

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/30/06 14:09:10  
OGOMES -TOM9  
PAGE NO: 1

Sec : 03 Twp : 30N Rng : 12W Section Type : NORMAL

8 39.19 Federal owned A	7 39.49 Federal owned A	6 39.73 Federal owned	5 39.94 Federal owned A
9 39.26 Federal owned	10 39.69 Federal owned	11 39.62 Federal owned A	12 39.96 Federal owned C A
16 39.68 Federal owned	15 40.47 Federal owned C A	14 39.95 Federal owned	13 39.95 Federal owned A
17 39.92 Federal owned A A	18 40.71 Federal owned A	19 39.75 Federal owned	20 39.75 Federal owned A

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>ST-081239</b>
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 <b>N/A</b>
2. Name of Operator <b>XFO Energy Inc.</b>		7. Unit or CA Agreement Name and No. <b>N/A</b>
3a. Address <b>2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM</b>		8. Lease Name and Well No. <b>LC Kelly #20</b>
3b. Phone No. (include area code) <b>505-324-1090</b>		9. API Well No. <b>30-045-33441</b>
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface <b>815' FSL x 2515' FNL in Sec 3, T30N, R12W</b> At proposed prod. zone <b>SAME</b>		10. Field and Pool, or Exploratory <b>Basin Dakota/Blanco Mesaverde</b>
14. Distance in miles and direction from nearest town or post office* <b>Approx 4 miles North of the Flora Vista, NM post office</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>(N) Sec 3, T30N, R12W</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) <b>815'</b>	16. No. of Acres in lease <b>2522.59</b>	12. County or Parish <b>San Juan</b>
17. Spacing Unit dedicated to this well <b>DK 318.41 W/2 - MV 318.41 W/2</b>	13. State <b>NM</b>	
8. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>900'</b>	19. Proposed Depth <b>7000'</b>	20. BLM/BIA Bond No. on file <b>UTB-000138</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5812' Ground Elevation</b>	22. Approximate date work will start* <b>winter 2005</b>	23. Estimated duration <b>2 weeks</b>

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- 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 <i>Kyla Vaughan</i>	Name (Printed/Typed) <b>Kyla Vaughan</b>	Date <b>2005 11/17/05</b>
Title <b>Regulatory Compliance Tech</b>		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) <b>[Name]</b>	
Title <b>AFM</b>	Office <b>FEO</b>	

Application approval does not warrant or certify that the applicant has 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.

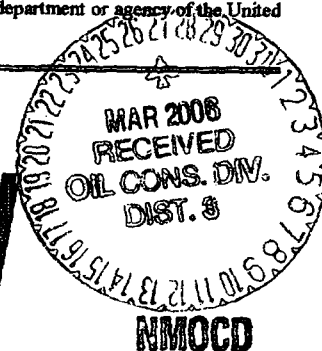
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

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**



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 June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-045-33441</b>		Pool Code <b>71599</b>	Pool Name <b>Basin Dakota</b>
Property Code <b>22620</b>	Property Name <b>L. C. KELLY</b>		Well Number <b>20</b>
ORD No. <b>167067</b>	Operator Name <b>XTO ENERGY INC.</b>		Deviation <b>5812'</b>

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
N	3	30-N	12-W	18	815	SOUTH	2515	WEST	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
Dedicated Acres <b>W/2 318.41</b>			Joint or Infill		Consolidation Code		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 8 LOT 7 LOT 6 LOT 5</p> <p>LOT 9 LOT 10 LOT 11 LOT 12</p> <p>LOT 13 LOT 14 LOT 15 LOT 16</p> <p>LOT 17 LOT 18 LOT 19 LOT 20</p>				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information furnished herein is true and complete to the best of my knowledge and belief.</p> <p>RECEIVED FARMINGTON 21 PM 1 Signature: <i>Harry H. Smoot</i> Printed Name: <i>Harry H. Smoot</i> Title: <i>Drilling Assistant</i> Date: <i>5/18/05</i></p>	
				<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARION A. VON HAN Date: _____ Signature: _____ 14839 REGISTERED PROFESSIONAL SURVEYOR Certificate Number: _____</p>	

DISTRICT I  
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II  
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Azusa, 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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33441		*Pool Code 72319	*Pool Name Blanco Mesaverde
*Property Code 22620	*Property Name L. C. KELLY		*Well Number 20
*OGRD No. 167067	*Operator Name XTO ENERGY INC.		*Elevation 5812'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	30-N	12-W	18	B15	SOUTH	2515	WEST	SAN JUAN

<sup>11</sup> 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
*Dedicated Acres 1.012 318.41			*Joint or Infill		*Consolidation Code		*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>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kelly K. Small</i> Signature Kelly K. Small Drilling Assistant Title 5/18/05 Date</p>	
<p>18 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 belief.</p> <p>MADRID, NEW MEXICO Date Signature  Certificate Number</p>					

Submit 3 Copies To Appropriate District  
Office

District I  
1625 N. French Dr., Hobbs, NM 87240  
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

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

Form C-103  
May 27, 2004

WELL API NO 30045-33441

5. Indicate Type of Lease  
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.  
SF-081239

7. Lease Name or Unit Agreement Name:  
LC Kelly

8. Well Number  
#20

9. OGRID Number  
167067

10. Pool name or Wildcat  
Basin Dakota/Blanco Mesavende

**SUNDRY NOTICES AND REPORTS ON WELLS**  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:  
Oil Well ☐ Gas Well ☒ Other

2. Name of Operator  
XTO Energy Inc.

3. Address of Operator  
2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401

4. Well Location  
Unit Letter N 815 feet from the South line and 2515 feet from the West line  
Section 3 Township 30N Range 12W NMPM NMEM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5812'

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type DRILL Depth to Groundwater <50 Distance from nearest fresh water well >1000 Distance from nearest surface water >1000

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 8000 bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: PIT ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐  
CASING TEST AND CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy intends to install a pit on location for drilling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Kyla Vaughan

Type or print name Kyla Vaughan

TITLE Regulatory Compliance Tech DATE 11/17/05

E-mail address: kyla\_vaughan@xtoenergy.com  
Telephone No. 505-564-6726

For State Use Only

APPROVED BY [Signature]

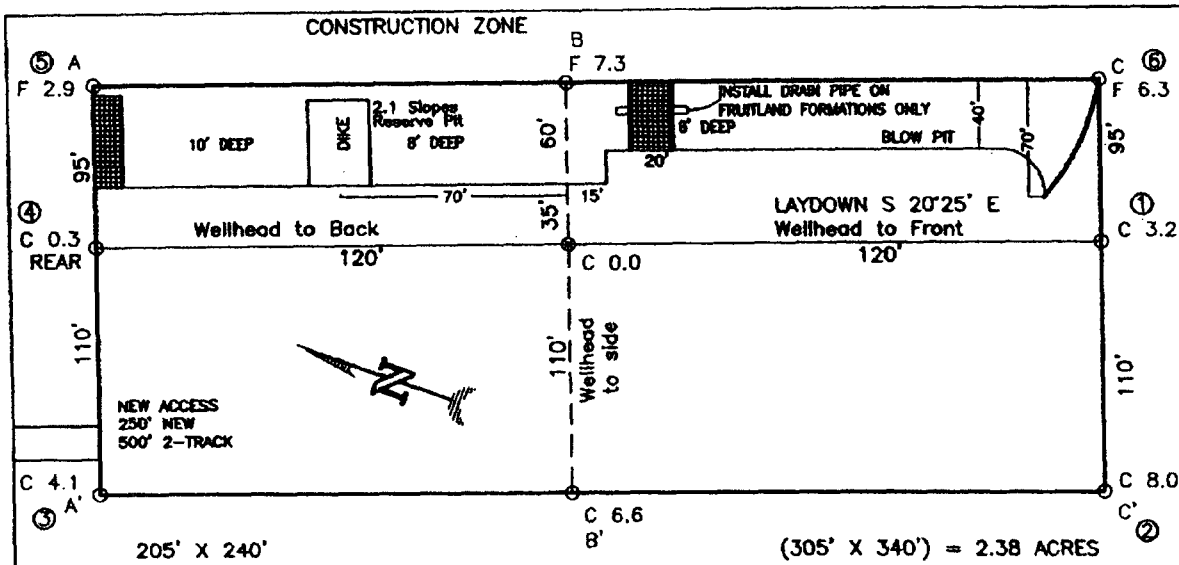
Conditions of Approval, if any:

TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 30 DATE MAR 27 2006

EXHIBIT D

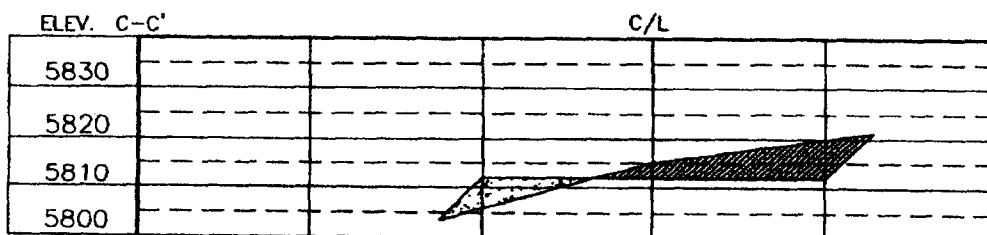
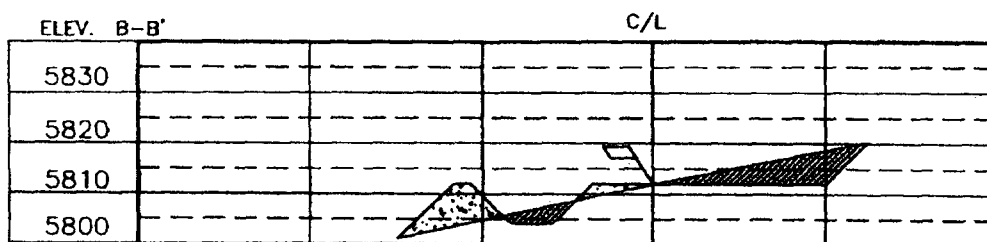
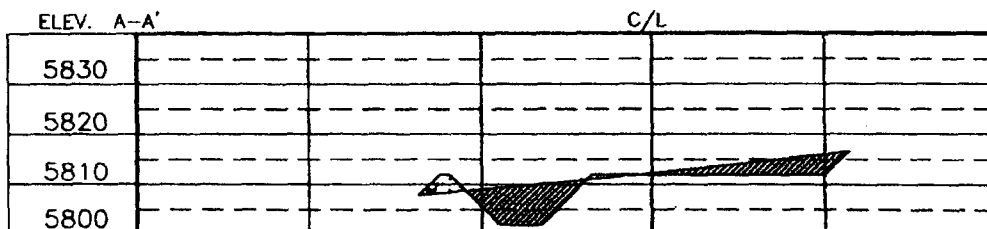
XTO ENERGY INC.  
 L. C. KELLY No. 20, 815' FSL 2515' FWL  
 SECTION 3, T30N, R12W, N.M.P.M., SAN JUAN COUNTY, N. M.  
 GROUND ELEVATION: 5812', DATE: MARCH 17, 2005

LAT. = 36°50'10.3" N.  
 LONG. = 108°05'07.6" W  
 NAD 27



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.



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.

**Daggett Enterprises, Inc.**  
 Surveying and Oil Field Services  
 P. O. Box 15068 • Farmington, NM 87401  
 Phone (505) 398-1772 • Fax (505) 398-8019  
 NEW MEXICO P.L.S. No. 14631  
 TOWN OF CHANDLER  
 Date: 03/22/05  
 Drawn by: B.L.  
 Check: CHAS

EXHIBIT E

# XTO ENERGY INC.

LC Kelly #20

APD Data

November 17, 2005

Location: 815' FSL x 2515' FWL Sec 3, T30N, R12W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 7000'  
APPROX GR ELEV: 5812'

OBJECTIVE: Basin Dakota / Blanco Mesaverde  
Est KB ELEV: 5824' (12' AGL)

## 1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2900'	2900' to 7000
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 ( $\pm 7000'$ ) in 7-7/8" 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'-7000	7000'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.21	1.44	1.86

## 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.

EXHIBIT F

**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 ft<sup>3</sup>/sk, & 6.70 gal wtr/sk.

*Total slurry volume is 297 ft<sup>3</sup>, 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  $\pm 7000'$  in 7.875" hole.

LEAD:

$\pm 730$  sx of Premium Lite HS (Type III/Poz/Gel) with 2% salt, 1/4 pps cello, 0.2% dispersant, 0.5% fluid loss & 2% LCM mixed at 12.5 ppg, 2.01 ft<sup>3</sup>/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III with 5% bonding additive, 1/4 pps cello, 2% LCM, 0.3% dispersant & 0.2% fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

*Total estimated slurry volume for the 5-1/2" production casing is 1698 ft<sup>3</sup>.*

*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: The mud logger will come on at 2,900' and will remain on the hole until TD. The mud will be logged in 10' intervals.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (7000') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7000') to 3,000'.

EXHIBIT F



6. **FORMATION TOPS:**

Est. KB Elevation: 5824'

FORMATION	Sub-Sea Elev.	WELL DEPTH	FORMATION	Sub-Sea Elev.	WELL DEPTH
Ojo Alamo SS	5300	524	Gallup Ss	120	5,704
Kirtland Shale	5214	610	Greenhorn Ls	-640	6,464
Farmington SS	5090	734	Graneros Sh	-700	6,524
Fruitland Formation	4115	1,709	1 <sup>ST</sup> Dakota Ss*	-770	6,594
Lower Fruitland Coal	3915	1,909	2 <sup>ND</sup> Dakota Ss	N/A	
Pictured Cliffs SS	3715	2,109	3 <sup>RD</sup> Dakota Ss*	-820	6,644
Lewis Shale	3515	2,309	4 <sup>TH</sup> Dakota Ss	N/A	
Chacra SS**	2650	3,174	5 <sup>TH</sup> Dakota Ss**	-860	6,684
Cliffhouse SS	2050	3,774	6 <sup>TH</sup> Dakota Ss**	-904	6,728
Menefee*	2015	3,809	Burro Canyon Ss**	-1008	6,832
Point Lookout SS*	1388	4,436	Morrison Fm**	-1020	6,844
Mancos Shale	1060	4,764	<b>Total Depth</b>	<b>-1176</b>	<b>7,000</b>

\* 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
Jeff Patton	Drilling Engineer	505-324-1090	505-632-7882
John Egelston	Drilling Engineer	505-564-6734	505-330-6902
Dennis Elrod	Drilling foreman	505-486-6460	505-326-2024
Red Meek	Project Geologist	817-885-2800	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWP  
11/17/05

EXHIBIT F

# 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  $\frac{8}{10}$  min.

Test BOP to Working Press or  
to 70% internal yield of surf csg  
(10 min) or which ever is less.

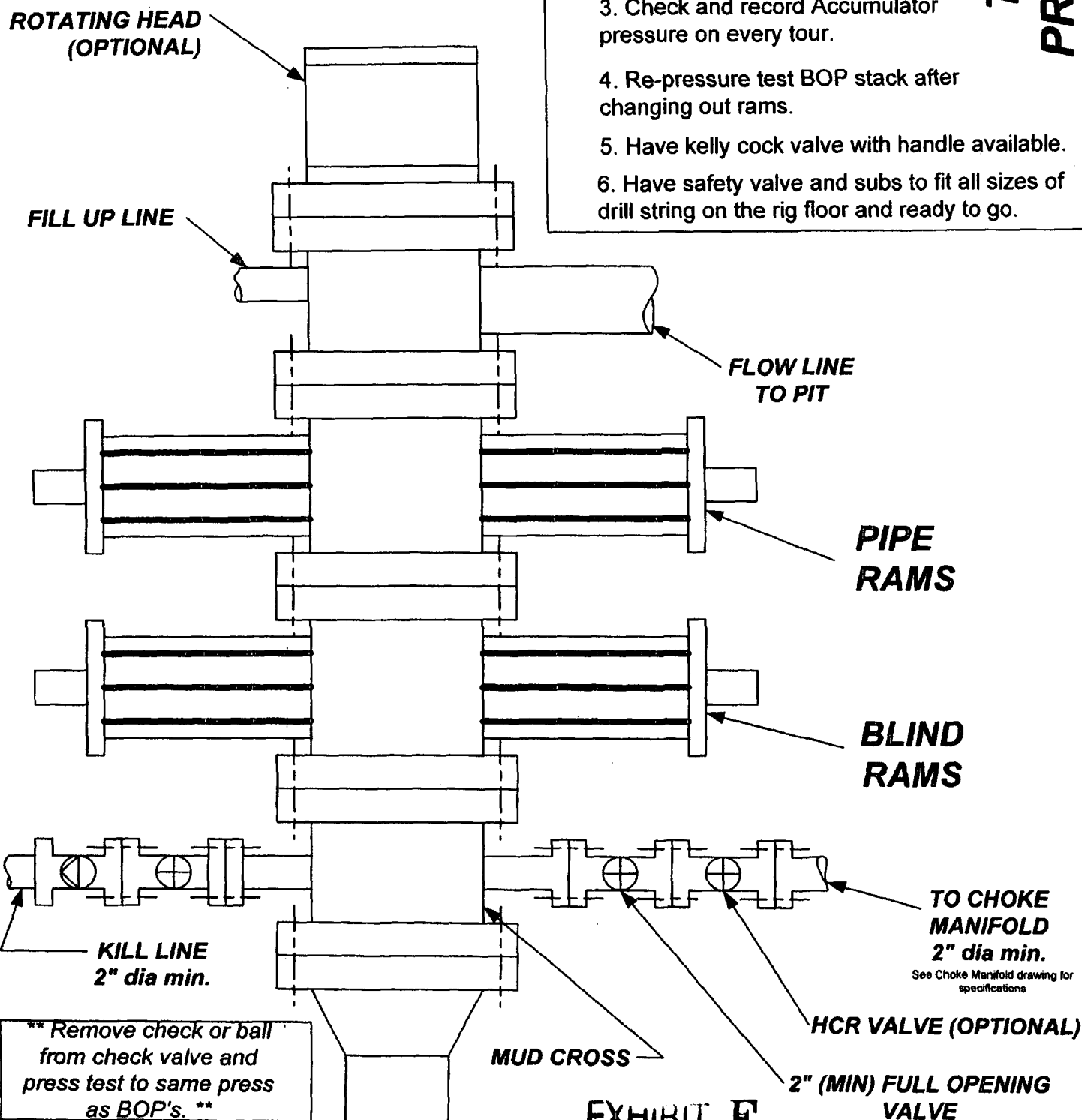
### 2. Test operation of (both) rams on every trip.

### 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.

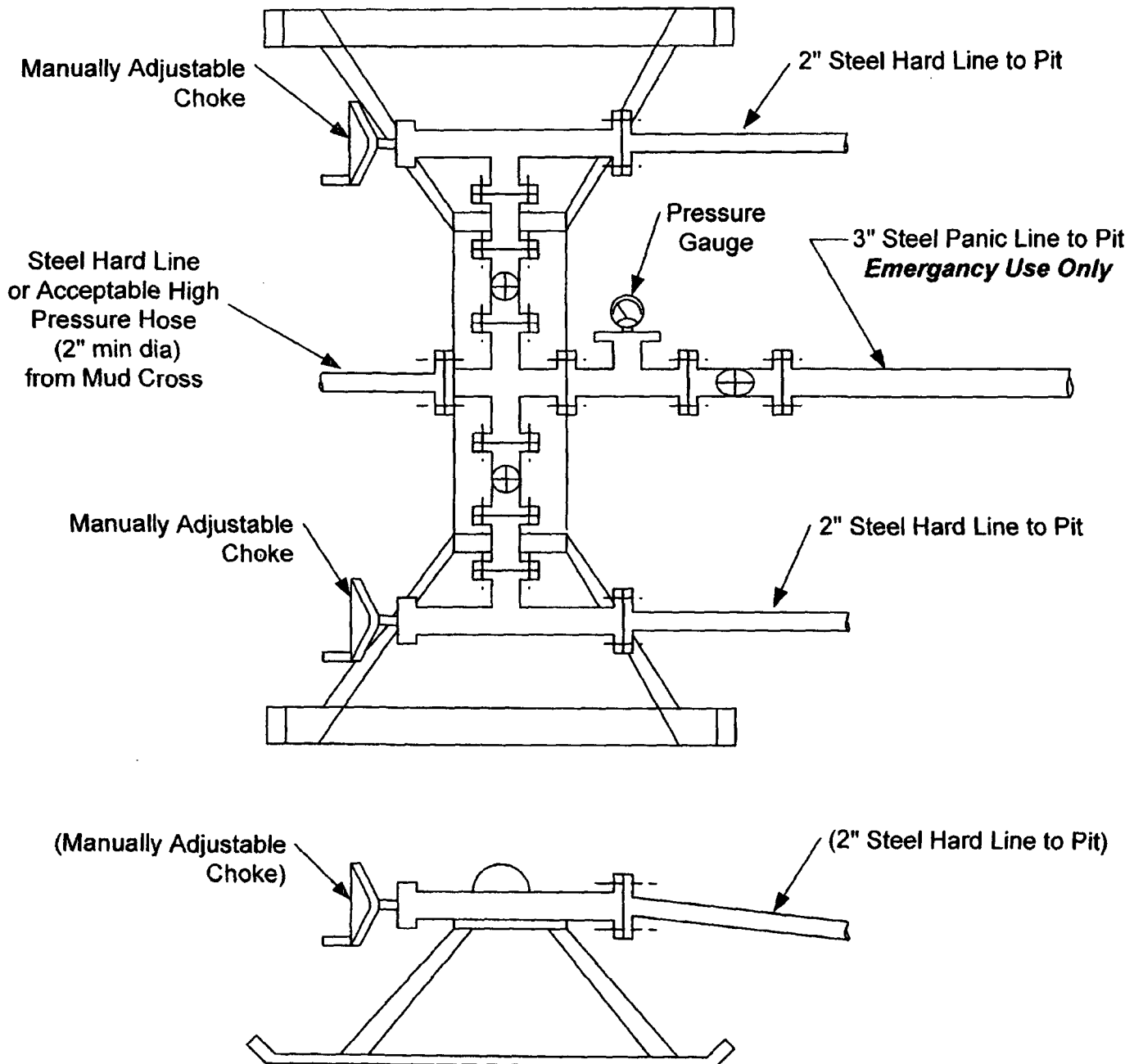


**EXHIBIT F**

# **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**



**EXHIBIT F**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <b>NMSF081239</b>
2. Name of Operator <b>XTO Energy Inc.</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>2700 Farmington Ave., Bldg. K, Ste 1 Farmington,</b>	3b. Phone No. (include area code) <b>505-324-1090</b>	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>815' FSL &amp; 2515' FWL SEC 3-T30N-R12W</b>		8. Well Name and No. <b>LC KELLY #20</b>
		9. API Well No. <b>30-045-33441</b>
		10. Field and Pool, or Exploratory Area <b>BASIN DAKOTA</b> <b>BLANCO MESAVERDE</b>
		11. County or Parish, State <b>SAN JUAN NM</b>

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

**XTO Energy Inc. proposes to change the drilling procedure from a single-stage cement design to a two-stage cement design per attached document.**



2006 MAY 4 AM 9 08  
RECEIVED  
070 FARMINGTON NM

14. I hereby certify that the foregoing is true and correct Name (Printed/typed) <b>HOLLY C. PERKINS</b>	Title <b>REGULATORY COMPLIANCE TECH</b>
<i>Holly C. Perkins</i>	Date <b>5/1/2006</b>

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by <i>Jim Lovelace</i>	Title <i>Peter Eng</i>	Date <b>5/5/06</b>
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 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

**NMOCL**

# XTO ENERGY INC.

LC Kelly #20

APD Data

May 1, 2006

Location: 815' FSL x 2515' FWL Sec 3, T30N, R12W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 7000'  
APPROX GR ELEV: 5812'

OBJECTIVE: Basin Dakota / Blanco Mesaverde  
Est KB ELEV: 5824' (12' AGL)

**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 ft<sup>3</sup>/sk, & 6.70 gal wtr/sk.

*Total slurry volume is 297 ft<sup>3</sup>, 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  $\pm 7000'$  in 7.875" hole. DV Tool set @  $\pm 4000'$

1<sup>st</sup> Stage

LEAD:

$\pm 247$  sx of Premium Lite HS (Type III/Poz/Gel) with 2% salt, 1/4 pps cello, 0.2% dispersant, 0.5% fluid loss & 2% LCM mixed at 12.5 ppg, 2.01 ft<sup>3</sup>/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III with 5% bonding additive, 1/4 pps cello, 2% LCM, 0.3% dispersant & 0.2% fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2<sup>nd</sup> Stage

LEAD:

$\pm 331$  sx of Type III with 8% gel, 1/4 pps cello & 2% LCM mixed at 11.9 ppg, 2.54 ft<sup>3</sup>/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 1708 ft<sup>3</sup>.*

*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.*



## TABULATION OF DEVIATION TESTS

*XTO Energy Inc.*

Depth	Degrees	Depth	Degrees	Depth	Degrees
92'	0 °	4117'	2 ¼ °		
241'	¼ °	4306'	1 °		
457'	1 °	4619'	1 ½ °		
957'	¼ °	5119'	1 ½ °		
1467'	½ °	5467'	1 °		
1964'	¾ °	5967'	1 ¼ °		
2465'	1 °	6500'	3 ½ °		
2962'	¼ °	5800'	1 ¼ °		
3225'	½ °				

### A F F I D A V I T

THIS IS TO CERTIFY that to the best of my knowledge the above survey details the deviation tests taken on XTO ENERGY INC'S

### LC KELLY #20

in UL N, Section 3, T30N, R12W,  
API #30-045-33441  
San Juan County, New Mexico.

Signed

Brent H. Martin

Printed Name Brent H. Martin

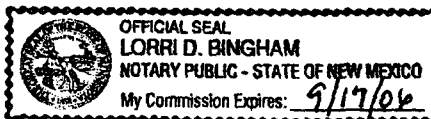
Title

Drilling Manager

THE STATE OF NEW MEXICO)

SS.

COUNTY OF SAN JUAN )



BEFORE ME, the undersigned authority, on this day personally, Brent H. Martin, known to me to be Drilling Manager for XTO Energy Inc and to be the person whose name is subscribed to the above statement, who, being by me duly sworn on oath, states that he has knowledge of the facts stated herein and that said statement is true and correct.

SUBSCRIBED AND SWORN to before me, a Notary Public in and for said County and State this 1st day of June, 2006.

Notary Public

Lorri D. Bingham

My Commission Expires:

9/17/06

B