradox Fmtn	-1489	8145
Burro Canyon SS	3440	3216	Ismay Member*	-1656	8312
Morrison Fmtn	3334	3322	Desert Creek*	-1857	8513
Bluff SS	2751	3905	Akah*	-1977	8633
Summerville Fmtn	2578	4078	Barker Creek*	-2162	8818
Todilto LS	2476	4180	Alkali Culch	-2386	9042
Entrada SS	2465	4191	TD	-2586	9242

* Primary Objective

** Secondary Objective

**** Maximum anticipated BHP should be <5,600 psig (<0.30 psi/ft) *****

7. ANTICIPATED OIL, GAS, & WATER ZONES:

A.

Formation	Expected Fluids	Well Depth Top
Cliffhouse	Water	
Menefee	Water	688
Point Lookout	Water	837
Gallup	Water	1086
Dakota SS	Gas	3076
Burro Canyon SS	Gas	3216
Morrison Formation	Water	3322
Bluff SS	Water	3905
Entrada SS	Water	4191
Wingate SS	Water	4498
Ismay Member	Gas	8312
Desert Creek	Gas	8513
Akah	Gas	8633
Barker Creek	Gas	8818
Alkali Gulch	Gas	9042

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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 H₂S.

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

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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	--

IDN
6/23/08

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**Bureau of Land Management
Durango Colorado**

H2S Contingency Plan
(Emergency Response and Public Protection Plan)
Drilling Operations

XTO Energy Inc.

Ute Indians A # 48
San Juan Basin Operations

PREPARED BY:
Jeff Clement

Office: (505) 333-3175
Cell: (505) 215-0533

H2S Contingency Plan

Company Name:	XTO Energy, Inc.
Address:	382 RD 3100, Aztec, New Mexico 87410
Phone:	(505) 333-3100
Well Name:	Ute Indians A # 48 1915' FNL / 750' FWL
TD:	Varied Geological Tops
Location:	Sec.3-31N-14W NMPM, San Juan Co. New Mexico Lat.36.93195" N Long 108.30292" W (NAD 83) Lat. 36'55'55.0" N Long 108.18'10.5" (NAD 27)
API #	30-045-
BIA	142060462
Formation	Paradox (additional pay(s) to be determined)
Geological Tops	To be determined by data obtained during operations

EXHIBIT F

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APPENDIX F	HYDROGEN SULFIDE MSDS
APPENDIX G	EMPLOYEE SIGNOFF SHEET

1.00 PURPOSE

This Emergency Response, and Public Protection Plan (Plan), is a specific plan, that applies to the San Juan Basin Operations, of New Mexico, operated by XTO Energy Inc. (XTO). This document is designed to provide for the safety and welfare of XTO and contract personnel, the community, the environment, and property, under H2S situations.

This plan establishes evacuation procedures, assigns response duties to specific individuals, provides for notification of outside agencies, and provides details of actions to alert and protect the public. This Plan will be activated immediately upon the detection of the release of a potentially hazardous volume of hydrogen sulfide (H2S).

2.00 GENERAL INFORMATION ON AND PHYSIOLOGICAL RESPONSES TO HYDROGEN SULFIDE (H2S) AND SULFUR DIOXIDE (SO2).

2.10 HYDROGEN SULFIDE (H2S)

Hydrogen sulfide is a flammable, highly toxic, colorless gas that is heavier than air, with the odor of rotten eggs. It can be detected by smell at the concentration of only 0.002 parts per million (ppm). Above concentrations of 100 ppm, it will deaden the sense of smell in a few minutes, and at a concentration of 600 + ppm, a single breath can be fatal. If ignited, it burns with a blue flame. In still air, it tends to accumulate in low places in dangerous concentrations. However, if it is warmer than the surrounding air, it may tend to rise. The upper flammability in air is 4% (40,000 ppm).

Breathing low concentrations of H2S can cause headaches. Higher concentrations (0.01 percent by volume) cause irritation of the eyes, nose, throat, and lungs. Eyes become red and swollen, accompanied by sharp pain in more severe cases. Still higher concentrations (0.05 percent by volume) cause dizziness, unconsciousness, and failure of respiration.

The Threshold Limit Value (TLV) is 10 ppm (0.001%) in air. This is the limit for eight hours of continuous exposure as recommended by the American Conference of Governmental Industrial Hygienists. The health and safety reference values of various concentrations of H2S are listed in the toxicity chart below. A Manufacturers Safety Data Sheet (MSDS) for hydrogen sulfide is included in Appendix D.

2.20 SULFUR DIOXIDE (SO2)

Sulfur dioxide is formed with the burning of hydrogen sulfide gas. Sulfur dioxide is a pungent, irritating, suffocating, colorless gas. This gas is normally heavier than air and concentrations above 400 ppm are considered dangerous for even brief exposures.

Under special circumstances, hydrogen sulfide gas may be ignited in order to dissipate a gas cloud and reduce impact on a local area. Often these burning temperatures are enough to raise and mix the SO2 with air in a ratio well below toxic levels. However, great care and proper monitoring should be used when this is attempted.

Due to the irritating effect of SO2 at low concentrations of less than 5 ppm, there is usually no doubt as to its presence in an area, which provides better warning characteristics than H2S.

2.30 TOXICITY CHART

NAME	SPECIFIC GRAVITY (1)	TLV (2) (ppm)	HAZARDOUS LIMIT (3)	LETHAL CONCENTRATION (4)
Hydrogen Sulfide	1.18	10	100 ppm/1hr.	600 + ppm
Sulfur Dioxide	2.21	2	50 ppm/1 hr.	400 ppm

--	--	--	--	--

Notes:

- (1) Specific gravity of air = 1.00
- (2) TLV – Threshold Limit Value
- (3) Hazardous Limit – concentration that may cause death with short term exposure.
- (4) Lethal concentration – concentration that may cause death with only a few breaths.

3.00 TREATMENT PROCEDURES FOR H₂S AND SO₂ EXPOSURE

- A. Remove the patient to fresh air. Personnel should always use fresh air breathing equipment when entering an area to retrieve a person who has been overcome with H₂S.
- B. Call a physician and get patient under his care as soon as possible.
- C. If breathing has ceased, begin artificial respiration immediately. Give cardiopulmonary resuscitation (CPR) only if there is no pulse and no breathing. Continue revival efforts until physician arrives or, if patient is mobile and it is determined that he should go to the hospital, continue oxygen inhalation under the physician's direction.
- D. Administer oxygen to help eliminate toxic substances from blood stream.
- E. Keep the patient at rest and protect from chilling.

4.00 INDIVIDUAL RESPONSIBILITIES

It is the responsibility of *all personnel* on the location to familiarize themselves with the procedures outlined in this contingency plan.

- A. All Personnel
 1. Responsible for their assigned safety equipment.
 2. Responsible for familiarizing themselves with the location of all safety equipment.
 3. Responsible for reporting any indications of H₂S to those in the area and to a supervisor.
- B. Operations Supervisor
 1. Responsible for thoroughly understanding and seeing that all aspects of this contingency plan are enforced.
 2. Responsible for implementing all phases of this contingency plan.
 3. Responsible for keeping a minimum of personnel on the location during expected hazardous operations.
 4. Responsible for coordinating all well site operations and communications in the event that an emergency condition develops.
 5. Responsible for ensuring that all visitors receive an H₂S safety orientation. A visitors log will be maintained as well as a list of all personnel on location after drilling has progressed to the suspected H₂S formation.

4.10 LOCATION LAYOUT

The location should have at least two pre-determined safe areas to assemble at in the event of an emergency. These locations should be located 180 degrees to one another, and in the direction of the prevailing winds.

- A. H₂S rig monitor with at least three heads. One located at the bell nipple, one located at the shale shaker, and a third one on the rig floor.
The location and type of all air masks. Self-contained breathing apparatus for use by rig personnel for this well will be kept in the following location(s):

Type: 1-30 min. rescue unit	Location: Safety Contractor's Trailer
Type: 1-30 min. rescue unit	Location: All Trailers
Type: 2-30 min. rescue unit	Location: Briefing Area #1
Type: 2-30 min. rescue unit	Location: Briefing Area #2
Type: 5-Hoseline work unit	Location: Safety Trailer
Type: 3-5 min escape unit	Location: Rig Floor
Type: 1-5 min. escape unit	Location: Tubing board (derrick)

If a cascade system is utilized, indicate the location(s);

Type: 10 cylinder cascade	Location: Safety Trailer located by rig base of catwalk.
---------------------------	--

The location of windsocks or streamers. The wind directions indicators for this well will be located at:

Type: Windsock	Location: Briefing Area #1
Type: Windsock	Location: Briefing Area #2
Type: Windsock	Location: On floor & pits

The location of any other safety equipment used, such as flare guns or bug blowers.

Type: Flare gun	Location: Safety Trailer
-----------------	--------------------------

The location of all telephones and/or means of communications are as follows:

Type: Cell phone	Location: Drilling Superintendent Tool Pusher
------------------	--

Warning Signs:

"No Smoking" signs should be strategically located around the rig and rig location. The following locations are appropriate:

Rig Floor
Dog house
Substructure
Lower landing of all stairs to rig floor
Mud pits
Shale shaker

"Poison Gas" signs should also be strategically located around the rig and rig location. The following locations are appropriate:

All entrances leading to location
Lower landing of all stairs leading to rig floor
All areas around substructure, including mud pits and shale shaker
Various points along the perimeter of the radius of exposure

NOTE: All warnings should be black and yellow in color and of readable size at a distance.

4.20 OPERATING PROCEDURES

The following operating procedures will be utilized for drilling in areas with H2S.

- A. Plan of operation for handling gas kicks and other problems. Any gas kick will be controlled by using approved well control techniques. Upon evidence that ambient H2S concentrations have reached 10 ppm, all non-essential personnel will be evacuated to pre-determined safe areas. Personnel remaining on the rig floor will continue to control the well until the situation indicates the area is safe to re-enter.

Special Operations:

Drill Stem Tests: All drill stem tests must be closed chamber and conducted during daylight hours only.

Coring: After a core has been cut, circulate bottoms up and monitor for H2S. If hole conditions (and/or detectors) indicate potentially hazardous conditions, put breathing equipment on (10) ten stands before core barrel reaches surface. Breathing equipment will be worn by all personnel while core barrel is pulled, broken out and opened, and until a safe atmosphere is indicated.

All equipment with potential for H2S shall be suitable for H2S service, i.e. Drill String, Casing, Well Head, Blowout Preventor equipment and trim, Rotating Head, Kill Lines, Choke Manifold and Lines.

A remote controlled choke will be installed prior to all H2S drilling.

Mud system pH will be maintained at or above 10.0 with sufficient materials on location to maintain the required pH.

A flare pit will be located a minimum of 150' from the wellhead and 30' from the reserve pit. Should H2S be encountered during drilling operations an *ignitable flaring system* will be used and burnable gas will then be vented to the atmosphere. Extreme caution will be noted for Sulfur Dioxide that is a by product of Hydrogen Sulfide when burned.

4.30 OPERATING CONDITIONS

Operating conditions are defined in three categories. A description of each of these conditions and the required action to take are given below.

- A. Condition I – Normal Operating Conditions, Potential Danger

Characterized by: Normal Drilling Operations in zones which contain or may contain H2S.

Warning Flag: Yellow

Alarm: None

Probable Occurrence: No detectable gas present at surface

General Action:

Know location of safety equipment.

Check safety equipment for proper function. Keep it available.

Be alert for a condition change.

Follow instructions of supervisor.

- B. Condition II – Potential to Moderate Danger to Life

Characterized by: H2S gas present. Concentration less than 10 ppm.

Warning Flag: Orange

Alarm: Flashing light at 10 ppm H2S. Intermittent blasts on horn at 10 ppm H2S.

Probable Occurrence: As drill gas.

As trip gas when circulating bottoms up

When a core barrel is pulled

When a well kick is circulated out

Surface pressure, well flow or lost operations

Equipment failure during testing operations

General Action:

Follow instructions of supervisor.

Put on breathing equipment if directed, or if conditions warrant it.

Stay in "SAFE BRIEFING AREA" if instructed and not working to correct the problem.

The Drilling Superintendent will initiate action to reduce the H₂S concentration to zero.

C. Condition III – Moderate to Extreme Danger to Life

Characterized by: H₂S present in concentrations at or above 10 ppm. Critical well operations or well control problems. In the extreme, loss of well control.

Warning Flag: Red

Alarm: Flashing light and continuous blast on horn at 10 ppm H₂S

Probable Occurrence: As drill gas
As trip gas when circulating bottoms up
When a core barrel is pulled
When a well kick is circulated out
Surface pressure, well flow or lost return problems
Equipment failure during testing operations

General Action:

Put on breathing equipment. Move to "SAFE BRIEFING AREA" and remain there if not working to correct or control problem.

Follow instructions of Drilling Superintendent or other supervisor.

The Drilling Superintendent will initiate emergency action as provided in the contingency plan and as appropriate to the actual conditions. If testing operations are in progress, the well will be shut in.

The Drilling Superintendent will conduct any necessary operations with an absolute minimum of personnel. All persons in the immediate area will wear a breathing apparatus. All other personnel will restrict their movements to those directed by the Superintendent.

If gas containing hydrogen sulfide (H₂S) is ignited, the burning hydrogen sulfide will be converted to sulfur dioxide, which is poisonous.

5.00 HYDROGEN SULFIDE EMERGENCY PROCEDURES

The procedures listed below apply to drilling and testing operations:

A. If at any time during Condition I, the mud logger, mud engineer, or any other person detects H₂S, he will notify the Drilling Superintendent. All personnel should keep alert to the Drilling Superintendent's orders. He will:

1. Immediately begin to ascertain the cause or the source of the H₂S and take steps to reduce the H₂S concentration to zero. This should include having the mud engineer run a sulfide and pH determination on the flowline mud if water-base mud is in use. If an oil-base mud is in use, the mud engineer should check the lime content of the mud.
2. Order non-essential personnel out of the potential danger area.
3. Order all personnel to check their safety equipment to see that it is working properly and in the proper location. Persons without breathing equipment will not be allowed to work in a hazard area.
4. Notify the Contract Supervisor of condition and action taken.
5. Continue gas monitoring activities and continue with caution.
6. Display the orange warning flag.

B. If the H₂S concentration exceeds 10 ppm, the following steps will be taken:

1. Put on breathing equipment
2. Display red flag
3. Driller – prepare to shut the well in
 - a. Pick up pipe to get Kelly out of BOP's

- b. Close BOP's if necessary
 - 4. If testing operations are in progress, the well will be shut-in
 - 5. Help anyone who may be affected by the gas
 - 6. Evacuate quickly to the "SAFE BRIEFING AREA" if instructed or conditions warrant
- C. In the event a potentially hazardous volume of H₂S is released into the atmosphere, the following steps must be taken to alert the public:
- 1. Remove all rig personnel from the danger area and assembly at a pre-determined safe area, preferable upwind from the well site.
 - 2. Alert the drilling office, public safety personnel, regulatory agencies, and the general public of the existence and location of an H₂S release. See List of Emergency Telephone Numbers.
 - 3. Assign personnel to block any public road (and access road to location) at the boundary of the area of exposure. Any unauthorized people within the area should be informed that an emergency exists and be ordered to leave immediately.
 - 4. Request assistance from public safety personnel to control traffic and/or evacuate people from the threatened area.

6.00 TRAINING PROGRAM

All personnel associated with the drilling operations will receive training to ensure efficient and correct action in all situations. This training will be in the general areas of:

(A) Personnel Safety (B) Rig Operations (C) Well Control Procedures

- A. **Personnel Safety Training** – All Personnel shall have received H₂S training in the following areas:
 - 1. Hazards and characteristics of H₂S.
 - 2. Effect on mental components of the system.
 - 3. Safety precautions.
 - 4. Operation of safety equipment and life support systems.
 - 5. Corrective action and shutdown procedures.
- B. **Rig Operations** – All rig personnel shall have received training in the following areas:
 - 1. Well control procedures.
 - 2. Layout and operations of the well control equipment.

NOTE: *Proficiency will be developed through BOP drills which will be documented by the Drilling Superintendent.*

- 7. **Service Company Personnel** – All service personnel shall be trained by their employers in the hazards and characteristics of H₂S, and the operation of safety equipment, and life support systems.

Visitors – All first time visitors to the location will be required to attend a safety orientation. The Drilling Superintendent shall be responsible for this orientation and he shall see that every visitor is logged correctly.

Public - The public within the area of exposure shall be given an advance briefing by the Drilling Superintendent. This briefing must include the following elements:

- 1. Hazards and characteristics of hydrogen sulfide. It is an extremely dangerous gas. It is normally detectable by its "rotten egg" odor, but odor is not a reliable means of detections because the sense of smell may be dulled or lost due to intake of the gas. It is colorless, transparent and flammable. It is heavier than air and may accumulate in low places.
- 2. The necessity of an emergency action plan. Due to the danger of persons exposed to hydrogen sulfide and the need for expeditious action should an emergency occur, this action plan will be put into effect if and when a leak occurs.
- 3. The location of hydrogen sulfide within the area of exposure at the drilling location.
- 4. The manner in which the public will be notified of an emergency.
- 5. Steps to be taken in case of an emergency.
- 6. Abandon danger area.

7. Notify necessary agencies and request assistance for controlling traffic and evacuating people.

7.00 PROTECTION OF THE GENERAL PUBLIC

7.10 NOTIFICATION OF POTENTIAL DANGER

- Warning signs will be prominently displayed at the well site and at all access points.

7.20 EMERGENCY EVACUATION AND ISOLATION OF DANGER AREA

In the event that toxic gases are released in such quantities as to be a possible hazard to the public, the following steps (in addition to the procedure outlines in Section 5.00) will be taken by the person in charge.

- Choose a command post site in a safe area
- Alert by telephone the Incident Commander or the Safety Manager and notify the person of the situation and your choice of command posts.
- Notify local Law Enforcement Officials of the need to restrict entry to the area and the location of your command post. Request their assistance in restricting entry into the danger area by placing roadblocks or barriers in safe areas.

NOTE: *Alternate command posts and roadblocks may be required; the Incident Commander may make changes in the locations listed above. Care should be taken to notify all responders of the changes.*

- If evacuation cannot be accomplished in a timely manner and the H₂S release is posing an immediate threat to human life, the Incident Commander may choose to ignite the gas, Because of the increased risks igniting the gas can pose for response personnel, only the Incident Commander can give this order.

XTO Energy Inc.
Tribal Lease: 14-20-604-79
Well: Ute Indians A #48
Location: 1915' FNL & 750' FWL
Sec. 3, T. 31 N., R. 14 W.
San Juan County, New Mexico

Conditions of Approval - Drilling Plan:

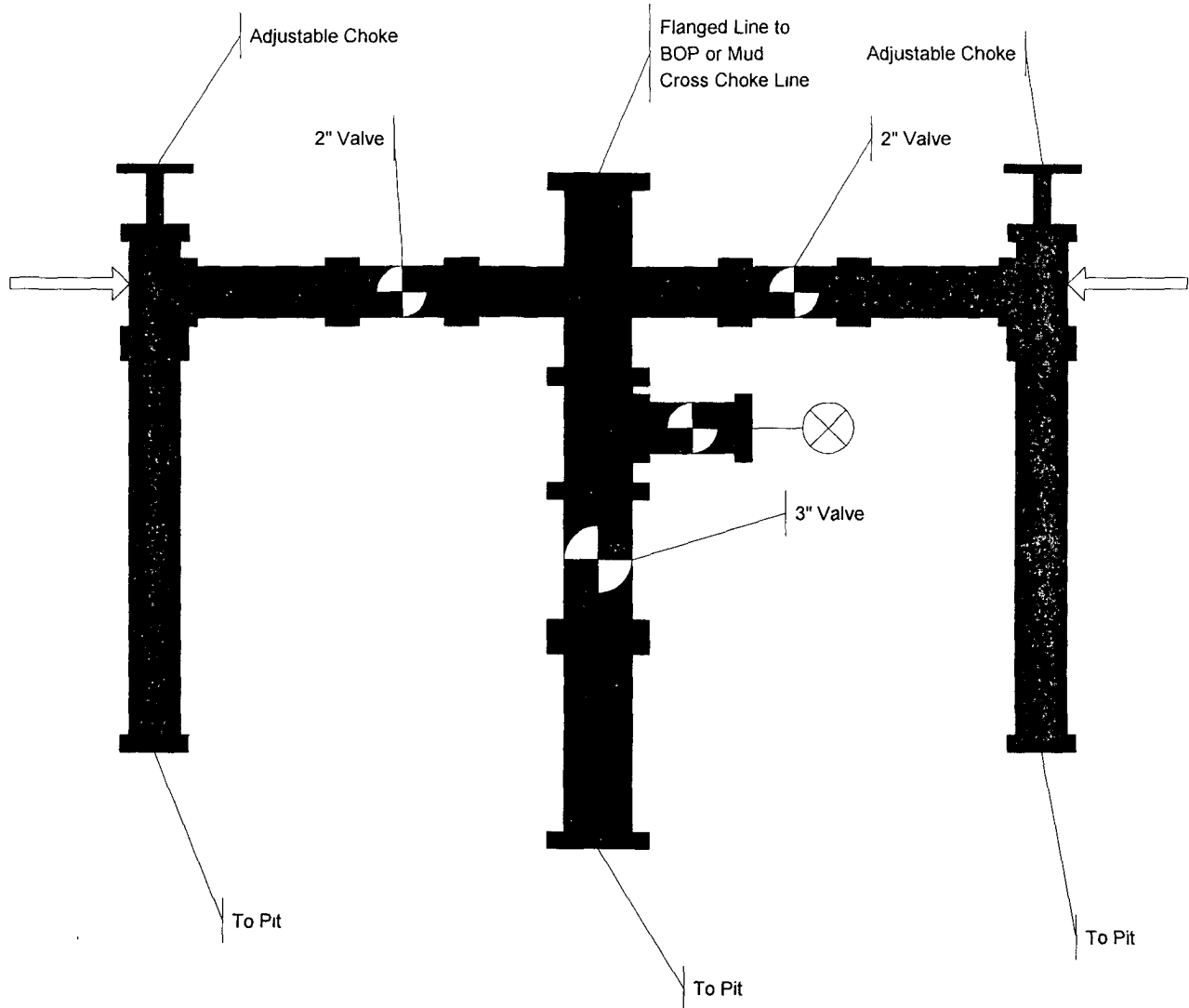
1. All drilling locations must be built as drilled, not constructed back to back prior to drilling.
 2. No additional zones will be commingled without UMU Tribal and BLM approval.
 3. Stabilized Bottom hole pressures must be taken from each perforated zone.
 4. Each formation perforated in the Paradox for the purpose of commingling must be production tested individually (a spinner/production type log would also be acceptable).
 5. Notify this office during working hours **at least 72 hours** prior to:
 - a. spudding the well*
 - b. running casing strings and cementing
 - c. BOP tests
 - d. Drill Stem testing
- * at this time provide phone numbers for the rig and your field representative (mobile and office) to facilitate the scheduling of BLM Technicians to witness the above operations.
6. All BOP tests will be performed with a test plug in place. BOP will be tested to full stack working pressure and annular preventer to 50% maximum stack working pressure. All accumulators will be function tested as per Onshore Order #2. All 2M or greater systems require **adjustable** chokes as per Onshore Order #2.
 7. If a BLM Inspector is not present during the initial BOP test, please provide chart record.
 8. Cementing of the 9-5/8" Surface Casing: If cement does not circulate or cement circulates but falls back in the annular beyond visual sight, a temperature survey or other preferred method may be employed to determine the amount of fall back.

Continued on Page 2.

XTO Energy

3M Choke
Manifold

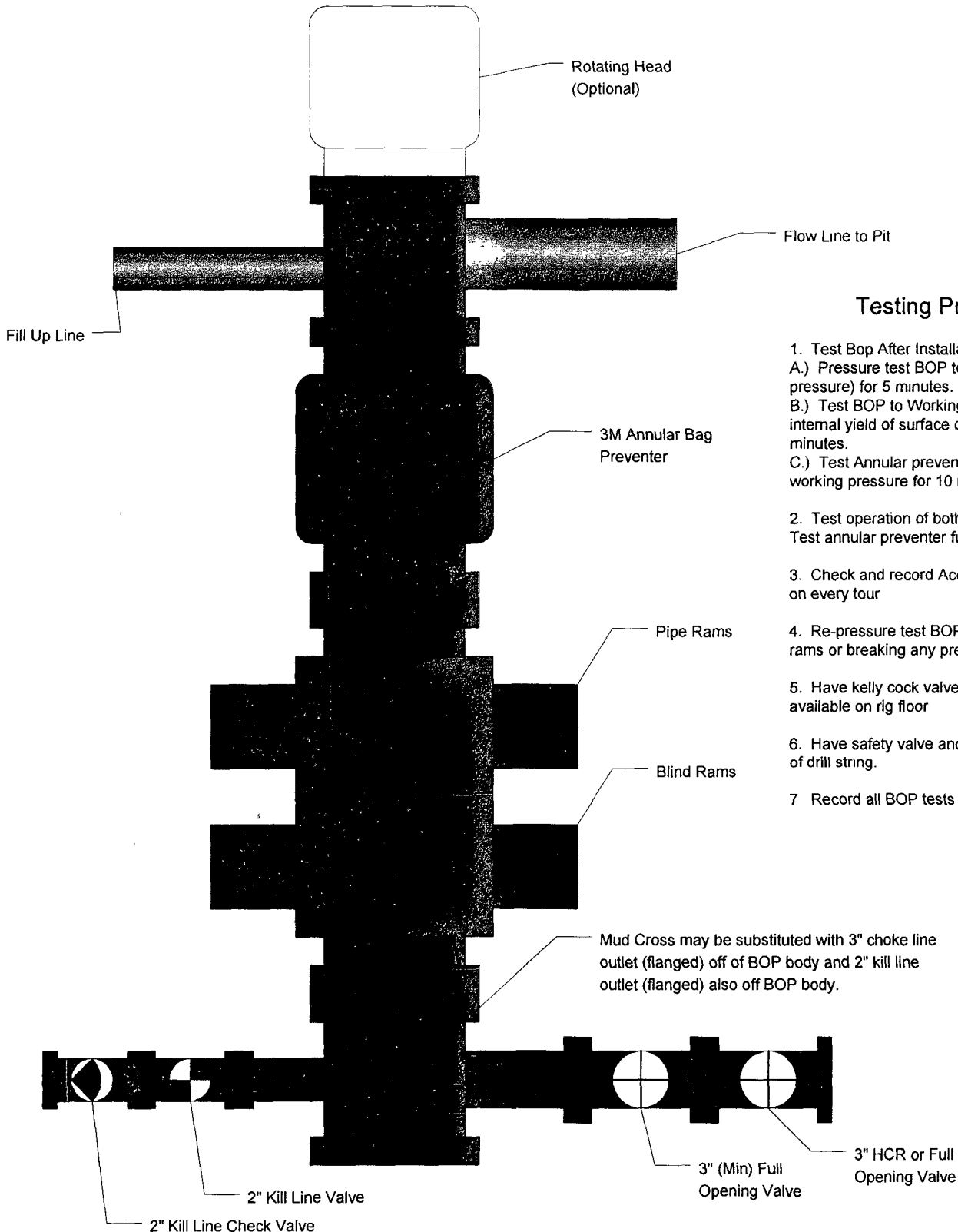
11/9/2006



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