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 S. St Francis Dr., Santa Fe, NM

87505

State of New Mexico

Energy, Minerals and Natural Resources

Form C-101

Permit 11872

Oil Conservation Division

Santa Fe, NM 87505

1220 S. St Francis Dr.

APPLICATION FOR PERMIT TO DRILL

XTO ENERGY, INC.	Operator Name and Address KTO ENERGY, INC.			
2700 Farmington Ave	API Number			
Farmington, NM 87410	30-045-33143			
Property Code	Property Name	Well No.		
22819	STATE GAS COM BB	003		

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	16	31N	12W	I	1970	S	665	E	San Juan

Proposed Pools

BASIN DAKOTA (PRORATED GAS) 71599

Work Type	Well Type	Cable/Rotary	Lease Type	Ground Level Elevation
New Well	GAS		State	6109
Multiple N	Proposed Depth 7500	Formation Dakota Formation	Contractor	Spud Date

Proposed Casing and Cement Program

Туре	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.63	36	260	200	0
Int1	8.75	7	20	3000	450	0
Prod	6.25	4.5	10.5	7500	400	2900

Casing/Cement Program: Additional Comments

Surface: 200 sx type III cement w/additives mixed @14.5ppg, 1.41 cuft/sx. Circ cement to surf. Intermediate: 300sx lite cement w/additives mixed @ 11.4ppg & 3.03 cuft/sx followed by 150 sx class H cement mixed at 14.2ppg, & 1.54 cuft/sx. Calculated TOC @2,500 (500 into casing overlap). Final cement volumes will be 40% over open hole log volumes. Cement additives may change based on well conditions & availability of the additives. Cement densities will not be changed.

Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer
Double Ram	2000	4000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Electronically Signed By: Holly Perkins

Title: Manager

Date: 06/06/2005

Phone: 505-564-6720

OIL (CONSERV	ATION I	NOISIVIC

Electronically Approved By: Charlie Perrin

Title: District Supervisor

Approval Date: 06/07/2005 | Expiration Date: 06/07/2006

Conditions of Approval:

There are conditions. See Attached.