

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. NMSF-047039A
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 27
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	3b. Phone No. (include area code) 505-324-1090	8. Lease Name and Well No. Kutz Federal #11F
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1650' FSL x 665' FWL in Sec 20, T28N, R10W At proposed prod. zone		9. API Well No. 30-045-32652
14. Distance in miles and direction from nearest town or post office* Approx 8 air miles Southeast of the Bloomfield, NM Post Office		10. Field and Pool, or Exploratory Basin Dakota/Otero Chacra
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 665'	16. No. of Acres in lease 600	11. Sec., T., R., M., or Blk. and Survey or Area L Sec 20, T28N, R10W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 400'	19. Proposed Depth 6925'	12. County or Parish San Juan ✓
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5998' Ground Level	22. Approximate date work will start* winter 2005	13. State NM
23. Spacing Unit dedicated to this well 320 DK/160 CH SW/4		20. BLM/BIA Bond No. on file
23. Estimated duration 2 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 Kyla Vaughan	Name (Printed/Typed) Kyla Vaughan	Date 10/28/04
Title Regulatory Compliance Tech		
Approved by (Signature) [Signature]	Name (Printed/Typed) AFM	Date 2-1-05
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.

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)

APD/ROW

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

NMOC

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

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

CTC FARMING, INC.

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32652		*Pool Code 71599	*Pool Name Basin Dakota
*Property Code 22756	*Property Name KUTZ FEDERAL		*Well Number 11F
*OGED No. 167067	*Operator Name XTO ENERGY INC.		*Devotion 5898

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
L	20	28-N	10-W		1650	SOUTH	665	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 320 w/2			*Joint or info		*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>15</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>Heather Small</i> Signature Heather K Small Printed Name Drilling Assistant Title 10/6/04 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 knowledge and belief.</p> <p><i>John A. Vukovich</i> Signature John A. Vukovich Printed Name 14831 Certificate Number</p>
-----------	---

DISTRICT IV
1720 South St. Francis Dr., Santa Fe, NM 87505

1220 South St. Francis Dr.
Santo Fe, NM 87505

Free Lease - 3 Copies

☐ AMENDED REPORT


WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Pool Code	*Pool Name
	82329	Otera Chacara
*Property Code	*Property Name	*Well Number
	KUTZ FEDERAL	11F
*OGRI No.	*Operator Name	*Elevation
167067	XTO ENERGY INC.	5998'

TO Surface Location

UL or lot no.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	28-N	10-W		1650	SOUTH	665	WEST	SAN JUAN

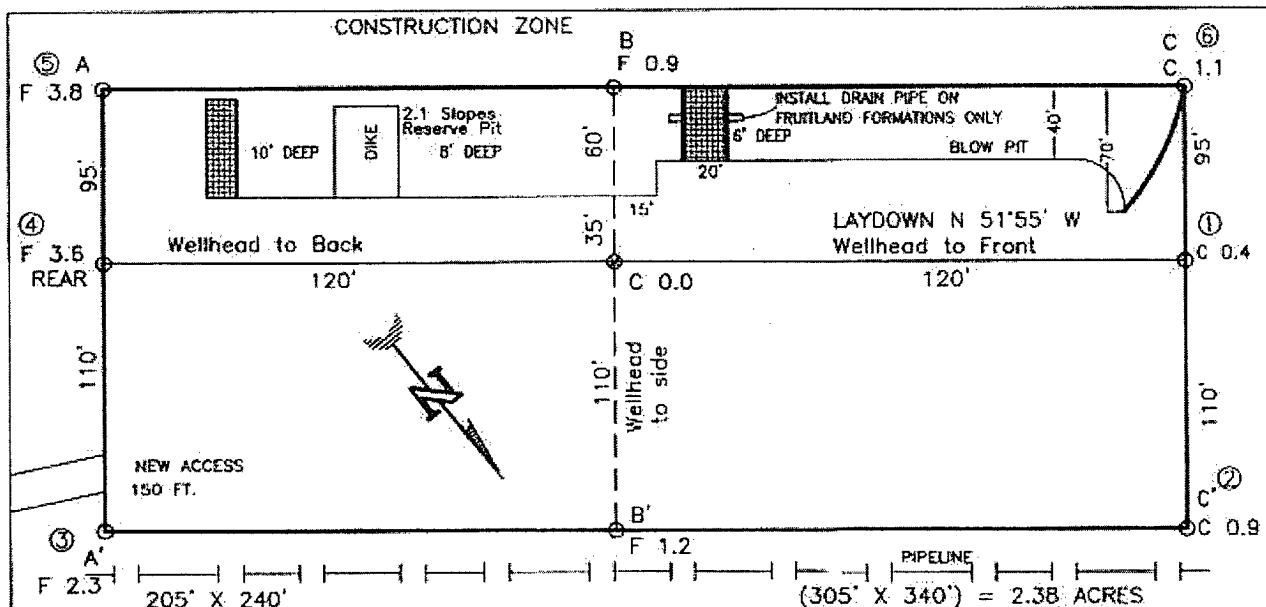
"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹⁴ Dedicated Across 			¹⁵ Joint or Infil		¹⁶ Consolidation Code		¹⁶ 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

XTO ENERGY INC.
 KUTZ FEDERAL #11F, 1650' FSL 665' FWL
 SECTION 20, T28N, R10W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5998', DATE: JUNE 10, 2004

LAT. = 36°38'42" N.
 LONG. = 107°55'30" W
 NAD 27

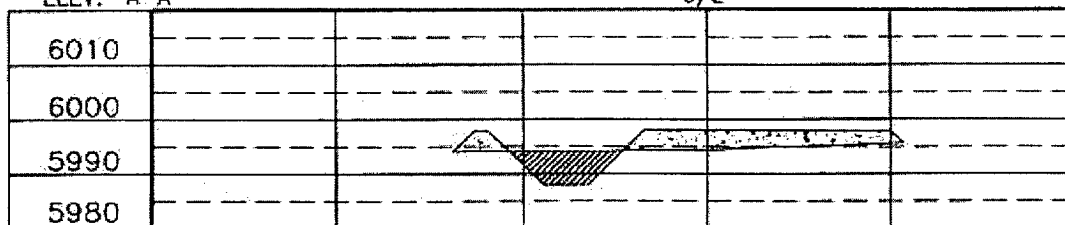


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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.

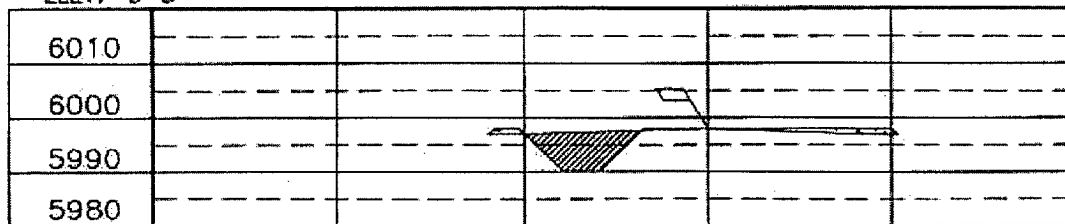
ELEV. A-A'

C/L



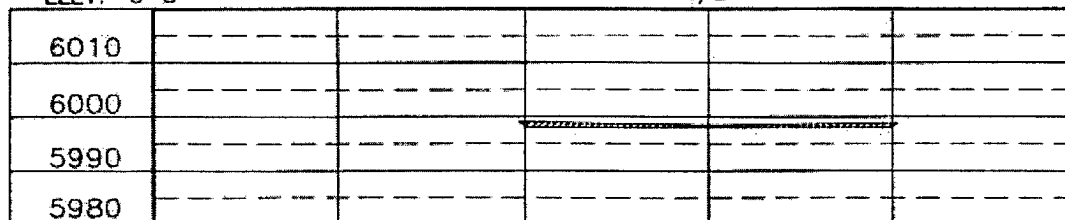
ELEV. B-B'

C/L



ELEV. C-C'

C/L



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	REVISED BY
Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-8019 NEW MEXICO L.S. No. 14831 DATE: 07/19/04 DRAWN BY: B.L.L. CHECKED: CR325		

EXHIBIT D

XTO ENERGY INC.

Kutz Federal #11F

APD Data

October 26, 2004

Location: 1,650' FSL x 665' FWL Sec 20, T28N, R10W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 6,925'
APPROX GR ELEV: 5,998'

OBJECTIVE: Basin Dakota / Otero Chacra
Est KB ELEV: 6,010' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 4,000'	4,500' to TD
HOLE SIZE	12-1/4"	7-7/8"	7-7/8"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND / Gel Chemical
WEIGHT	8.6-9.0	8.4-8.8	8.6-9.0
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: 8-5/8" casing to be set at $\pm 360'$ in a 12-1/4" hole filled with 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'-360'	360'	24.0#	J-55	STC	1370	2950	244	8.097	7.972	7.32	7.95	29.39

Production Casing: 5-1/2" casing to be set at TD ($\pm 6,925'$) in 7-7/8" hole filled with 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'-TD	6,925'	15.5#	J-55	STC	4040	4810	222	4.950	4.825	1.22	1.45	2.02

202

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, 8-5/8" 8rnd thread on top.

EXHIBIT E

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

A. Surface: 8-5/8", 24#, J-55, STC casing to be set at $\pm 360'$ in 12-1/4" hole.

210 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is ²¹²~~297~~ ft³, 100% excess of calculated annular volume to 360'.

B. Production: 5-1/2", 15.5#, J-55 (or K-55), STC casing to be set at $\pm 6,925'$ in 7-7/8" hole. DV Tool set @ $\pm 4,400'$

1st Stage

LEAD:

225 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 ft³/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.

2nd Stage

LEAD:

375 sx of Type III with 8% gel, 1/4 pps cello & 2% LCM mixed at 11.9 ppg, 2.54 ft³/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 1,775 ft³.

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 5,000' 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 (6,925') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6,925') to the bottom of the surface casing.

6. FORMATION TOPS:

Est. KB Elevation: 6,010'

Formation	Subsea Depth	Well Depth
Ojo Alamo SS	+5111'	902'
Kirtland Shale	+4962'	1051'
Farmington SS	+4863'	1150'
Fruitland Formation	+4378'	1635'
Lower Fruitland Coal	+4019'	1994'
Pictured Cliffs SS	+4001'	2012'
Lewis Shale	+3821'	2192'
Chacra	+3056'	2957'
Cliffhouse SS	+2456'	3557'
Menefee	+2324'	3689'
Point Lookout SS	+1669'	4344'
Mancos Shale	+1263'	4750'
Gallup SS	+467'	5546'
Greenhorn Limestone	-293'	6306'
Graneros Shale	-352'	6365'
1 st Dakota SS	-386'	6399'
2 nd Dakota SS	-409'	6422'
3 rd Dakota SS	-466'	6479'
4 th Dakota SS	-535'	6548'
5 th Dakota SS	-562'	6575'
6 th Dakota SS	-623'	6636'
Burro Canyon SS	-701'	6714'
Morrison Shale	-746'	6759'
Project TD	-912'	6925'

BHP ~ 2500 psi

7. COMPANY PERSONNEL:

Name	Title	Office Phone	Home Phone
Jeff Patton	Drilling Engineer	505-324-1090	505-632-7882
Dennis Elrod	Drilling foreman	505-486-6460	505-326-2024
Randy Hosey	Project Geologist	817-885-2398	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

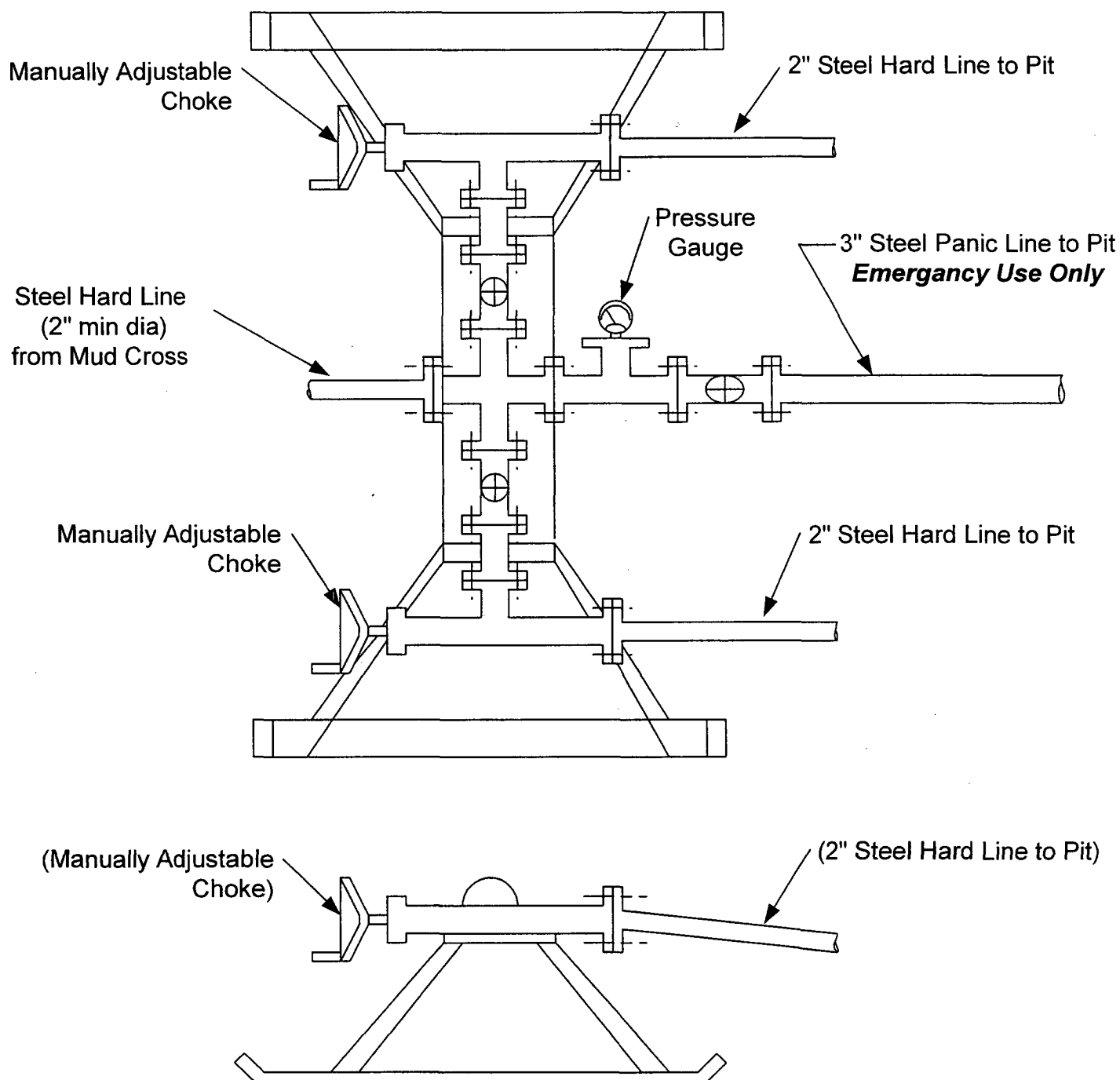
JWP
10/26/04

EXHIBIT E

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



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~~₁₀ 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.

