Form 3160-3
(April 2004)

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Bureau of Land Management
Farmington Field Office

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070 FARMINGTON, NM
DIST. 3

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.	NMNM-0003015
6. If Indian, Allotee or Tribe Name	N/A
7. If Unit or CA Agreement, Name and No.	N/A
8. Lease Name and Well No.	HUERFANO UNIT #318
9. API Well No.	30-045- 35041
10. Field and Pool, or Exploratory	BASIN DK/BASIN MC
11. Sec., T. R. M. or Blk. and Survey or Area	(G) SEC 15 - T25N - R9W
12. County or Parish	San Juan
13. State	NM

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: 2344' FNL x 1983' FEL
At proposed prod. zone: SAME

14. Distance in miles and direction from nearest town or post office*: Approximately 24.25 miles SE of Bloomfield, NM post office.

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1983'	16. No. of acres in lease: 480	17. Spacing Unit dedicated to this well: DK/MC: E/2 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3215'	19. Proposed Depth: 6850'	20. BLM/BIA Bond No. on file: UTB-000138
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6586' Ground Elevation	22. Approximate date work will start*: 04/01/2010	23. Estimated duration: 2 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall 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 shall 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 authorized officer.

25. Signature: Malia Villers	Name (Printed/Typed): Malia Villers	Date: 11/24/2009
Title: Permitting Tech.		
Approved by (Signature): /s/ Matthew Kresse	Name (Printed/Typed):	Date: 4/9/2010
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.

*(Instructions on page 2)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APR 23 2010

NMOCD

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.

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".

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

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

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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
30-045-35041	71599 / 97232	Dakota / Mancos

[4] Property Code	[5] Property Name	[6] Well Number
36992	HUERFANO UNIT	318

[7] OGRID No.	[8] Operator Name	[9] Elevation
5380	XTO ENERGY INC.	6586'

[10] Surface Location

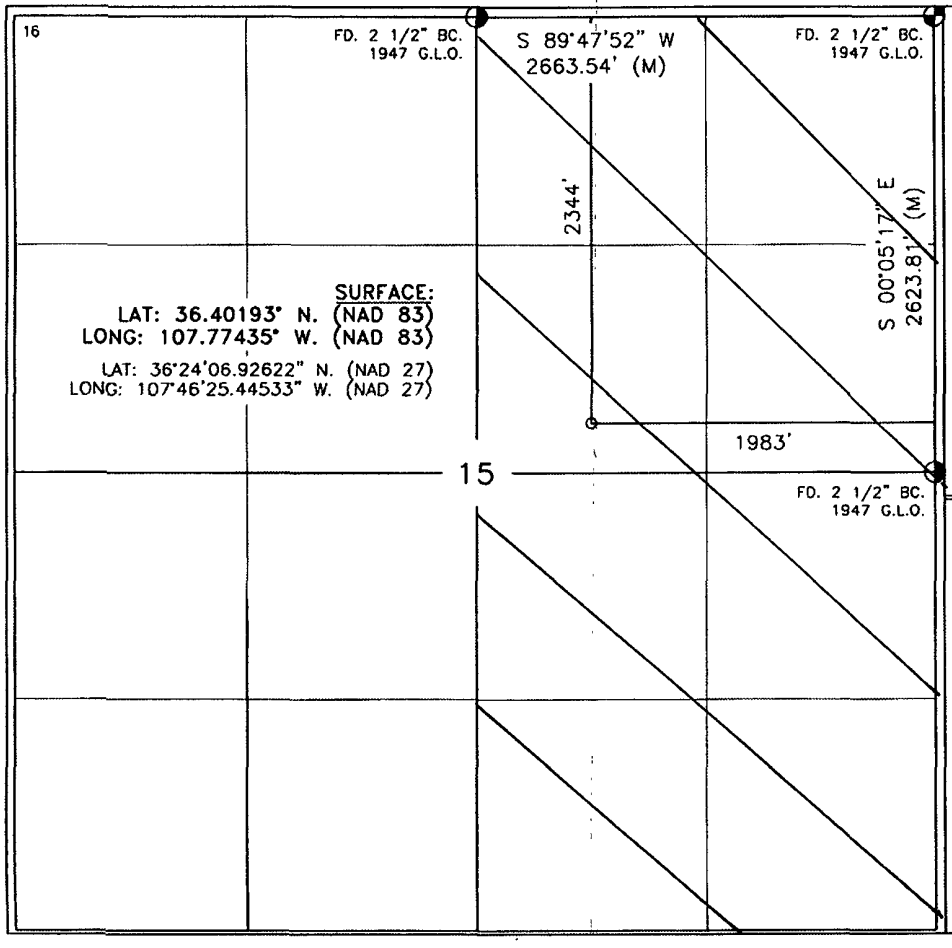
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	15	25-N	9-W		2344	NORTH	1983	EAST	SAN JUAN

[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.
320 E/2			

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.

Maia Villers 11/24/09
Signature Date

Maia Villers
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 & belief.

APRIL 2, 2009
Date of Survey

Signature and Seal of Professional Surveyor

ROY A. RUSH
NEW MEXICO
8894
REGISTERED PROFESSIONAL LAND SURVEYOR
12-09

Certificate Number

XTO ENERGY INC.

Huerfano Unit #318
APD Data
October 29, 2009

Location: 2344' FNL x 1983' FEL Sec 15, T25N, R9W **County**: San Juan **State**: New Mexico

GREATEST PROJECTED TD: 6850' OBJECTIVE: Basin Dakota / Basin Mancos
APPROX GR ELEV: 6586' Est KB ELEV: 6598' (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 ± 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 (±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:

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 ± 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 ft^3/sk, & 6.70 gal wtr/sk.

Total slurry volume is 297 ft^3, 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 ±6850' in 7.875" hole. DV Tool set @ ±4300'

1st Stage

LEAD:
±193 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:
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 ft^3/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 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: 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: 6598'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Ojo Alamo SS	5529	1069	Gallup	1253	5345
Kirtland Shale	5354	1244	Greenhorn	321	6277
Farmington SS			Graneros	271	6327
Fruitland Formation	5118	1480	Dakota 1*	239	6359
Lower Fruitland Coal	4711	1887	Dakota 2*	195	6403
Pictured Cliffs SS	4692	1906	Dakota 3*	165	6433
Lewis Shale	4527	2071	Dakota 4*	87	6511
Chacra SS	3831	2767	Dakota 5*	56	6542
Cliffhouse SS*	3118	3480	Dakota 6*	1	6597
Menefee**	3069	3529	Burro Canyon	-34	6632
Point Lookout SS*	2268	4330	Morrison*	-73	6671
Mancos Shale	1946	4652	**TD**	-252	**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
10/29/09

DRILLING CONDITIONS OF APPROVAL

Operator: **XTO Energy**
Lease No.: **NMNM-03015**
Well Name: **Huerfano Unit #318**
Well Location: **Sec.15, T25N, R9W; 2344' FNL & 1983' FEL**

1) Since no BOPE test pressures were proposed, it is recommended that XTO Energy test the BOP and related equipment according to Onshore Order No. 2 *Minimum Standards and Enforcement Provisions For Well Control Equipment Testing.*

2) Test the surface casing to a minimum of 600 psi for 30 minutes.

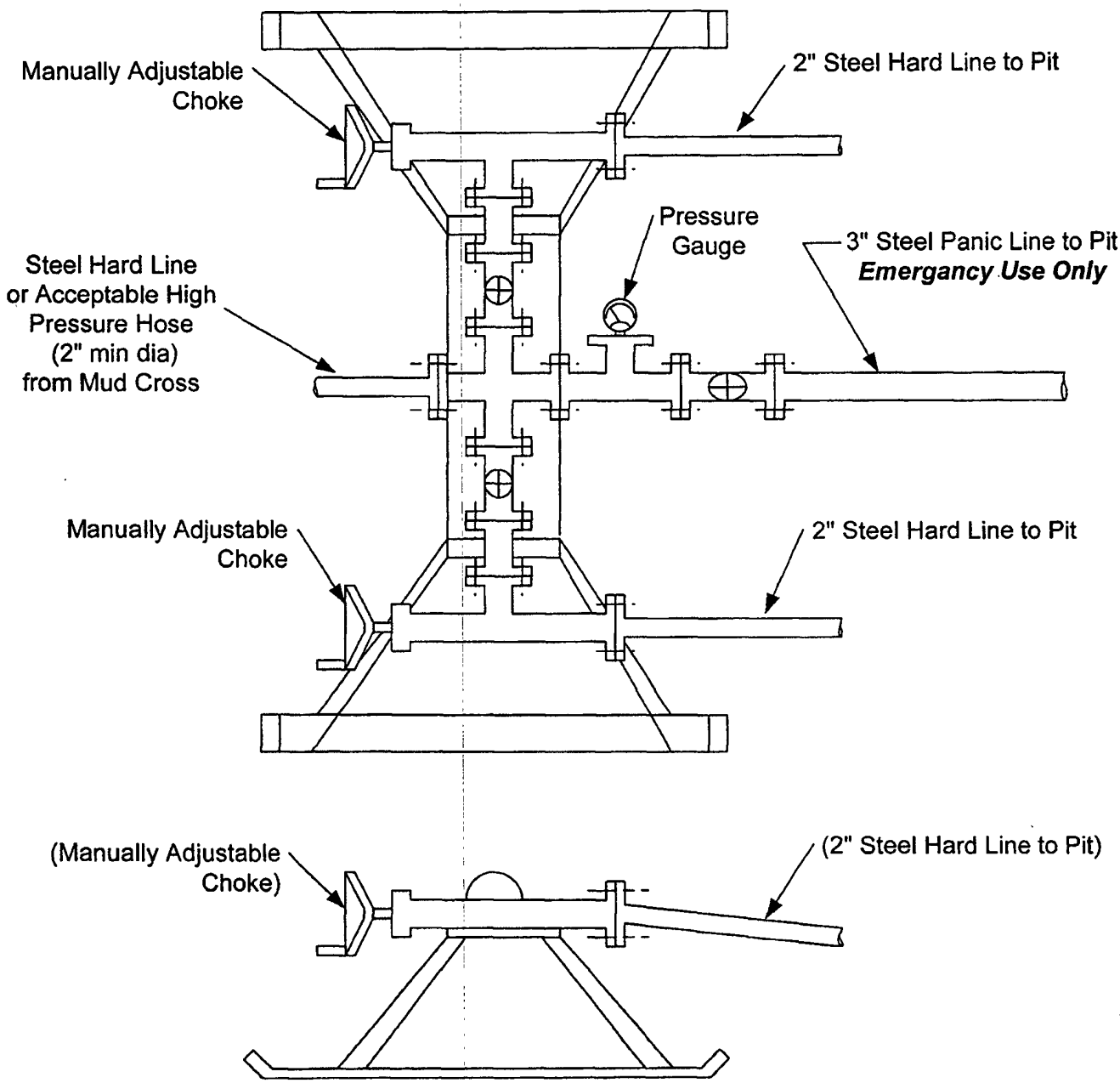
3) Test the production casing to a minimum of 1500 psi for 30 minutes.

After hour contact: Troy Salyers 505-360-9815

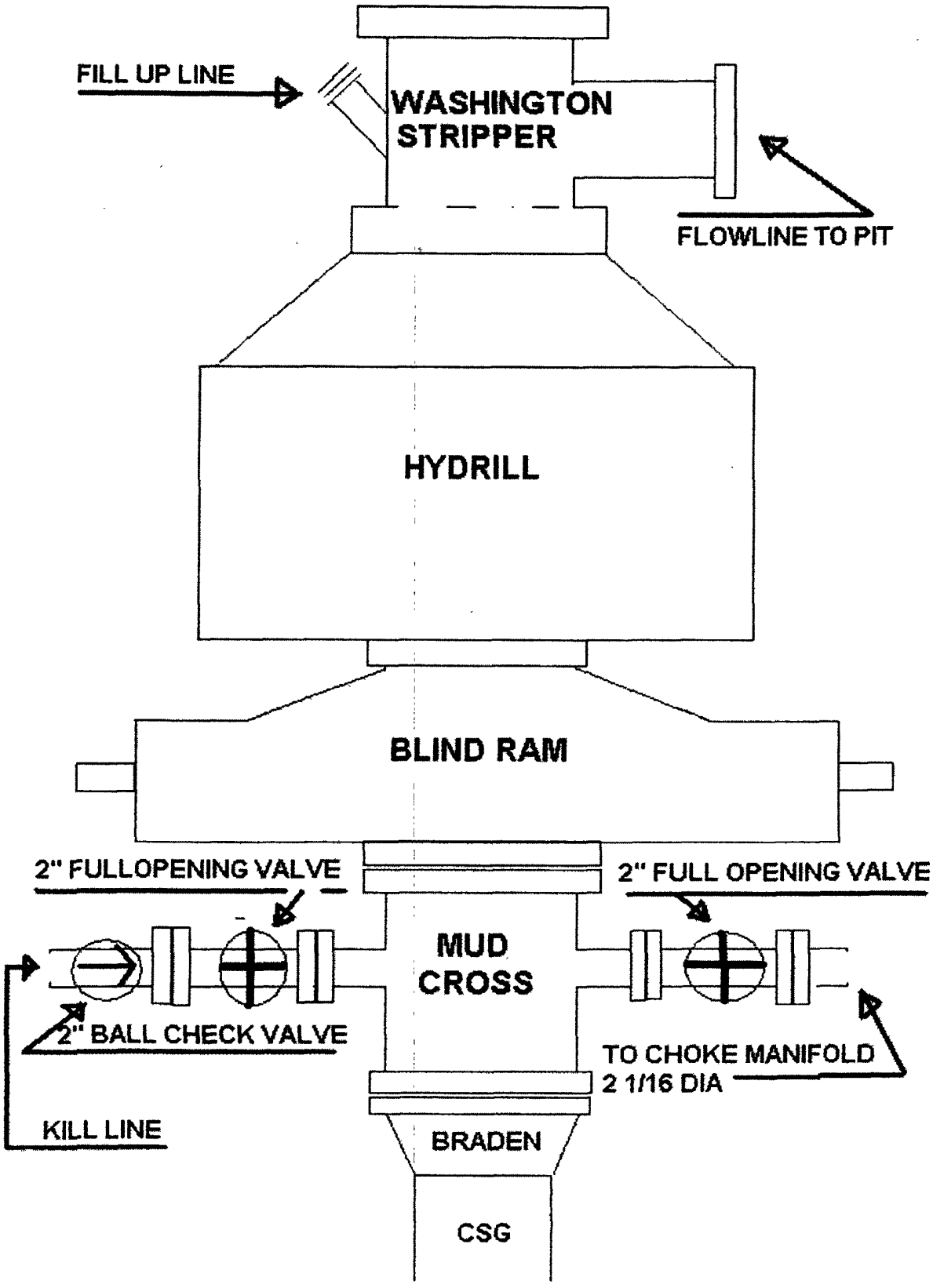
CHOKE MANIFOLD
SCHEMATIC FOR DRILLING OPERATIONS
CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

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.



AWS 507


FILL UP LINE
WASHINGTON STRIPPER
FLOWLINE TO PIT
HYDRILL
BLIND RAM
2" FULLOPENING VALVE
2" FULL OPENING VALVE
MUD CROSS
2" BALL CHECK VALVE
TO CHOKE MANIFOLD
2 1/16 DIA
KILL LINE
BRADEN
CSG