

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires January 31, 2004



APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF - 081078
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
2. Name of Operator XTO Energy Inc.		7. Unit or CA Agreement Name and No.
3a. Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM		8. Lease Name and Well No. Armenta Gas Com "C" #1R
3b. Phone No. (include area code)		9. API Well No. 30 045 32193
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 210' FSL x 1165' FEL in Sec 22, T29N, R10W At proposed prod. zone 660' FNL x 660' FEL in Sec 27, T29N, R10W		10. Field and Pool, or Exploratory Basin Dakota/Blanco Mesaverde
14. Distance in miles and direction from nearest town or post office* 9 miles East of the Bloomfield, NM post office		11. Sec., T., R., M., or Blk. and Survey or Area Sec 22, T29N, R10W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 660'	16. No. of Acres in lease 80.00	17. Spacing Unit dedicated to this well 320 acres 1/2 (both)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 750'	19. Proposed Depth 7,000' MD	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,594' Ungraded Ground Level	22. Approximate date work will start* Spring 2004	23. Estimated duration 3 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Jeffrey W. Patton	Date 2/17/04
Title Drilling Engineer		
Approved by (Signature) 	Name (Printed/Typed) AEM	Date 7-8-04
Title AEM	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 Reverse)

HOLD C104 FOR Directional Survey

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCD

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30045-32193		² Pool Code 72319		³ Pool Name BLANCO MESAVERDE			
⁴ Property Code 22587		⁵ Property Name ARMENTA GAS COM "C"				⁶ Well Number 1R	
⁷ GRID No.		⁸ Operator Name XTO ENERGY INC.				⁹ Elevation 5594'	

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
P	22	29-N	10-W		210	SOUTH	1165	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
A	27	29-N	10-W		660'	NORTH	660'	EAST	SAN JUAN

¹² Dedicated Acres 320		¹³ Joint or Infill I		¹⁴ Consolidation Code		¹⁵ Order No.	
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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

<div>16</div> <div>RECEIVED JUL 2004 OIL CON. DIV. DIST. 3</div>	22		FD BC B.L.M. 1967
	N 01-39-35 W 2674.0' (M)		
S 36-42-19" N. (NAD 27) LONG: 107-52-00" W.			
S 89-05-40 W 1302.75' (M)		FD BC B.L.M. 1998	FD BC B.L.M. 1998
S 00-02-17 E 1348.38' (M)		BOTTOM HOLE	
27		FD BC B.L.M. 1999	FD BC B.L.M. 1998
S 00-02-05 E 1348.50' (M)		FD BC B.L.M. 1998	

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature Jeffrey W. Patton

Printed Name JEFFREY W. PATTON

Title DRILLING ENGINEER

Date 2-17-04

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 belief.

Date of Survey 12-9-03

Signature and Seal of Professional Surveyor: [Signature]

Certificate Number 14827

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

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1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code	⁵ Property Name ARMENTA GAS COM "C"	⁶ Well Number 1R
⁷ OGRID No.	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 5594'

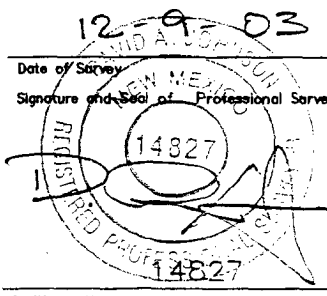
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	22	29-N	10-W		210	SOUTH	1165	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
A	27	29-N	10-W		660'	NORTH	660'	EAST	SAN JUAN
¹² Dedicated Acres 320 4 1/2			¹³ Joint or Infill I		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	22	FD BC B.L.M. 1967	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <u>Jeffrey W. Patton</u> Printed Name <u>JEFFREY W. PATTON</u> Title <u>DRILLING ENGINEER</u> Date <u>2-17-04</u>
	LAT: 36°42'19" N. (NAD 27) LONG: 107°52'00" W.		
	N 01-39-35 W 2674.0' (M)		
	FD BC B.L.M. 1999	FD BC B.L.M. 1998	
	S 89-05-40 W 1302.75' (M)	BOTTOM HOLE	
	S 00-02-17 E 1348.38' (M)		
	27	FD BC B.L.M. 1999	
	S 00-02-05 E 1348.50' (M)	FD BC B.L.M. 1998	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 belief. Date of Survey <u>12-9-03</u> Signature and Seal of Professional Surveyor:  Certificate Number <u>14827</u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires January 31, 2004

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. -5 PM 2:42

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

XTO Energy Inc.

3a. Address

2700 Farmington Ave., Bldg. K, Ste 1 Farmington,

3b. Phone No. (include area code)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface Location: 210' FSL x 1,165' FEL in Sec 22, T29N, R10W

5. Lease Serial No.

SF - 081078

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Armenta Gas Com #1R

9. API Well No.

3004532193

10. Field and Pool, or Exploratory Area

Basin Dakota
Blanco Mesaverde

11. County or Parish, State

San Juan NM

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

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☒ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other

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 recomple 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 recomple 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. has revised the casing design and directional drill plan for the above mentioned well. The APD for this well is still in the process of being approved.

The 9-5/8" surface casing will now be set at 950'. The 7" intermediate casing weight has been changed to 23#/ft and will be set at 4,152'. The 4-1/2" production casing has been changed to 11.6#/ft, LTC casing set at TD.

The directional drill plan has been revised by moving the KOP to 1,100' and the back to vertical point down to 5,250. This design change will allow the hold angle to be reduced and which will prevent the intermediate casing from being set through both the build and drop angles.

Please see the attached revised drilling program for the changes being requested.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Jeffrey W. Patton

Title

Drilling Engineer

Date

3/5/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

Office

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.

NWOC

XTO ENERGY INC.

Armenta Gas Com "C" #1R

APD Data

March 4, 2004

Surface Location: 210' FSL & 1,165' FEL, Sec 22, T29N, R10W County: San Juan State: New Mexico

Bottomhole Location: 890' FNL & 765' FEL, Sec 27, T29N, R10W

TOTAL DEPTH: ±7,200' MD

GR ELEV: 5,594'

OBJECTIVE: Dakota/Mesaverde

Est KB ELEV: 5,607' (13' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 950'	950' to ±4,150'	4,000' to TD
HOLE SIZE	12-1/4"	8-3/4"	6-1/4"
MUD TYPE	FW/Native (spud) Mud	FW/Polymer	LSND
WEIGHT	8.6-8.8	8.6-9.0	8.8-9.2
VISCOSITY	28-100	29-34	45-60
WATER LOSS	NC	NC	<10 cc's

Remarks: Use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning.

2. CASING PROGRAM:

Surface Casing: 9-5/8" casing to be set at ± 950' in 8.8 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'-950'	950'	36.0#	J-55	STC	2020	3520	394	8.921	8.765	4.64	4.91	11.52

Intermediate Casing: 7" casing to be set at ±4,152' in 8.8-9.0 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'-4,152'	4,152'	23.0#	J-55	STC	3270	4360	284	6.366	6.241	1.68	1.39	2.97

Production Casing: 4-1/2" casing to be set at 7,200' in 9.2 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'-7,200'	7,200'	11.6#	J-55	LTC	4910	5350	162	4.000	3.875	1.42	1.10	1.93

3. **WELLHEAD:**

- A. Bradenhead: 9-5/8" x 7" 2,000 psig WP (4,000 psig test).
Casinghead: 7" x 4-1/2" 3,000 psig WP (6,000 psig test).

4. **CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):**

- A. Surface: 9-5/8", 36.0#, J-55, STC casing to be set at $\pm 950'$.

Lead: 430 sx of Type III or equivalent cement containing accelerator and LCM typically mixed at 14.5 ppg, 1.39 ft³/sk, & 6.30 gal wtr/sk.

Total slurry volume is 598 ft³, 100% excess of calculated annular volume to 950'.

- B. Intermediate: 7", 23.0#, J-55, STC casing to be set at $\pm 4,152'$.

Lead: 350 sx of Type III or equivalent cement containing extender, accelerator and LCM typically mixed at 11.4 ppg, 3.03 ft³/sk, 18.51 gal wtr/sx.

Tail: 150 sx of Type III or equivalent cement containing accelerator and LCM typically mixed at 14.5 ppg, 1.41 ft³/sk, 6.30 gal wtr/sx.

Total slurry volume is 1,272 ft³, circulated to surface. This value is $\pm 100\%$ (excess) over gage hole volume.

- C. Production: 4-1/2", 11.5#, J-55, LTC casing to be set at $\pm 7,200'$.

Lead: 200 sx of Class "H" Premium Lite High Strength (65/35/6) containing dispersant, fluid loss, salt and LCM typically mixed at 12.5 ppg, 2.01 ft³/sk, 10.12 gal wtr/sx.

Tail: 150 sx of Class "H" or equivalent cement containing extender, dispersant, fluid loss and LCM typically mixed at 14.2 ppg, 1.54 ft³/sk, 7.50 gal wtr/sx..

Total estimated slurry volume for the 4-1/2" production casing is 633 ft³ for 4,700' of fill. Est. TOC should be @ $\pm 3,500'$. 40% (excess) over gage hole volume has been added to the number of sacks indicated.

Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined for the caliper logs plus 40%.

5. **LOGGING PROGRAM:**

- A. Mud Logger: A two man mud logging crew will come on the hole @ 2,900' and remain on the hole until TD.

- B. Open Hole Logs as follows: Run Dual Induction/MSFL/GR/CAL/SP/CNL/LDT (lithodensity) from TD to the bottom of the intermediate csg (@ $\pm 4,000'$ MD). Run cased hole GR/CCL from TD to surface.

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 5 min.

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

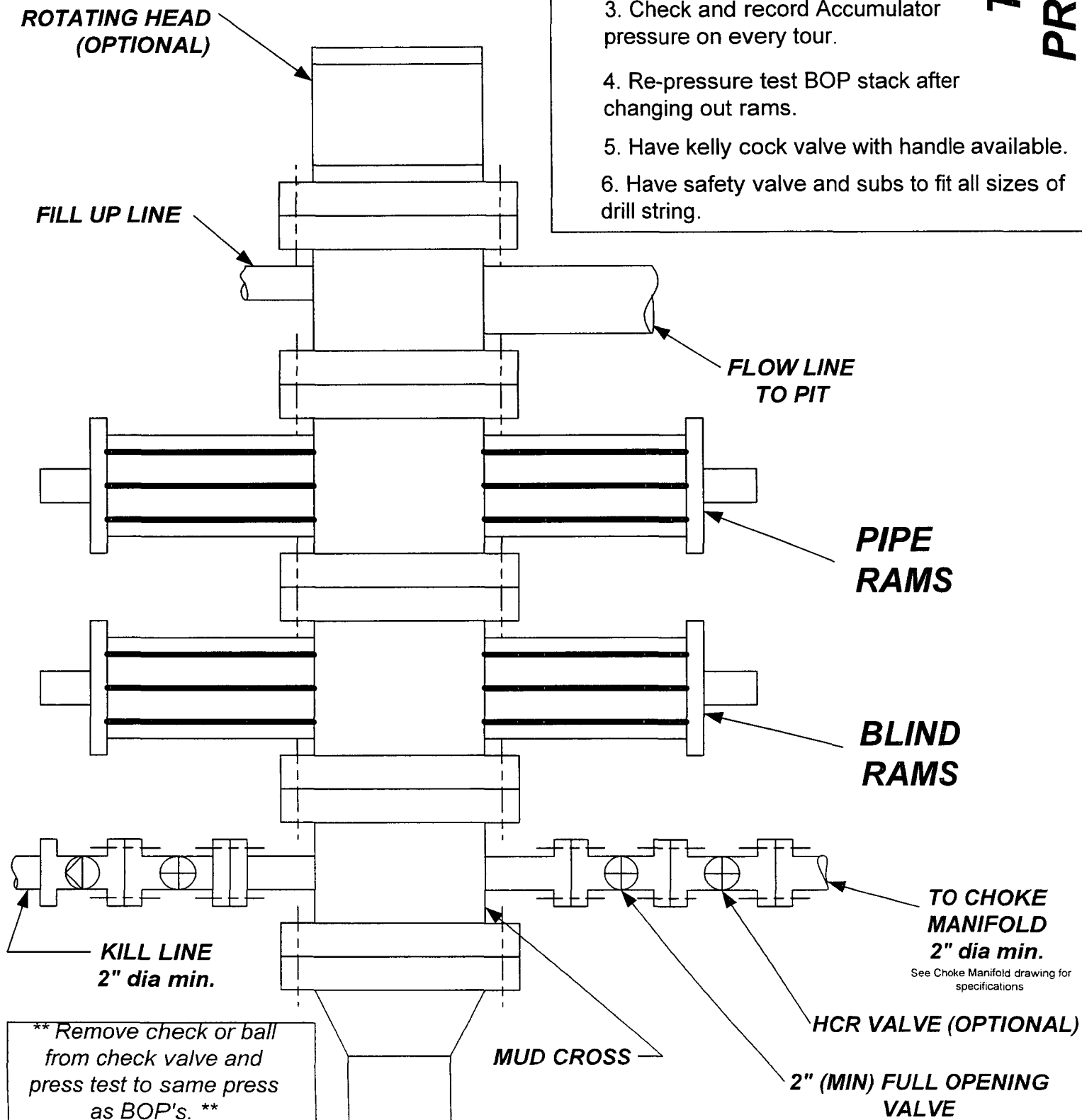
2. Test operation of (both) rams on every trip.

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.

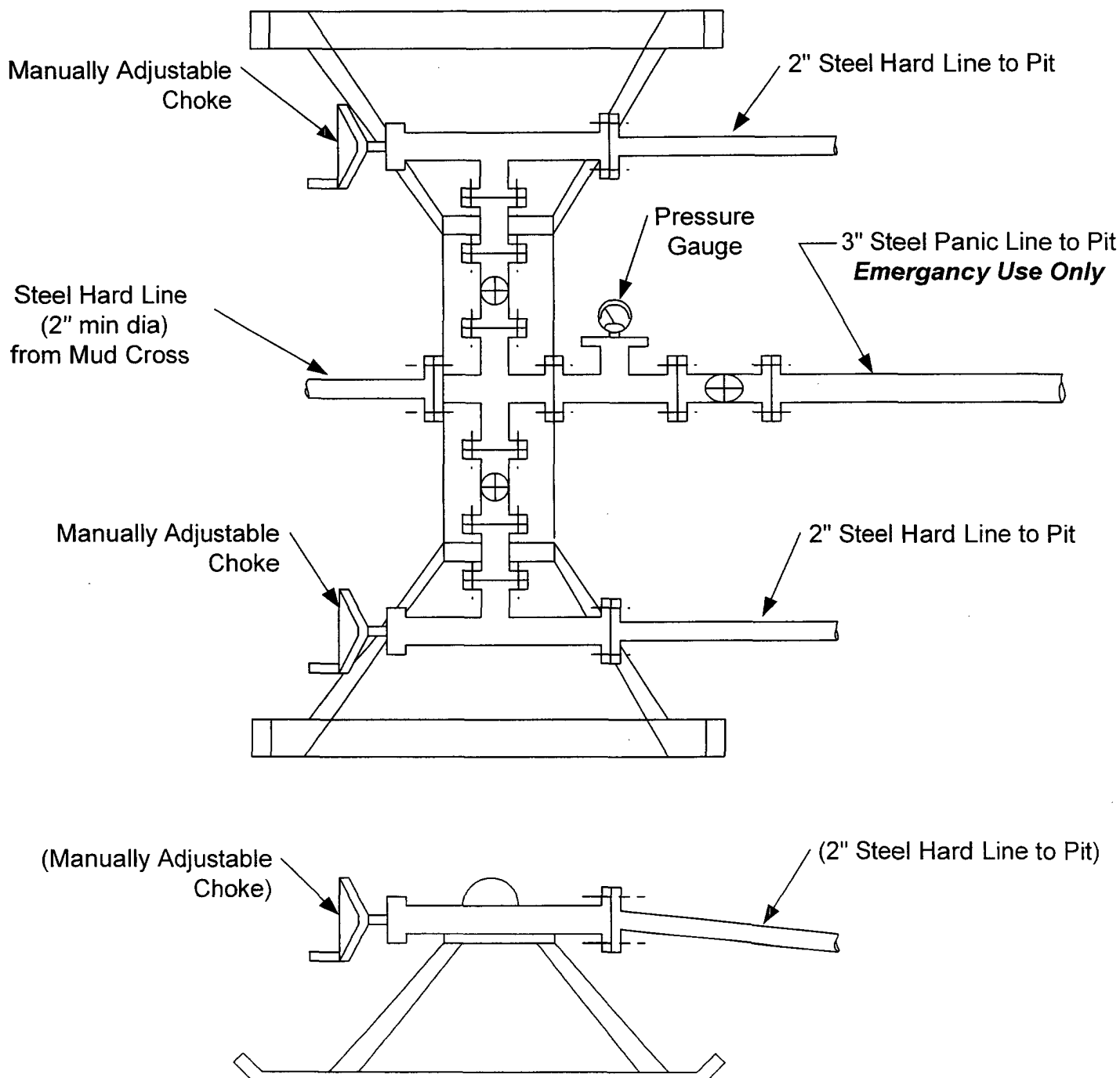
6. Have safety valve and subs to fit all sizes of drill string.



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



Planning an S-Shape Trajectory

Well Name:

Armenta GC C #1R

Enter KOP, feet

1100

Enter Build Rate, %/100'

2.00

Enter Target TVD

5250

Enter Drop Rate, %/100'

2.00

Enter Target Coordinate, North

-1100

Enter Target Coordinate, East

400

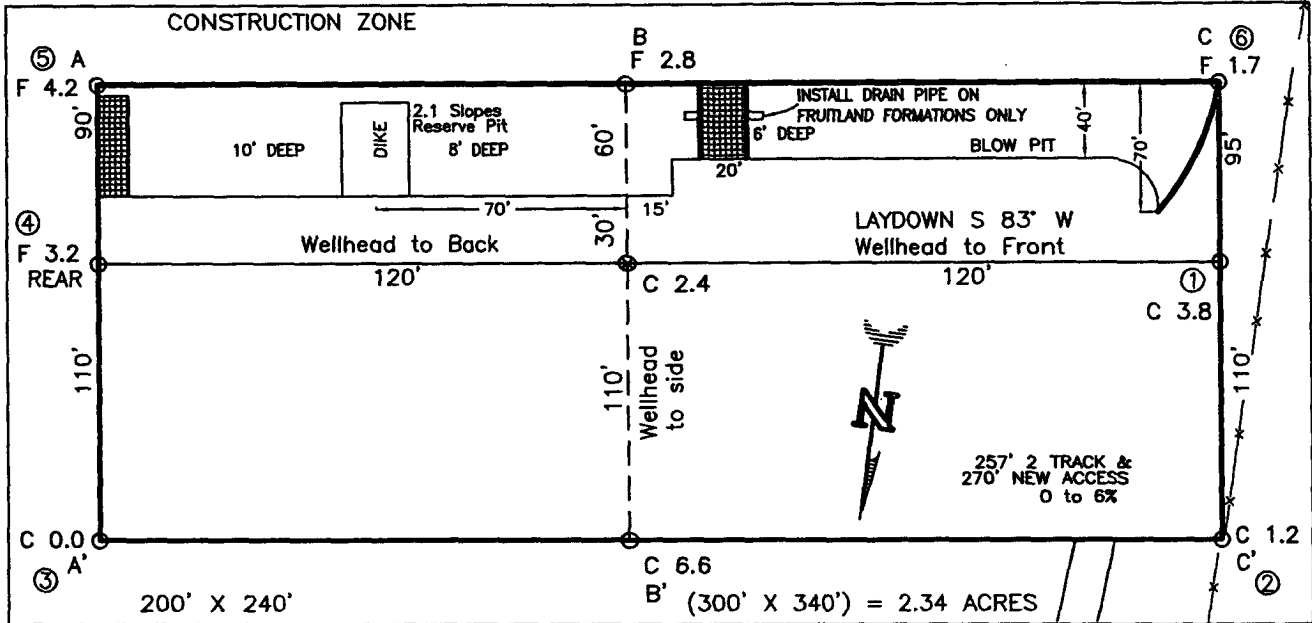
Item	MD Feet	TVD Feet	Drift Angle, °	Departure Feet	Coordinates, Feet	
					North	East
KOP	1100.00	1100.00	0.00	0.00	0.00	0.00
End of Build	2132.31	2110.12	20.65	183.99	-172.91	62.88
Begin Drop	4408.25	4239.88	20.65	986.48	-927.09	337.12
Target	5440.56	5250.00	0.00	1170.47	-1100.00	400.00

Transpose TVD To MD, Drift Angle, Departure, and Coordinates:

[illegible]

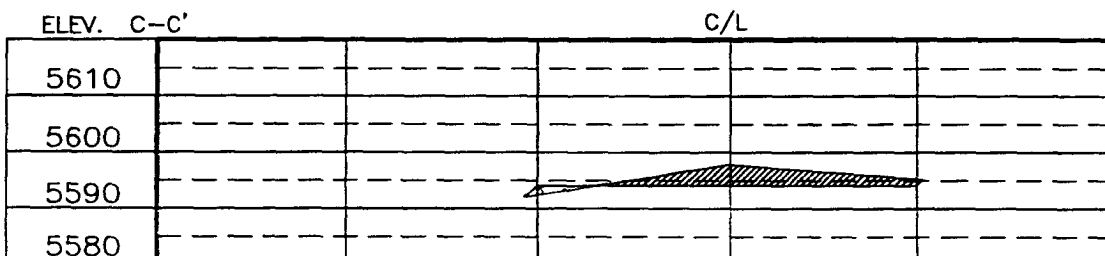
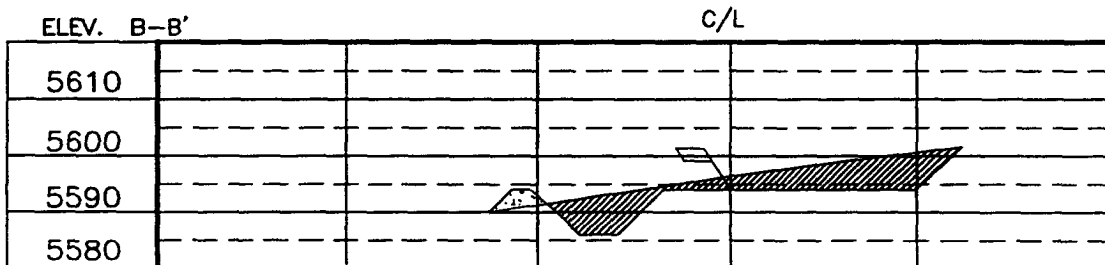
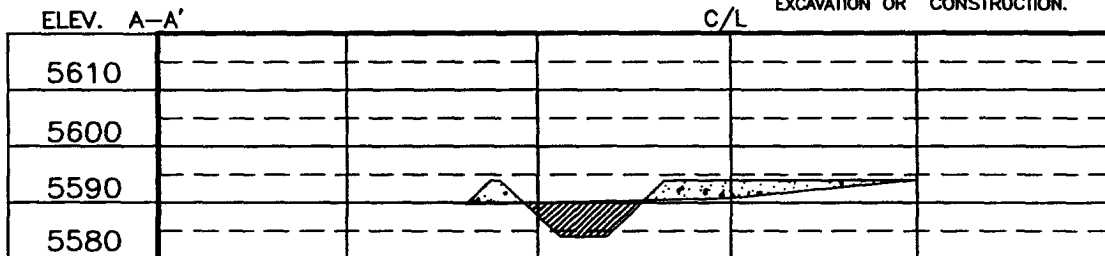
XTO ENERGY INC.
 ARMENTA GAS COM "C" No. 1R, 210' FSL 1165' FEL
 SECTION 22, T29N, R10W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5594', DATE: NOVEMBER 25, 2003

LAT. = 36°42'19"N
 LONG. = 107°52'00"W
 NAD 1927



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.

DRAWN BY: B.S. ROW#: CR029 CADFILE: CR029CF8 DATE: 11/7/01

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15068 Farmington, NM 87401
 Phone (505) 326-1772 Fax (505) 326-6019

REVISED: RESTAKE BY: B.L. DATE: 12/8/03

EXHIBIT D