

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **NMSF-077384**

6. If Indian, Allottee or Tribe Name **N/A**

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

8. Lease Name and Well No. **M N Galt H 2**

9. API Well No. **30-045- 32578**

10. Field and Pool, or Exploratory **Basin Dakota**

11. Sec., T., R., M., or Blk. and Survey or Area  
**E 1-27n-10w NMPM**

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 **2700 Farmington Ave., Bldg K-1  
Farmington, NM 87401** 3b. Phone No. (include area code)  
**(505) 324-1090**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface **2400' FNL & 900' FWL**

At proposed prod. zone **Same**

14. Distance in miles and direction from nearest town or post office\*  
**10 air miles SE of Bloomfield**

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any) **900'**

16. No. of Acres in lease  
**2,108.35**

17. Spacing Unit dedicated to this well  
**≈W2 (320.90 acres)**

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft. **680'\***

19. Proposed Depth  
**6,950'**

20. BLM/BIA Bond No. on file  
**BLM nation wide: 57 91 73**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**6,031' ungraded**

22. Approximate date work will start\*  
**Upon Approval**

23. Estimated duration  
**6 weeks**

24. Attachments

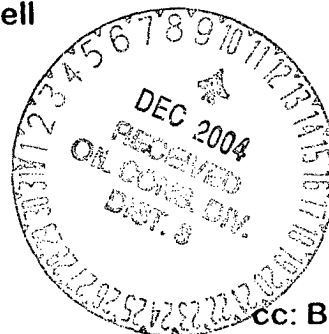
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

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.

Comments

**\*to XTO's M N Galt F 1 R, a Pictured Cliffs gas well  
APD/ROW (Williams)**



cc: BLM (& OCD), Patton

25. Signature Name (Printed/Typed) **Brian Wood** Date **9-6-04**

Title **Consultant** Phone: **505 466-8120** FAX: **505 466-9682**

Approved by (Signature) **Original Signed: Stephen Mason** Name (Printed/Typed) Date **DEC 08 2004**

Title Office

Application approval does not warrant or certify the 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.

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".

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

Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

SEP 08 2004

Bureau of Land Management  
Farmington Field Office  
AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |   |                                 |  |
|---|---|---------------------------------|--|
| <sup>1</sup> API Number<br>30-015-32578 |   | <sup>2</sup> Pool Code<br>71599 | <sup>3</sup> Pool Name<br>BASIN DAKOTA |
| <sup>4</sup> Property Code<br>22621     | <sup>5</sup> Property Name<br>M N GALT H      |                                 | <sup>6</sup> Well Number<br>2          |
| <sup>7</sup> OGRID No.<br>167067        | <sup>8</sup> Operator Name<br>XTO ENERGY INC. |                                 | <sup>9</sup> Elevation<br>6031         |

#### <sup>10</sup> Surface Location

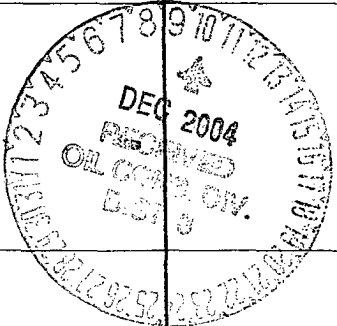
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| E.            | 1       | 27-N     | 10-W  | .       | 2400          | NORTH            | 900           | 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                  |
|---|---------|----------|-------|---------|-------------------------------|------------------|----------------------------------|----------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>320.90 |         |          |       |         | <sup>13</sup> Joint or Infill |                  | <sup>14</sup> Consolidation Code |                | <sup>15</sup> 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

|  |  |  |  |  |  |       |  |
|--|--|--|--|--|--|-------|--|
| <sup>16</sup> SEC. CORNER<br>FD. 2 1/2" BC.<br>1913 U.S.G.L.O.<br><br>LOT 4<br><br>2400'<br><br>W<br><br>S 00-01-57<br>2606.8' (M)<br><br>900' |  | S 89-53-53 E<br>2639.1' (M)<br><br>LOT 3 |  | QTR. CORNER<br>FD 2 1/2" BC<br>1913 G.L.O.<br><br>LOT 2    |  | LOT 1 |  |
|  |  |  |  | LAT: 36°36'17" N. (NAD 27)<br>LONG: 107°51'08" W. (NAD 27) |  |       |  |
| W.C. TO THE WEST<br>QTR. CORNER<br>FD 2 1/2" BC<br>1913 G.L.O.<br>CORNER POSITION<br>52.8 FT. SOUTH  |  |  |  |  |  |       |  |



<sup>17</sup> OPERATOR CERTIFICATION


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

Signature Brian Wood  
Printed Name **BRIAN WOOD**  
Title **CONSULTANT**  
Date **SEPT. 6, 2004**

<sup>18</sup> SURVEYOR CERTIFICATION

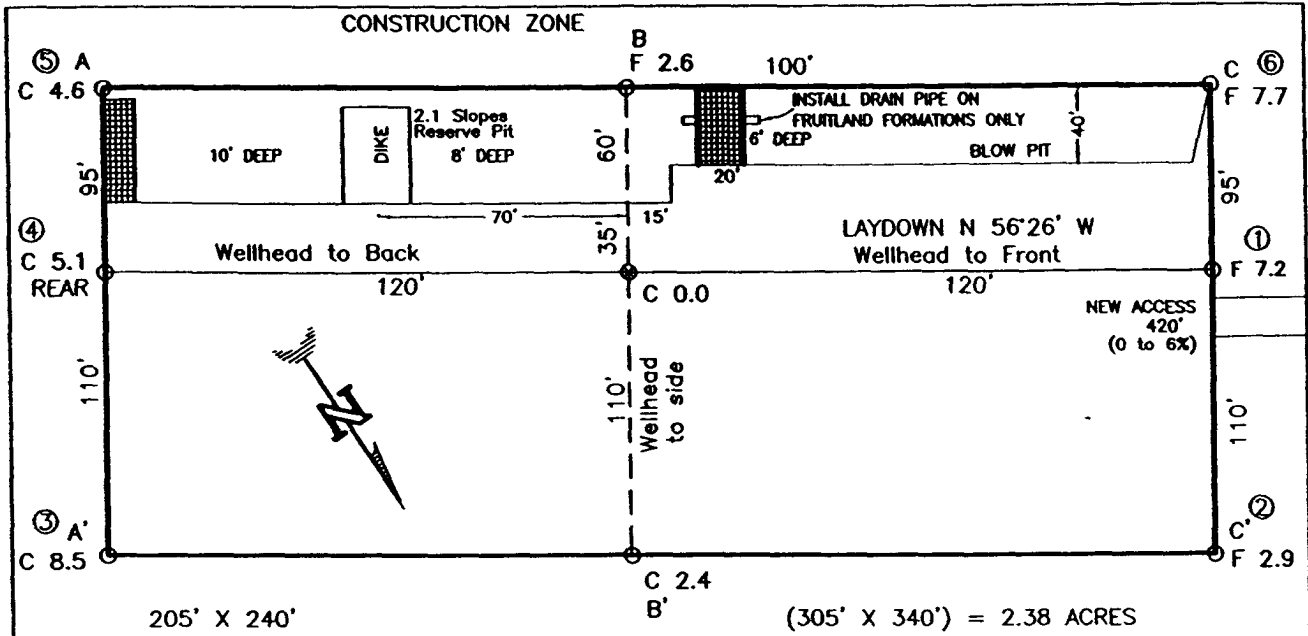
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date SEP 08 2004  
Signature John A. Vilkomach  
Title REGISTERED PROFESSIONAL SURVEYOR  
Certificate Number 14831



XTO ENERGY INC.  
M N GALT H No. 2, 2400' FNL 900' FWL  
SECTION 1, T27N, R10W, N.M.P.M., SAN JUAN COUNTY, N. M.  
GROUND ELEVATION: 6031', DATE: APRIL 5, 2004

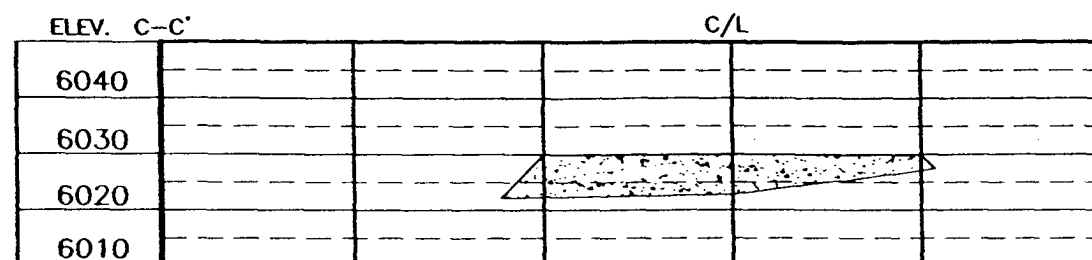
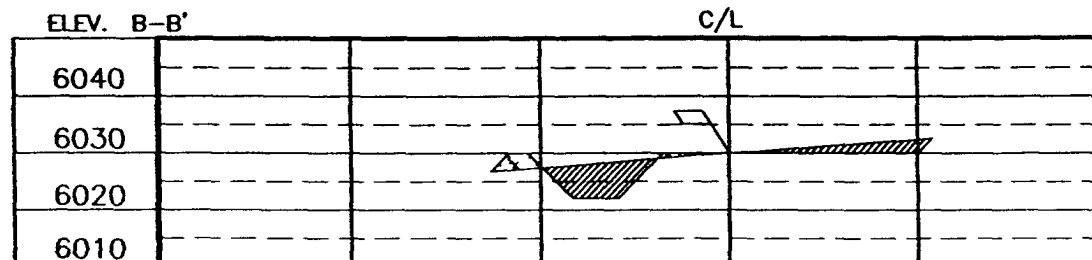
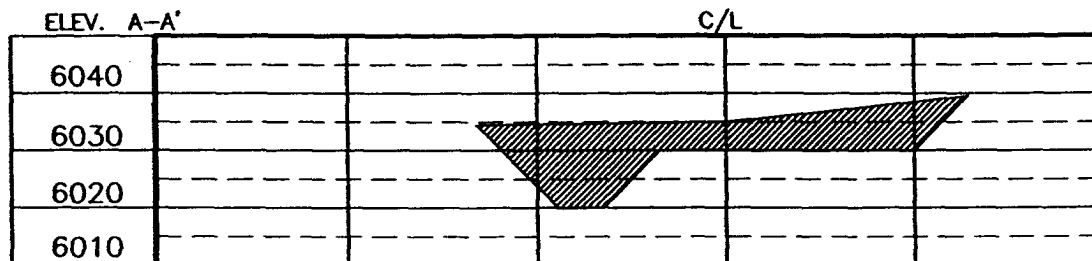
LAT. = 36°36'17" N.  
LONG. = 107°51'08" W  
NAD 1927



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.

Daggett Enterprises, Inc.  
Surveying and Oil Field Services  
P. O. Box 15088 • Farmington, NM 87401  
Phone (505) 326-1772 • Fax (505) 326-8019  
NEW MEXICO P.L.S. No. 14831  
CARTER CR289CFB



|           |       |           |       |
|-----------|-------|-----------|-------|
| REVISION: | DATE: | REVISION: | DATE: |
|           |       |           |       |
|           |       |           |       |
|           |       |           |       |
|           |       |           |       |

XTO Energy Inc.  
M N Galt H 2  
2400' FNL & 900' FWL  
Sec. 1, T. 27 N., R. 10 W.  
San Juan County, New Mexico

PAGE 1

## Drilling Program

### 1. ESTIMATED FORMATION TOPS

| <u>Formation Name</u> | <u>GL Depth</u> | <u>KB Depth</u> | <u>Elevation</u> |
|-----------------------|-----------------|-----------------|------------------|
| Nacimiento Fm         | 000'            | 12'             | +6,031'          |
| Ojo Alamo Sandstone   | 906'            | 918'            | +5,125'          |
| Kirtland Shale        | 1,146'          | 1,158'          | +4,885'          |
| Fruitland Coal        | 1,701'          | 1,713'          | +4,330'          |
| Pictured Cliffs Ss    | 1,986'          | 1,998'          | +4,045'          |
| Chacra Sandstone      | 2,911'          | 2,923'          | +3,120'          |
| Mesa Verde Sandstone  | 3,541'          | 3,553'          | +2,490'          |
| Mancos Shale          | 4,651'          | 4,663'          | +1,380'          |
| Gallup Sandstone      | 5,491'          | 5,503'          | +540'            |
| Greenhorn Limestone   | 6,271'          | 6,283'          | -240'            |
| Graneros Shale        | 6,366'          | 6,378'          | -335'            |
| Dakota Sandstone      | 6,451'          | 6,463'          | -420'            |
| Morrison              | 6,651'          | 6,663'          | -620'            |
| Total Depth (TD)*     | 6,950'          | 6,962'          | -919'            |

\* all elevations reflect the ungraded ground level of 6,031'

### 2. NOTABLE ZONES

| <u>Gas &amp; Oil Zones</u> | <u>Water Zones</u> | <u>Coal Zones</u> |
|----------------------------|--------------------|-------------------|
| Fruitland                  | Nacimiento         | Fruitland         |
| Pictured Cliffs            | Kirtland           | Menefee           |
| Cliff House                | Fruitland          |                   |
| Menefee                    |                    |                   |
| Point Lookout              |                    |                   |
| Dakota                     |                    |                   |

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

XTO Energy Inc.  
M N Galt H 2  
2400' FNL & 900' FWL  
Sec. 1, T. 27 N., R. 10 W.  
San Juan County, New Mexico

PAGE 2

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 200 psi and then to 2,000 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.

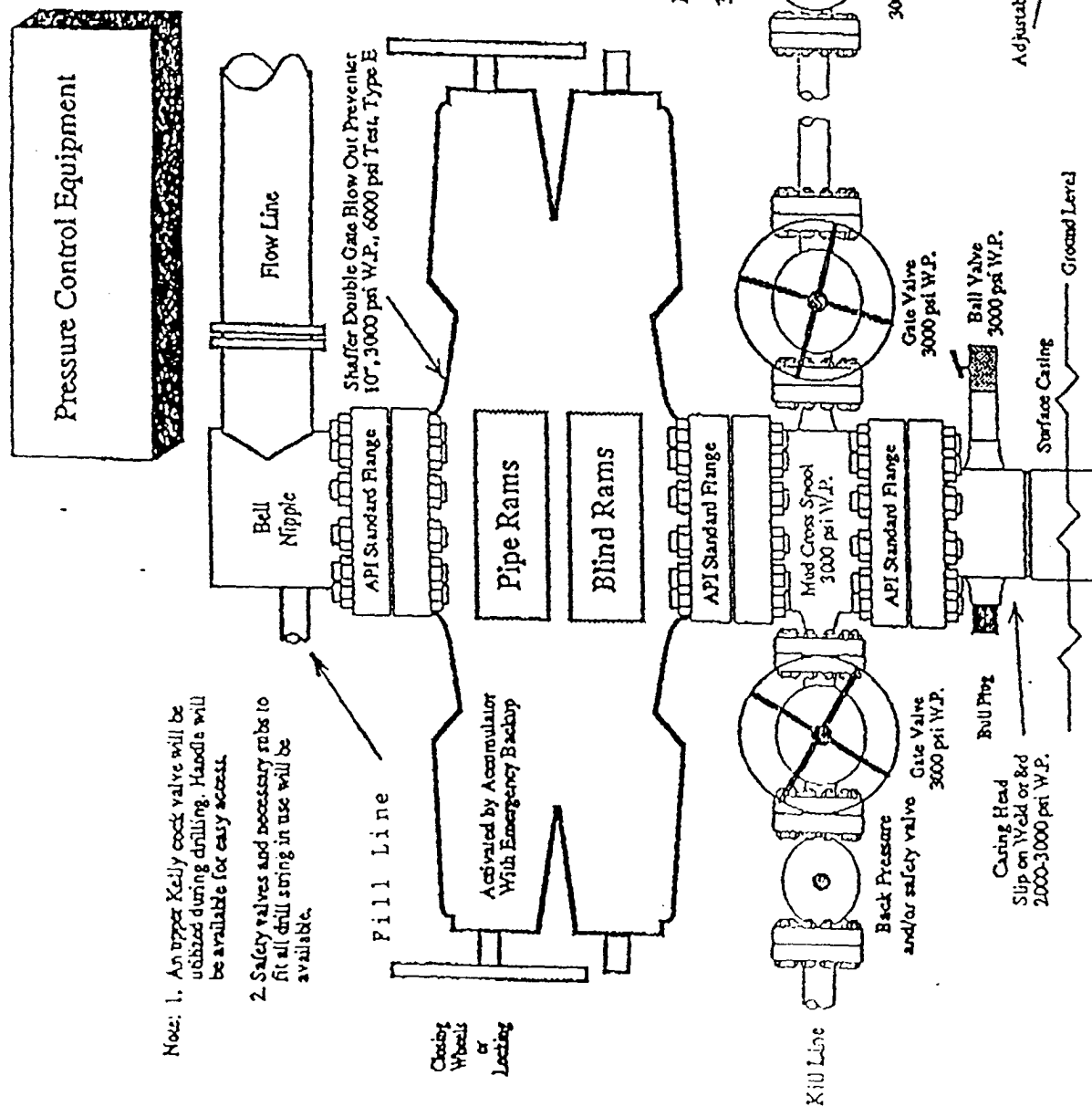
Tests will be run when:

- 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 is  $\approx$ 2,800 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>GL Setting Depth</u> |
|------------------|--------------|-----------------------|--------------|------------|--------------------|-------------------------|
| 12-1/4"          | 8-5/8"       | 24                    | J-55         | New        | 8 rd, S T & C      | 325'                    |
| 7-7/8"           | 4-1/2"       | 11.6                  | K-55         | New        | 8 rd, L T & C      | 6,950'                  |



Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.  
2. Safety valves and necessary rams to fit all drill string in use will be available.

Minimum 2" Choke Line.  
Minimum 2" Kill Line.  
At Least One 2" Minimum Kill Line Valve.

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.  
M N Galt H 2  
2400' FNL & 900' FWL  
Sec. 1, T. 27 N., R. 10 W.  
San Juan County, New Mexico

PAGE 4

Surface casing will be cemented to surface with  $\approx 270$  cubic feet ( $\approx 230$  sacks) Class B Neat + 1/4 pound per sack cello-flake + 2%  $\text{CaCl}_2$ . Yield = 1.27 cubic feet per sack. Weight = 15.2 pounds per gallon.

Conventional centralizers will be set on the bottom two joints and every fourth joint to surface.

Production casing hole will be cemented to surface as follows. DV @  $\approx 4,000'$ .

First stage Lead will be cemented to  $\approx 4,000'$  with  $\approx 840$  cubic feet ( $\approx 609$  sacks) 50:50 Poz + 5 pounds per sack gilsonite + 2% gel + 1/4 pounds per sack cello-flake, dispersant, and FLA. Yield = 1.38 cubic feet per sack. Weight = 13.5 pounds per gallon. Excess = 25%.

Second stage Lead will be cemented to surface with  $\approx 1,440$  cubic feet ( $\approx 500$  sacks) Class B or H + 10 pounds per sack gilsonite + 4% gel + 1/2 pounds per sack cello-flake + 3% Econolite. Yield = 2.88 cubic feet per sack. Weight = 11.4 pounds per gallon. Excess = 50%

Second stage Tail will be cemented to  $\approx 3,600'$  with  $\approx 126$  cubic feet ( $\approx 100$  sacks) Class B or H Neat + 1/4 pounds per sack cello-flake + 2%  $\text{CaCl}_2$ . Yield = 1.26 cubic feet per sack. Weight = 15.2 pounds per gallon. Excess = 10%.

Conventional centralizers will be set on the bottom two joints, every second joint to  $\approx 6,000'$  and every fourth joint from  $\approx 2,000'$  to surface.

##### 5. MUD PROGRAM

| <u>RANGE</u>  | <u>MUD TYPE</u> | <u>WEIGHT</u> | <u>VISCOSITY</u> | <u>WATER LOSS</u> | <u>ADDITIVES</u>   |
|---------------|-----------------|---------------|------------------|-------------------|--------------------|
| 0' - 350'     | Fresh-Spud      | 8.5-8.8       | 30               | NC                | Gel, lime          |
| 350' - 4,000' | Fresh Water     | 8.5-8.8       | 28               | NC                | Gel, lime sweeps   |
| 4,000' - TD   | Fresh Water     | 8.5-8.8       | 35               | 10 cc             | Gel, soda ash, LCM |