

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO. 1004-0137
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER **APR 10 2009**

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		Bureau of Land Management Farmington Field Office		5. Lease Serial No NMN 03039
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				6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO Energy Inc.				7. Unit or CA Agreement Name and No N/A
3a. Address 382 CR 3100 Aztec, New Mexico 87410		3b. Phone No. (include area code) 505-333-3100		8. Lease Name and Well No HUEFANO UNIT #321
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1900' FSL x 1280' FWL At proposed prod. zone SAME				9. API Well No 30-045-34947
14. Distance in miles and direction from nearest town or post office* Approximately 22.4 miles SE of Bloomfield, NM Post Office				10. Field and Pool, or Exploratory BASIN DAKOTA
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg. unit line, if any) 1280'		16. No. of Acres in lease 2080.60	17. Spacing Unit dedicated to this well DK: W/2 320.39	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 3814'		19. Proposed Depth 6850'	20. BLM/BIA Bond No. on file UTB000138	
21. Elevations (Show whether DF, KDB, RT, GL, etc) 6566' Ground Elevation		22. Approximate date work will start* 05/11/2009	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

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| 1. Well plat certified by a registered surveyor | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above) |
| 2. A Drilling Plan | 5. Operator certification |
| 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) | 6. Such other site specific information and/or plans as may be required by the BLM |

25. Signature <i>Jennifer M. Hembry</i>	Name (Printed/Typed) JENNIFER M. HEMBRY	Date 04/09/2009
Title REGULATORY CLERK		
Approved by (Signature) <i>B. Mankiewicz</i>	Name (Printed/Typed)	Date 9/1/09
Title AFM		
Office FZO		

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)

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

NOTIFY AZTEC OCD 24 HR PRIOR TO CASING & CEMENT

SEP 11 2009

NMOCD

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'.

APD/ROW

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.

*(Instructions on page 2)

DISTRICT I
1625 N French Dr., Hobbs, NM 88240

DISTRICT II
1301 W Grand Ave., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 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

RECEIVED

APR 10 2009

Form C-102

Revised October 12, 2005

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 30045-34947	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 36992	⁵ Property Name HUERFANO UNIT	⁶ Well Number 321
⁷ OCRID No 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 6566'

¹⁰ Surface Location

UL or lot no L	Section 3	Township 25-N	Range 9-W	Lot Idn	Feet from the 1900	North/South line SOUTH	Feet from the 1280	East/West line WEST	County SAN JUAN
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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/2-320.39					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

<p>16</p> <p>LOT 4</p> <p>LOT 3</p> <p>LOT 2</p> <p>LOT 1</p> <p>FD. 2 1/2" BC. 1947 G.L.O.</p> <p>1280'</p> <p>N 00°11'56" E 2652.30' (M)</p> <p>1900'</p> <p>FD. 2 1/2" BC. 1947 G.L.O.</p> <p>N 89°53'77" E 2618.84' (M)</p> <p>FD. 2 1/2" BC 1947 G.L.O.</p> <p>SURFACE: LAT: 36.42812° N. (NAD 83) LONG: 107.78104° W. (NAD 83) LAT: 36°25'41.22" N. (NAD 27) LONG 107°46'51.76" W. (NAD 27)</p>	<p>17</p> <p>OPERATOR CERTIFICATION</p> <p>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</p> <p><i>J. Hembry</i> Signature Date Jennifer M. Hembry Printed Name</p> <p>18</p> <p>SURVEYOR CERTIFICATION</p> <p>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 & belief</p> <p>DECEMBER 22 2008 Date of Survey Signature and Seal of Professional Surveyor 8894 23-09 CERTIFIED PROFESSIONAL LAND SURVEYOR Certificate Number</p>
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XTO ENERGY INC.

Huerfano Unit #321

APD Data

April 9, 2009

Location: 1900' FSL x 1280' FWL Sec 3, T25N, R9W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 6850'
APPROX GR ELEV: 6566'

OBJECTIVE: Basin Dakota
Est KB ELEV: 6578' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6850'
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 ($\pm 6850'$) 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'-6850	6850'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.23	1.47	1.90

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 $\pm 6850'$ in 7 875" hole. DV Tool set @ $\pm 4375'$

1st Stage

LEAD:

± 184 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:

± 367 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 1671 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 (6850') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6850') to 3,000'.

6. FORMATION TOPS:

Est. KB Elevation: 6578'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Ojo Alamo SS	5440	1138	Gallup	1122	5456
Kirtland Shale	5262	1316	Greenhorn	237	6341
Farmington SS			Graneros	185	6393
Fruitland Formation	5055	1523	Dakota 1*	160	6418
Lower Fruitland Coal	4676	1902	Dakota 2*	103	6475
Pictured Cliffs SS	4577	2001	Dakota 3*	72	6506
Lewis Shale	4377	2201	Dakota 4*	1	6577
Chacra SS	3707	2871	Dakota 5*	-55	6633
Cliffhouse SS*	3007	3571	Dakota 6*	-103	6681
Mencfee**	2972	3606	Burro Canyon	-130	6708
Point Lookout SS*	2154	4424	Morrison*	-149	6727
Mancos Shale	1827	4751	TD	-272	6850

*Primary Objective-----** Secondary Objective _

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

7. COMPANY PERSONNEL:

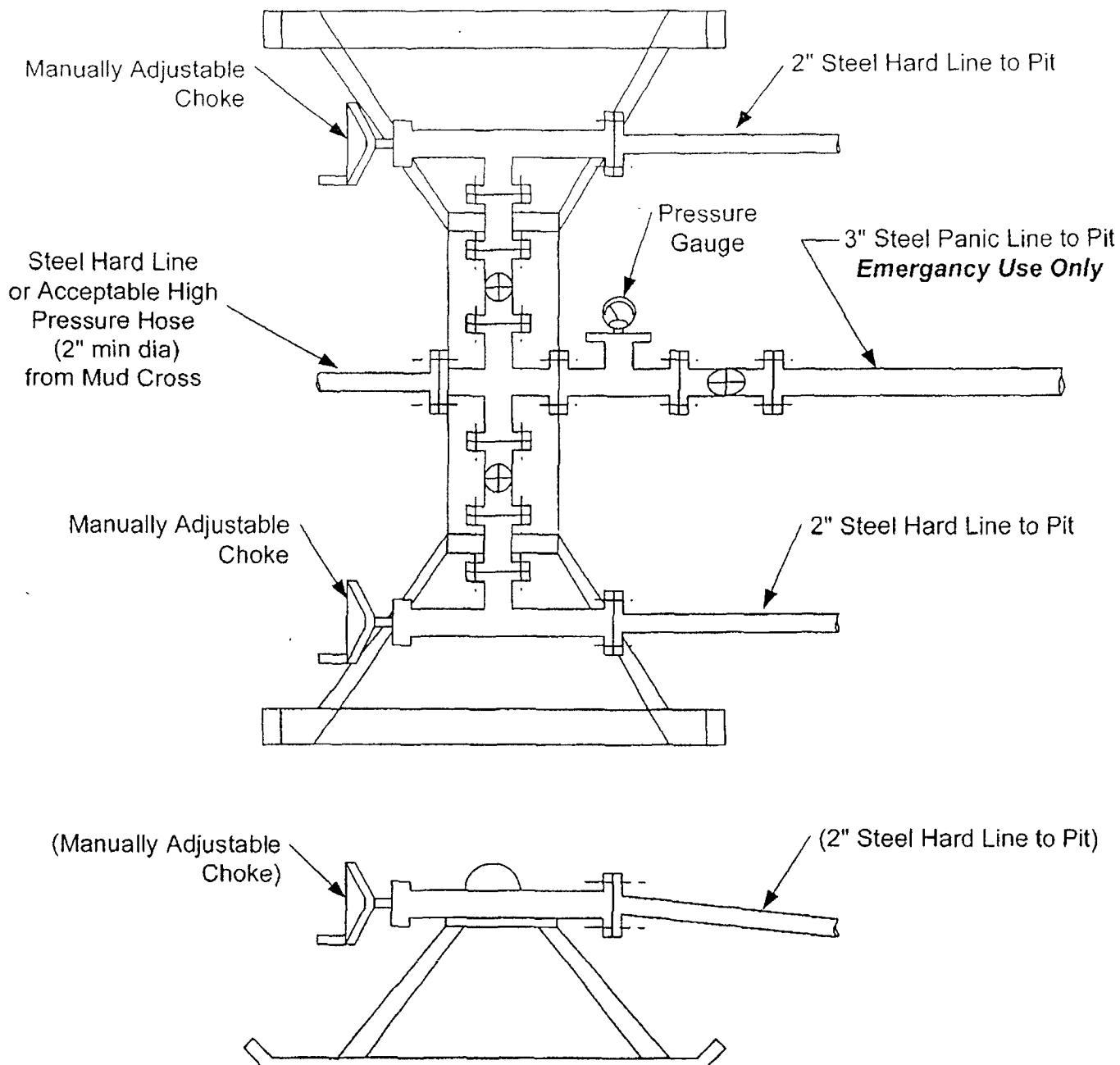
Name	Title	Office Phone	Home Phone
Justin Niederhofer	Drilling Engineer	505-333-3199	505-320-0158
Bobby Jackson	Drilling Superintendent	505-333-3224	505-486-4706
John Klutsch	Project Geologist	817-885-2800	--

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.

