

Form 3160-3 (April 2004) SEP 29 2009

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

(April 2004)	Dien mane an		Expires March 3			
UNITED STATES DEPARTMENT OF THE I BUREAU OF LAND MAN				MNM1200		
APPLICATION FOR PERMIT TO	DRILL OR REENTER		6. If Indian, Allotee or Tr NAVAJO ALLOT!			
la. Type of work:	CR.		7 If Unit or CA Agreement PENDING	t, Name and No		
lb. Type of Well	Single Zone Multip	ple Zone	8. Lease Name and Well N LABOR #21	No.		
2. Name of Operator XTO Energy Inc.			9 API Well No. 30-045- 350	30		
3a. Address 382 CR 3100 Aztec, NM 87410	3b. Phone No. (include area code) 505/ 333-3100		10 Field and Pool, or Explor	•		
4. Location of Well (Report location clearly and in accordance with any At surface 1946' FSL x 386' FWL At proposed prod. zone 700' FSL x 700' FEL	v State requarements.*)		11. Sec, T. R. M or Blk and (L) Sec 23, T25N, R	•		
14. Distance in miles and direction from nearest town or post office*  23 miles SE of Bloomfield P.O.			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) 386'	16 No. of acres in lease		g Unit dedicated to this well /2 320			
	19 Proposed Depth 5659' MD/1699' TVD		HA Bond No. on file 4312789			
21 Elevations (Show whether DF, KDB, RT, GL, etc.) 6615' Ground Elevation	22. Approximate date work will sta 01/01/2010	rt*	23 Estimated duration 2 Weeks			
	24. Attachments					
<ol> <li>The following, completed in accordance with the requirements of Onshor</li> <li>Well plat certified by a registered surveyor.</li> <li>A Drilling Plan</li> <li>A Surface Use Plan (if the location is on National Forest System is SUPO shall be filed with the appropriate Forest Service Office)</li> </ol>	4 Bond to cover t Item 20 above) Lands, the 5 Operator certific	he operation cation specific info	RCV as unless covered by an existing $\mathbb{R}$	. CONS. DIV.		
25. Signature  Til. Molio Viller	Name (Printed/Typed) Malia Villers		Date	09/23/2009		
Title Permitting Tech.			T	<del></del>		
Approved by (Signature) Manke with	Name (Printed/Typed) Office		Date	13/2010		
Title /	/ I UIRCC			,		

Conditions of approval, if any, are attached.

Title 18 USC Section 1001 and Title 43 U.S.6 Section 1242 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 of representations as to any matter within its jurisdiction. THIS

ACTION DOES NOT RELIEVE THE LESSEE AND

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

\*(Instructions on page 2)

conduct operations thereon

OPERATOR FROM OBTAINING ANY OTHER

**AUTHORIZATION REQUIRED FOR OPERATIONS** 

for Directional Survey and "As Drilled" plat

Hold C104

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

NOTIFY AZTEC OCD 24 HRS. PRIOR TO CASING & CEMENT

This action is subject to technical and procedural review pursuant to 43 CFR 3165.8 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 1301 W. Grand Avenue, Artesia, N.M. 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, N.M. 87410 DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, N.M. 87505

<sup>1</sup> API Number

State of New Mexico Form C-102
Energy, Minerals & Natural Resources Department, Revised October 12, 2005

SEP 29 2009 State Lease - 4 Copies

<sup>1</sup>Pool Name

FRUITLAND COAL

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, N.M. 87505

<sup>2</sup>Pool Code

71629

Fee Lease - 3 Copies

Fear Company AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

**Property Name					1027			1 17	DITLAND	COAL				
**Section No.** Section Township Range Lot Iden Feet from the North/South line Feet from the East/Veet line County  **In County In Count		Code 77								•	Well Number			
The or lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  19 Latinate Location If Different From Surface  10 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  19 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  10 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  10 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  10 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  11 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  12 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  12 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  13 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  14 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  15 Lor lot no. Section Township Range Lot lide Feet from the North/South line Feet from the Bast/West line County  16 Lor lot no. Section Township Range Lot line Feet from the North/South line Feet from the		/ / No.			· <u>·</u>									
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L 23 25 N 10 W 1946 SOUTH 386 WEST SAN JUAN  11 Bottom Hole Location If Different From Surface  UL or lot no. Section Township Range Lot lide Peet from the North/South line Peet from the East/West line County  P 25 25 N 10 W 700 SOUTH  3 Dedicated Acree South South In South In South In South Sout	,					10 Surface	Location	on						
Ut or lot no. Section Township Range Lot Idn Peet from the North/South line Feet from the Rast/West line County  P 2 25 25 N 10 W 700 SOUTH 700 EAST SAN JUAN  **Dedicated Acres**  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 N 89°45'26" E 2641.85' N 89°45'21" E 2628.75'  O = SURFACE LOCATION  • BOTTOM HOLE LOCATION  • BOTTOM HOLE LOCATION  **SECTION 25**  NAD 85  LAT: 36.3846664" N LONG: 107.8534250" W  LAT: 36.3846564" N LONG: 107.8534250" W  LAT: 36.384256" N NAD 85  LAT: 36.3846564" N LONG: 107.8534250" W  LONG: 107.85342	UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	set from the North/South line			et from the	East/Wes	t line County		
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  16 N 89°43'26" E 2641.85' N 89°45'21" E 2628.75'  O = SURFACE LOCATION  O = BOTTOM HOLE LOCATION  STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  17 OPERATOR CERTIFICATION  1 Investor contribute to the best of my invested to end to the first of my invested to the best of my belief.  SECTION 25  18 SURVEYOR CERTIFICATION  I hereby certify that the well location shown on the place of my invested to the best of my belief.  NAD 83  LAT: 36.3846664° N  LONG: 107.8737260° W  SECTION 25  LAT: 36.384256° N  LONG: 107.8737260° W  LAT: 36.384256° N  LONG: 107.8594.95° W  700.  SECTION 25  18 SURVEYOR CERTIFICATION Invested to contain shown on the place of my belief.  LAT: 36.3846664° N  LONG: 107.8594.95° W  700.  SECTION 25  18 SURVEYOR CERTIFICATION Invested to contain shown on the place of my supervision, and that the same is true and contained to my manual by me winder my supervision, and that the same is true and contained to my manual by me winder my supervision.  SECTION 25  LAT: 36.3846664° N  LONG: 107.8594.95° W  AVID AND SECTION 25  LAT: 36.3846664° N  LONG: 107.8594.95° W  AVID AND SECTION 25  LAT: 36.3846664° N  LONG: 107.8594.95° W  AVID AND SECTION 25  LAT: 36.3846664° N  LONG: 107.8594.95° W  AVID AND SECTION 25  LAT: 36.3846664° N  LONG: 107.8594.95° W  AVID AND SECTION 25  LONG:	S/2, 320	AC ±							<u> </u>					
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	<b>3</b> 1	14" W	2638	3.28'	S 89°	58'54" W		2636.80	N	Certificate Nu	med / ESS	HONE	6	



Well Name:

Labor #21

San Juan Division Drilling Department

Calculation Method: Minimum Curvature

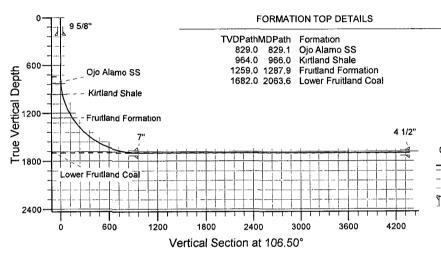
Geodetic Datum: North American Datum 1983

Lat: 36° 23′ 4.799 N Long: 107° 52′ 25.414 W

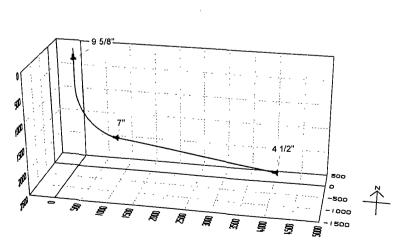


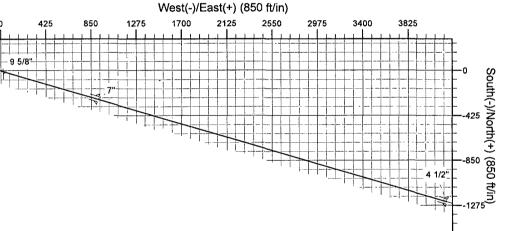
Azimuths to True North Magnetic North: 10.11°

Magnetic Field Strength: 50728.3snT Dip Angle: 63.19° Date: 7/29/2009 Model: IGRF200510



TVD	MD	Name	Şize
225.0	225.0	9 5/8"	9-5/8
1699.0	2244.1	7"	7
1699.0	5658.7	4 1/2"	4-1/2





#### SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	744.1	0.00	0.00	744.1	0.0	0.0	0.00	0.00	0.0	
3	2244.1	90.00	106.50	1699.0	-271.2	915.6	6.00	106.50	954.9	
4	5658.7	90.00	106.50	1699.0	-1241.2	4189.6	0.00	0.00	4369.6	Proposed BHLLabor #21

Form 3160-5 (August 2007)

#### **UNITED STATES** DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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

5. Lease S	Serial No.
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ИМИМ	12092
LIMITIMIT	12022

SUNDRY NOTICES  Do not use this form for abandoned well. Use Form	proposals to drill	or to re-enter an 2 0 r such proposals. Bureau of Land	2010 Management	NMNM 120923 6. If Indian, Allottee or Tribe Name N/A			
SUBMIT IN TRIPLICAT	<b>TE -</b> Other instruction	ns on page 2	Edwin	7. If Unit or CA/A PENDING	Agreement, Name and/or N		
1. Type of Well Oil Well X Gas Well Other  2. Name of Operator XTO Energy Inc.				8. Well Name and LABOR #21	l No.		
3a. Address         382 CR 3100         Aztec. NM 87410           4. Location of Well (Footage, Sec., T., R., M., or Survey In the Control of Well)         Aztec. NM 87410	. ,	3b. Phone No. (include are 505/333-3100	ea code)	9. API Well No. 30-045- 350 10. Field and Pool BASIN FRUITL	ol, or Exploratory Area		
SHL: 1946' FSL X 386' FWL (L) S BHL: 700' FSL X 700' FEL	EC. 23-T25N-R10	M		11. County or Pa	urish, State		
12. CHECK APPROPRIATE	E BOX(ES) TO INI	DICATE NATURE OF N	OTICE, REPO	RT, OR OTHER	DATA		
TYPE OF SUBMISSION		TY	PE OF ACTION				
X Notice of Intent Subsequent Report Final Abandonment Notice	Acidize  Alter Casing  Casing Repair  Change Plans  Convert to Injection	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	Production Reclamatio Recomplet Temporaril Water Disp	e X	Water Shut-Off Well Integrity Other REVISED ORIZONTAL PLAN		
13. Describe Proposed or Completed Operation (clearly if the proposal is to deepen directionally or recomp Attach the Bond under which the work will be per following completion of the involved operations. I testing has been completed. Final Abandonment 1 determined that the final site is ready for final inspection. Please see attached revised horiz	plete horizontally, give softened or provide the fifth operation results in Notices shall be filed on ection.)	ubsurface locations and meas Bond No. on file with BLM n a multiple completion or re	sured and true ver BIA. Required s ecompletion in a r	rical depths of all pubsequent reports shew interval, a Form, have been comp	ertinent markers and zones shall be filed within 30 day in 3160-4 shall be filed onc letted, and the operator had been shall be filed oncoleted.		
				fend	DIST. 3		

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)  MALIA VILLERS	Title PERMITTING TECH.
Signature Molig Dillera	Date 1/28/2010
THIS SPACE FOR FEDERA	AL OR STATE OFFICE USE
Approved by  Conditions of approval, If any, are attached Approval of this notice 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.	Title Pettoleum Engineet 23200  Office FF

#### XTO ENERGY INC.

#### Labor #21 APD Data January 28, 2010

Location: 1946' FSL x 386' FWL Sec 23, T25N, R10W County: San Juan

State: New Mexico

Bottomhole Location: 700' FSL x 700' FEL Sec 23, T25N, R10W

GREATEST PROJECTED TVD: 1699' GREATEST PROJECTED MD: 5659'

APPROX GR ELEV: <u>6615'</u> Est KB ELEV: 6627' (12' AGL)

OBJECTIVE: Fruitland Coal

#### 1. MUD PROGRAM:

INTERVAL	0' to 225'	225' to 2244'	2244' 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  $\pm$  225' in a 12-1/4" hole filled with 9.20 ppg mud

					Coll	Burst						
					Rating	Rating	Jt Str	ID	Drift	SF	SF	SF
Interval	Length	Wt	Gr	Cplg	(psi)	(psi)	(M-lbs)	(in)	(in)	Coll <sup>1</sup>	Burst <sup>2</sup>	Ten <sup>3</sup>
0'-225'	225'	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 ±2244' MD, 1699' TVD in 8.75" hole filled with 9.20 ppg mud.

-												110	
ı						Coll	Burst						
ł						Rating	Rating	Jt Str	ID	Drift	SF	SF	SF
١	Interval	Length	Wt	Gr	Cplg	(psi)	(psi)	(M-lbs)	(in)	(in)	Coll <sup>1</sup>	Burst <sup>2</sup>	Ten <sup>3</sup>
ſ	0'-2244	2244'	23.0#	J-55	ST&C	3270	4360	284	6.276	6.151	4.02	5.36	5.50

Production Casing: 4.5" casing to be set at  $\pm 5659$ ' MD, 1699' TVD in 6.125" hole filled with 8.4 ppg mud.

110 data for Casing. 1.5 data for the second for th												
					Coll	Burst						
					Rating	Rating	Jt Str	ID	Drift	SF	SF	SF
Interval	Length	Wt	Gr	Cplg	(psi)	(psi)	(M-lbs)	(in)	(in)	Coll <sup>1</sup>	Burst <sup>2</sup>	Ten <sup>3</sup>
2184'-												
5659'	3475'	10.5	J-55	ST&C	4010	4790	132	4.052	3.927	5.40	6.45	3.62

<sup>&</sup>lt;sup>1</sup>Collapse SF is based on evacuated annulus and hydrostatic at TVD.

<sup>&</sup>lt;sup>2</sup>Burst SF is based on evacuated casing and hydrostatic at TVD.

<sup>&</sup>lt;sup>3</sup>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. <u>CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):</u>

A. Surface: 9.625", 36.0#, J-55, ST&C casing to be set at  $\pm$  225' in 12-1/4" hole.

**140** sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft<sup>3</sup>/sk, & 6.70 gal wtr/sk.

Total slurry volume is 177 ft<sup>3</sup>, 100% excess of calculated annular volume to 250'.

B. <u>Production Casing:</u> 7", 23#/ft, J-55, ST&C casing to be set at ±2244'MD, 1699' TVD in 8.75" hole.

#### LEAD:

 $\pm$  146 sx of Premium Lite FM or CBM Lite typically containing accelerator, LCM, dispersant, and fluid loss additives at 12.1 ppg, 2.22 ft<sup>3</sup>/sk, & 12.04 gal wtr/sk.

#### TAIL:

 $\pm$  100 sx of Type III or V cement typically containing accelerator, LCM, dispersant, and fluid loss additives at 14.2 ppg, 1.48 ft<sup>3</sup>/sk, & 7.34 gal wtr/sk.

Total estimated slurry volume for the 7" production casing is 472 ft<sup>3</sup>.

C. <u>Production Liner:</u> 4.5", 10.5#/ft, J-55, ST&C casing is to be set at 5659' MD, 1699' 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 Program.

\*\*\*\* 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 1/27/10

#### XTO Energy Inc.

#### Planning Report

EDM 2003.21 Single User Db Local Co-ordinate Reference:
XTO Energy

Company: Project:

San Juan Basın (NAD 83) Labor #21 Site: Well: Labor #21 Labor #21 Wellbore: Design: Permitted Wellbore

Survey Calculation Method:

TVD Reference: MD Reference: North Reference:

Well Labor #21

Rig KB @ 6627 0ft (Aztec 507) Rig KB @ 6627 0ft (Aztec 507)

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True

Minimum Curvature

Casing Points  Measured  Depth  (t)	Vertical Depth (ft)	Casing □ Diameter Name ((')	Hole !!Diameter (")	
225 0	225.0 9 5/8"	9-5/8	12-1/4	
2,244.1	1,699 0 7"	7	8-3/4	
5,658 7	1,699.0 4 1/2"	4-1/2	6-1/8	

Formations	-9.711.74 -140.000 02.000	and a second collection and the second collection and an experience of the second collection and	S COLUMN TO THE PROPERTY OF TH
Measured	Vertical		Dip
Depth / 3	Depth		Dip Direction
(ft)	(ft)	Name	Lithology (°)
829 1	829 0	Ojo Alamo SS	0 00
966 0	964 0	Kirtland Shale	0 00
1,287 9	1,259.0	Fruitland Formation	0.00
2,063 6	1,682.0	Lower Fruitland Coal	0.00

# 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

