

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APR 27 2009

FORM APPROVED
OMB NO 1004-0137
Expires July 31, 2010Bureau of Land Management
APPLICATION FOR PERMIT TO DRILL OR REENTER Farmington Field Office NM 03039

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6 If Indian, Allottee or Tribe Name N/A	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. Unit or CA Agreement Name and No N/A	
2. Name of Operator XTO Energy Inc.		8 Lease Name and Well No. HUERFANO UNIT #323	
3a. Address 382 CR 3100 Aztec, New Mexico 87410		9 API Well No 30-045-34963	
3b. Phone No. (include area code) 505-333-3100		10 Field and Pool, or Exploratory BASIN DAKOTA	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 665' FSL x 1980' FWL At proposed prod. zone SAME		11 Sec., T., R., M., or Blk. and Survey or Area N SEC 10-T25N-R9W	
14 Distance in miles and direction from nearest town or post office* Approximately 23 miles SE of Bloomfield, NM Post Office		12. County or Parish SAN JUAN	
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest dig. unit line, if any) 665'		13 State NM	
16 No. of Acres in lease 2080.60		17. Spacing Unit dedicated to this well DK: W/2 320	
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft N/A		20. BLM/BIA Bond No. on file UTB000138	
19. Proposed Depth 6900'		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6565' Ground Elevation	
22. Approximate date work will start* 05/11/2009		23 Estimated duration 2 weeks	

24. Attachments

RCVD AUG 28 '09

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

OIL CONS. DIV.
DIST. 3

- 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.
- 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

25. Signature Jennifer M. Hembry		Name (Printed/Typed) JENNIFER M. HEMBRY		Date 04/24/2009
Title REGULATORY CLERK				
Approved by (Signature) D. Monticor		Name (Printed/Typed) AFM		Date 8/27/09
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.

(Continued on page 2)

*(Instructions on page 2)

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

NMOC D

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

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

APD/ROW

Drilling operations authorized are subject to compliance with attached "General Requirements".

SEP 03 2009

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87504-2088

RECEIVED

Form C-102
Revised October 12, 2005
Instructions on back
Submit to, Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

Bureau of Land Management

Farmington Field Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30045-34903	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 36992	⁵ Property Name HUERFANO UNIT	⁶ Well Number 323
⁷ GRID No. 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 6565'

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
N	10	25-N	9-W		665	SOUTH	1980	WEST	SAN JUAN

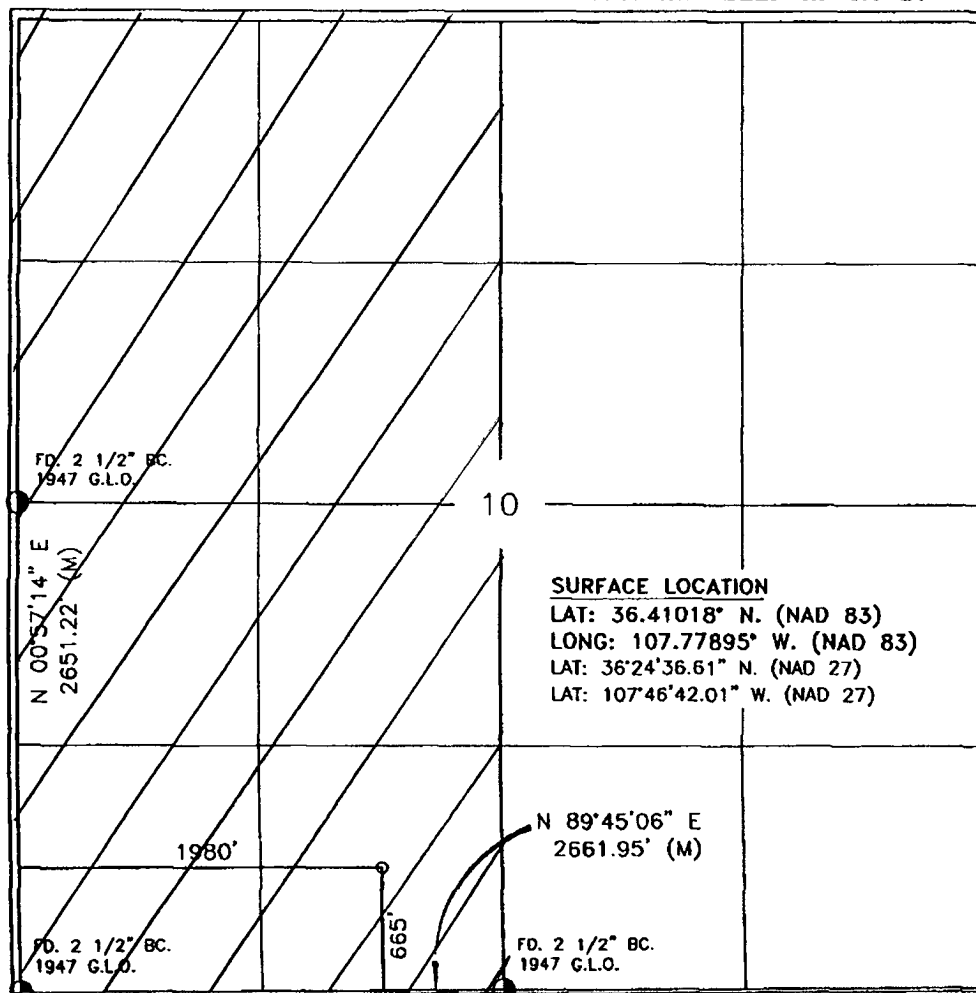
¹¹ Bottom Hole Location If Different From Surface

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 W/2 - 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

J. Hembry
Signature
Jennifer M. Hembry
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 knowledge and belief.

JANUARY 12, 2006
Date of Survey
NEW MEXICO
Professional Land Surveyor
8894
Certificate Number

XTO ENERGY INC.

Huerfano Unit #323

APD Data

April 8, 2009

Location: 665' FSL x 1980' FWL Sec 10, T25N, R9W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 6900'
APPROX GR ELEV: 6565'

OBJECTIVE: Basin Dakota / Basin Mancos
Est KB ELEV: 6577' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6900'
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 12-1/4" hole filled with 9.20 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-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 ($\pm 6900'$) 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'-6900	6900'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.22	1.46	1.89

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

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.

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 $\pm 6900'$ in 7.875" hole. DV Tool set @ $\pm 4300'$

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:

± 360 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 1683 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 (6900') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6900') to 3,000'.

6. FORMATION TOPS:

Est. KB Elevation: 6577'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Ojo Alamo SS	5485	1092	Gallup	1195	5382
Kirtland Shale	5321	1256	Greenhorn	292	6285
Farmington SS			Graneros	240	6337
Fruitland Formation	5079	1498	Dakota 1*	217	6360
Lower Fruitland Coal	4644	1933	Dakota 2*	152	6425
Pictured Cliffs SS	4637	1940	Dakota 3*	123	6454
Lewis Shale	4444	2133	Dakota 4*	55	6522
Chacra SS	3771	2806	Dakota 5*	8	6569
Cliffhouse SS*	3060	3517	Dakota 6*	-32	6609
Mencfee**	3019	3558	Burro Canyon	-83	6660
Point Lookout SS*	2231	4346	Morrison*	-113	6690
Mancos Shale	1920	4657	TD	-323	6900

* Primary Objective

** Secondary Objective

**** Maximum anticipated BHP should be <2,000 psig (<0.30 psi/ft) *****

7. COMPANY PERSONNEL:

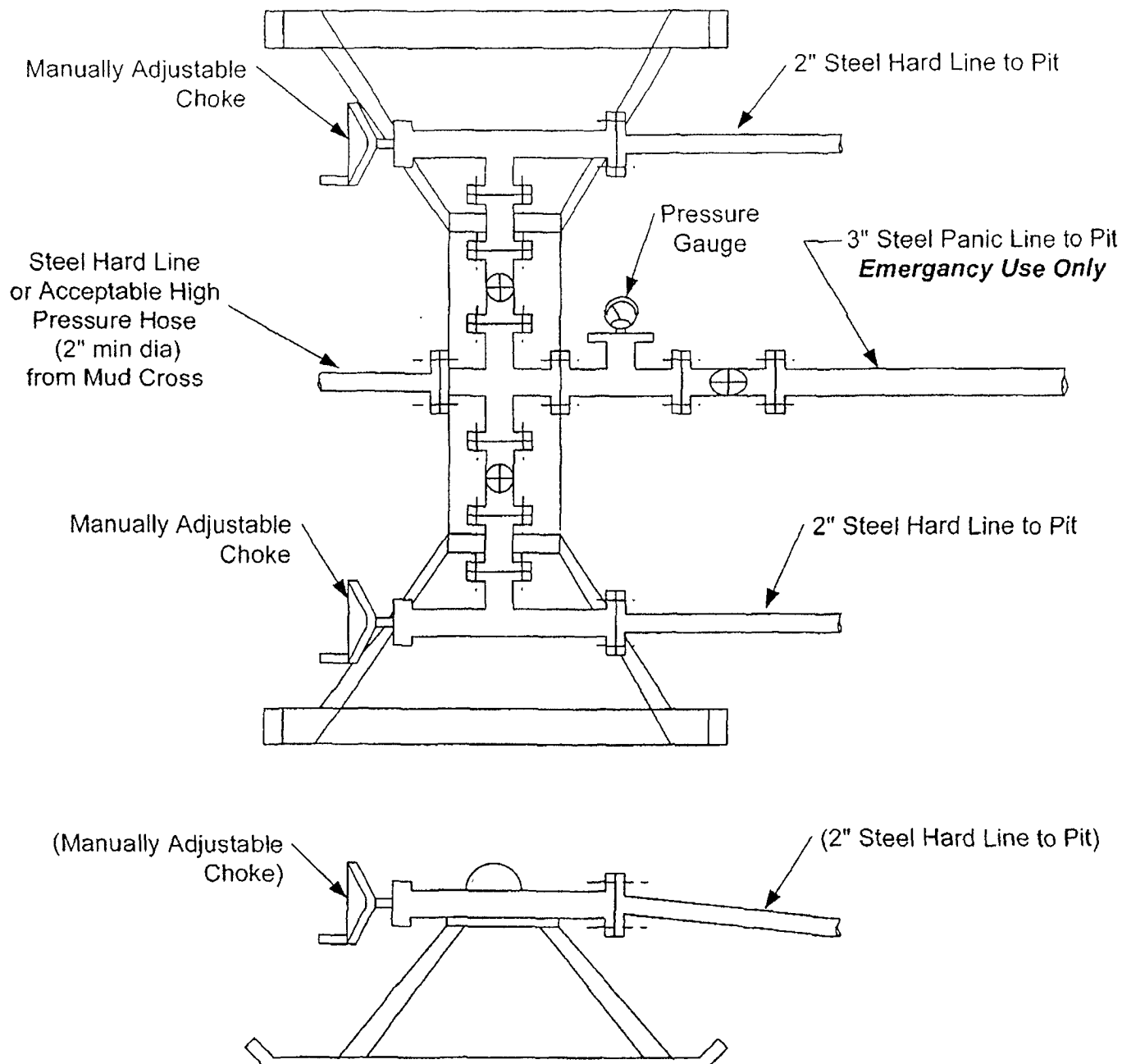
Name	Title	Office Phone	Home Phone
Justin Niederhofer	Drilling Engineer	505-333-3199	505-320-0158
Bobby Jackson	Drilling Superintendent	505-333-3224	505-486-4706
John Klutsch	Project Geologist	817-885-2800	--

JDN
4/8/09

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



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.

