

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

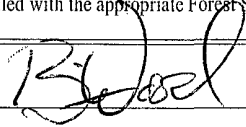
RECEIVED
FEB 04 2009
BUREAU OF LAND MANAGEMENT
Farmingington Field Office

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-080382A
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO ENERGY INC.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 382 ROAD 3100 AZTEC, NM 87410	3b. Phone No. (include area code) (505) 333-3159	8. Lease Name and Well No. SCHWERDTFEGER 17 1 F
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1845' FSL & 1715' FEL At proposed prod. zone SAME		9. API Well No. 30-045-34904
14. Distance in miles and direction from nearest town or post office* 9 AIR MILES SOUTH OF BLOOMFIELD		10. Field and Pool, or Exploratory KUTZ GALLUP & BASIN DAKOT
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 925'	16. No. of acres in lease 2,081.12	11. Sec., T. R. M. or Blk. and Survey or Area 17-27N-11W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 627' (XTO's 1R)	19. Proposed Depth 6,700'	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,207' GL	22. Approximate date work will start* 07/01/2009	13. State NM
23. Estimated duration 4 WEEKS		17. Spacing Unit dedicated to this well GALLUP: NWSE & DAKOTA: E2
24. Attachments		20. BLM/BIA Bond No. on file BLM NATIONWIDE UTB-000138

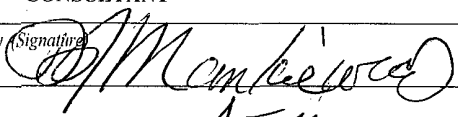
NOV 15 '10
OIL CONS. DIV.
DIST. 3

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form: DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED GENERAL REQUIREMENTS*.

- 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 shall 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 authorized officer.

25. Signature  Name (Printed/Typed) **BRIAN WOOD** Date **01/31/2009**

Title **CONSULTANT** PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by  Name (Printed/Typed) Date **11/8/2010**


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. **Test BOPE minimum: 1200 psi**

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)

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.

DEC 22 2010

NMOC

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

Submitted to
FEB 04 2008

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

Bureau of Land Management AMENDED REPORT
Farmington Field Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-34904		² Pool Code 36550		³ Pool Name KUTZ GALLUP	
⁴ Property Code 30330		⁵ Property Name SCHWERTFEGER 17			⁶ Well Number 1F
⁷ OGRID No. 167067		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 6207

5380

¹⁰ Surface Location

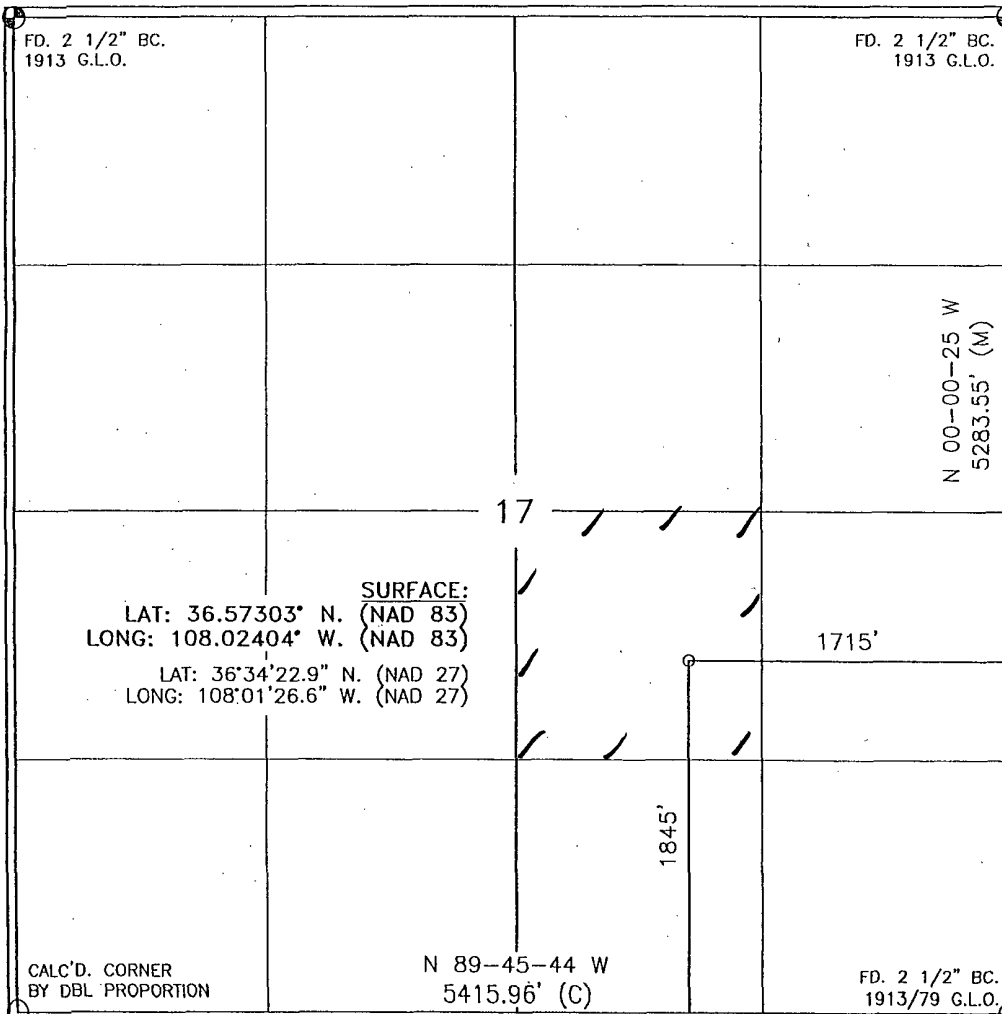
UL or lot no.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
J	17	27-N	11-W		1845	SOUTH	1715	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40		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

16



17

FD. 2 1/2" BC. 1913 G.L.O.

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.

Brian Wood 1-31-09
Signature Date
BRIAN WOOD
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 15 2008
Date of Survey
Signature and Seal of Professional Surveyor:
[Signature]
REGISTERED PROFESSIONAL LAND SURVEYOR
NEW MEXICO
15-08
Certificate Number

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 30-045-34904		² Pool Code 71599		³ Pool Name BASIN DAKOTA	
⁴ Property Code .		⁵ Property Name SCHWERTFEGER 17		⁶ Well Number 1F	
⁷ GRID No. 167067		⁸ Operator Name XTO ENERGY INC.		⁹ Elevation 6207	

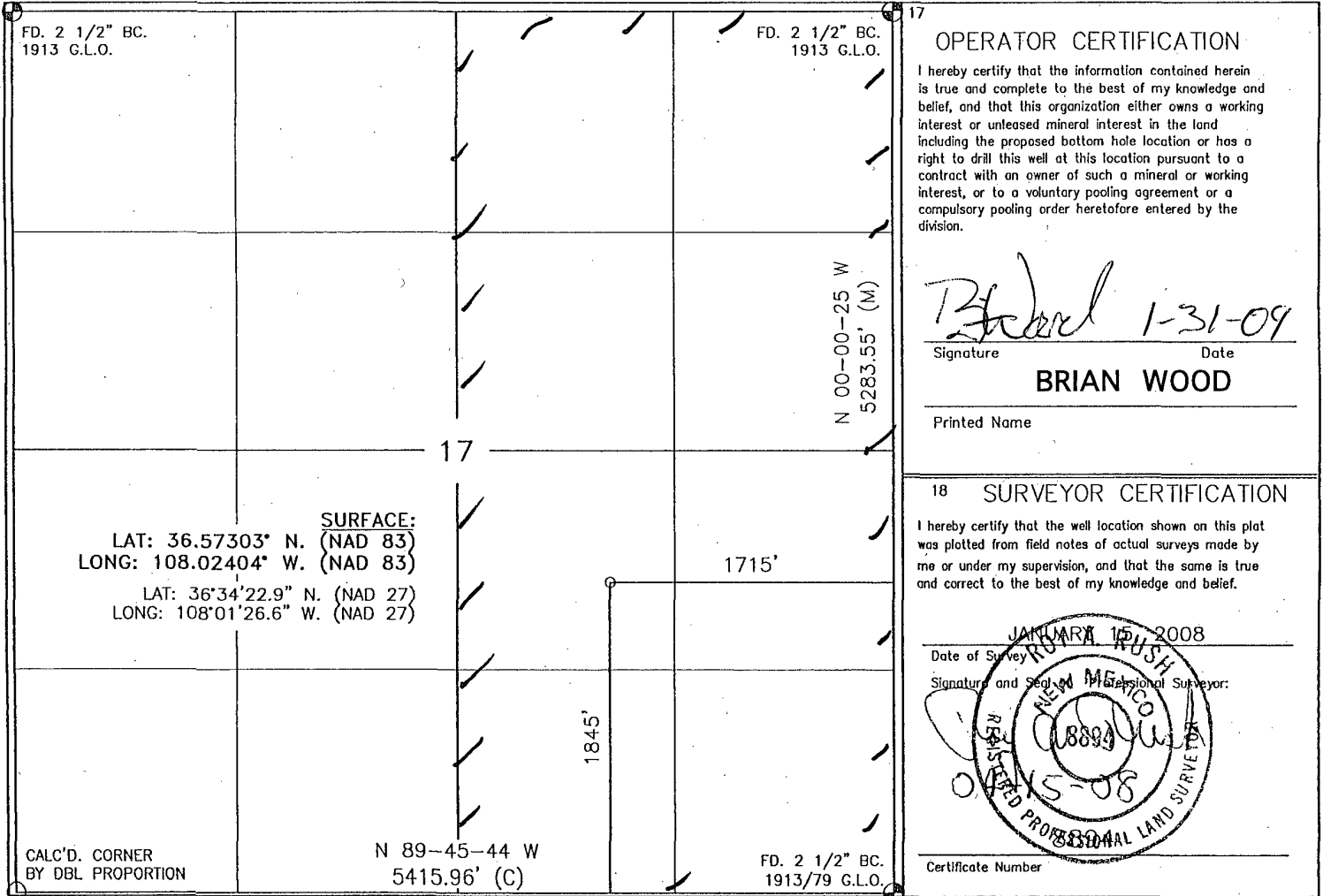
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	17	27-N	11-W		1845	SOUTH	1715	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 320		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.

Brian Wood
Signature Date
1-31-09

BRIAN WOOD

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 15 2008
Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number

XTO Energy Inc.
 Schwerdtfeger 17 1 F
 1845' FSL & 1715' FEL
 Sec. 17, T. 27 N., R. 11 W.
 San Juan County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	0'	12'	+6,207'
Kirtland Shale	877'	889'	+5,330'
Fruitland Formation	1,422'	1,432'	+4,785'
Pictured Cliffs Sandstone	1,877'	1,889'	+4,330'
Lewis Shale	1,967'	1,979'	+4,240'
Cliff House Sandstone	2,407'	2,419'	+3,800'
Menefee Shale	3,507'	3,519'	+2,700'
Point Lookout Sandstone	4,307'	4,319'	+1,900'
Mancos Shale	4,507'	4,519'	+1,700'
Gallup Sandstone	5,457'	5,469'	+750'
Greenhorn Limestone	6,307'	6,319'	-100'
Graneros Shale	6,407'	6,419'	-200'
Dakota Sandstone	6,547'	6,559'	-340'
Morrison	6,657'	6,669'	-450'
Total Depth (TD)	6,700'	6,712'	-493'

2. NOTABLE ZONES

<u>Gas & Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland	Nacimiento	Fruitland
Pictured Cliffs	Ojo Alamo	
Gallup	Fruitland	
Dakota		

Water zones will be protected with casing, cement, and weighted mud. Fresh

XTO Energy Inc.
Schwerdtfeger 17 1 F
1845' FSL & 1715' FEL
Sec. 17, T. 27 N., R. 11 W.
San Juan County, New Mexico

water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. (A typical 2,000 psi model is on PAGE 3.) An 8-5/8" x 11" 2,000 pound double ram BOP system with a choke manifold and mud cross will be tested to \approx 200 psi and then to \approx 1,000 psi. Upper and lower Kelly cocks with valve handle and subs to fit all drill string connections which are in use will be available on the rig floor.

Tests will be run when:

- 1) installed
- 2) anytime a pressure seal is broken (test only affected equipment)
- 3) at least every 30 days
- 4) blind & pipe rams will be activated each trip, but no more than daily

BOP systems will be consistent with API RP 53. Blowout preventers will be installed and tested before drilling surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated daily to ensure good mechanical working order and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs. Maximum expected bottom hole pressure will be \leq 2,680 psi. BOP and mud system will control pressure.

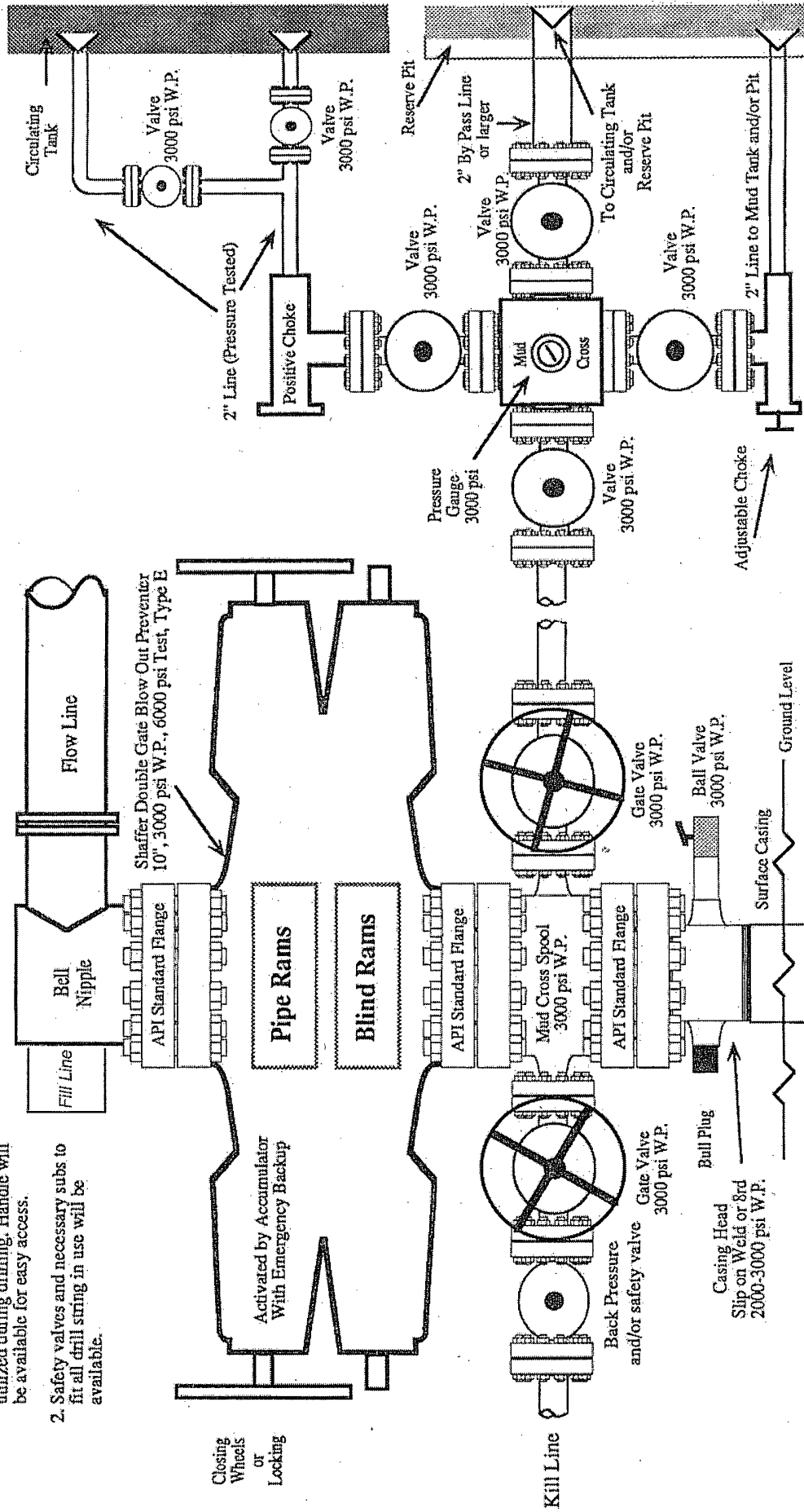
4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connections</u>	<u>Setting Depth</u>
12-1/4"	8-5/8"	24	J-55	New	ST & C	360'
7-7/8"	5-1/2"	15.5	J-55	New	ST & C	6,700'

2,000 PSI BOP SYSTEM

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handic will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Closing
Wheels
or
Locking

Pipe Rams

Blind Rams

Activated by Accumulator
With Emergency Backup

Shaffer Double Gate Blow Out Preventer
10", 3000 psi W.P., 6000 psi Test, Type E

Flow Line

Fill Line

Bell Nipple

Circulating Tank

Valve
3000 psi W.P.

2" Line (Pressure Tested)

Positive Choke

Valve
3000 psi W.P.

Reserve Pit

Pressure Gauge
3000 psi

Kill Line

Back Pressure and/or safety valve
Gate Valve
3000 psi W.P.

Casing Head Slip on Weld or 8rd
2000-3000 psi W.P.

Bull Plug

Gate Valve
3000 psi W.P.

Ball Valve
3000 psi W.P.

Surface Casing

Ground Level

Mud Cross

Valve
3000 psi W.P.

2" By Pass Line or larger

To Circulating Tank and/or Reserve Pit

Valve
3000 psi W.P.

Adjustable Choke

2" Line to Mud Tank and/or Pit

Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

XTO Energy Inc.
 Schwerdtfeger 17 1 F
 1845' FSL & 1715' FEL
 Sec. 17, T. 27 N., R. 11 W.
 San Juan County, New Mexico

Surface casing will be cemented to the surface with ≈ 375 cubic feet (≈ 270 sacks) Type V cement + 1/4 pound per sack cello-flake + 2% CaCl_2 . Yield = 1.39 cubic feet per sack. Weight = 14.5 pounds per gallon. Excess: >100%. Centralizers will be set on the bottom two joints of the surface casing and every fourth joint to the surface.

Production casing will be cemented to the surface in two stages with $\approx 100\%$ excess. DV tool will be set at $\approx 4,800'$. Total first stage volume = 1,165 cubic feet. Second stage volume = 1,725 cubic feet. Centralizers will be set on the bottom two joints, every second joint to $\approx 5,000'$, and every fourth joint from $\approx 2,000'$ to the surface.

Will cement first stage with ≈ 580 sacks (=1,165 cubic feet) premium light HS cement with 0.2% CD 32 + 0.5% FL 32 + 1/4 pound per sack cello flake + 2% KCl + 2% phenoseal mixed at 12.5 pounds per gallon and 2.01 cubic feet per sack.

Will cement second stage with ≈ 610 sacks (=1,586 cubic feet) premium light HS cement with 8% gel + 1/4 pound per sack cello flake + 2% phenoseal mixed at 11.9 pounds per gallon and 2.60 cubic feet per sack. Will follow with ≈ 100 sacks (= 139 cubic feet) Type III neat cement mixed at 14.5 pounds per gallon and 1.39 cubic feet per sack.

5. MUD PROGRAM

<u>RANGE</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>	<u>ADDITIVES</u>
0' - 360'	Fresh-Spud	8.6-9.0	28-32	NC	Gel, lime
360' - 2,500'	Fresh-Poly	8.4-8.8	28-32	NC	Gel, lime sweeps
2,500' - TD	Fresh Water	8.6-9.2	45-60	8-10 cc	Gel, soda ash, LCM

XTO Energy Inc.
Schwerdtfeger 17 1 F
1845' FSL & 1715' FEL
Sec. 17, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 5

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Mud logger will arrive at $\approx 3,000'$ and collect samples every $\approx 10'$ from there to TD. These open hole logs will be run:

Array Induction/SFL/GR/SP from TD to $\approx 360'$
Neutron/Lithodensity/Pe/GR/Cal from TD to $\approx 3,000'$

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum expected bottom hole pressure will be $\leq 2,680$ psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take about four weeks to drill and complete the well.

XTO Energy Inc.
Schwerdtfeger 17 1 F
1845' FSL & 1715' FEL
Sec. 17, T. 27 N., R. 11 W.
San Juan County, New Mexico

PAGE 6

Surface Use Plan

1. DIRECTIONS & ROADS (See PAGES 11 - 14)

From the junction of US 64 and US 550 in Bloomfield ...
Go South \approx 9 miles on US 550 to the equivalent of Milepost 143.2
Then turn right and go West 100 yards on paved N-3003
Then turn left and go South 1.7 miles on paved N-4007
Then turn right and go West 0.6 mile on a dirt road
Then bear left and go Southwest \approx 220' cross country to the pad

Roads will be maintained to at least equal their present condition.

2. ROAD TO BE BUILT OR UPGRADED (See PAGES 12 - 14)

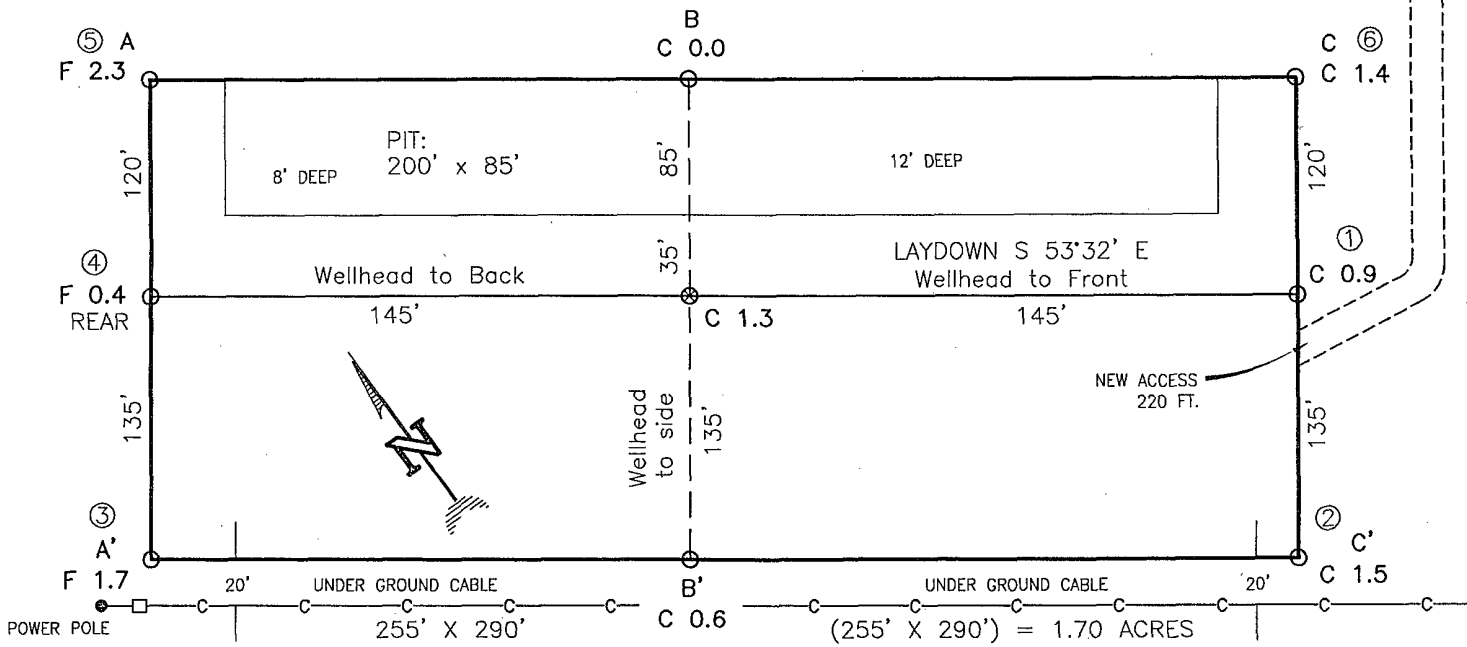
The final \approx 220' of road will be built to BLM Gold Book standards. This will consist of crowning and ditching with a \approx 14' wide running surface. Maximum disturbed width will be \approx 20'. Road crown will be 0.03' to 0.05' per foot. Topsoil will initially be windrowed beside the road. Borrow ditch inside slope will be \approx 4:1. Borrow ditch outside slope will be \approx 2:1. Ditch bottom will be a smooth V with no vertical cut. Borrow ditch depth will be \approx 1 foot. Once the ditch is complete, topsoil will be pulled back onto the cut slopes so there is no berm. Maximum cut or fill = 2'. Maximum grade = 1%. No upgrade, culvert, vehicle turn out, or cattle guard is needed.

3. EXISTING WELLS (See PAGE 12)

There are 19 oil or gas wells and 11 plugged wells within a mile radius. There are no water, injection, or disposal wells within a mile.

XTO ENERGY INC.
 SCHWERTFEGER 17 No. 1F, 1845 FSL 1715 FEL
 SECTION 17, T27N, R11W, N.M.P.M., SAN JUAN COUNTY, N.M.
 GROUND ELEVATION: 6207' DATE: JANUARY 15, 2008

NAD 83
 LAT. = 36.57303° N
 LONG. = 108.02404° W
 NAD 27
 LAT. = 36°34'22.9" N
 LONG. = 108°01'26.6" W



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

ELEV. A-A' C/L

6220					
6210					
6200					
6190					

ELEV. B-B' C/L

6220					
6210					
6200					
6190					

ELEV. C-C' C/L

6220					
6210					
6200					
6190					

NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

REVISION:	DATE:	REVISION BY:
CHANGE ACCESS LENGTH	01/06/09	B.K.
REMOVE CONSTRUCTION ZONE	4/17/08	G.V.

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 510 Farmington, NM 87499
 Phone (505) 326-1772 • Fax (505) 326-6019
 NEW MEXICO L.S. No. 8894

DRAWN BY: G.V.
 ROW#: CR659

DATE: 4/11/08

