

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. NM-021127 | |
| 1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name N/A | |
| 2. Name of Operator XTO Energy Inc. | | 7. Unit or CA Agreement Name and No. N/A | |
| 3a. Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM | | 8. Lease Name and Well No. Stanolind A #3 | |
| 3b. Phone No. (include area code) 505-324-1090 | | 9. API Well No. 3004532674 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1030' FNL x 945' FEL in Sec 29, T31N, R12W At proposed prod. zone same | | 10. Field and Pool, or Exploratory Basin Fruitland Coal | |
| 14. Distance in miles and direction from nearest town or post office* Approx 9.5 air miles NE of Farmington NM Post Office | | 11. Sec., T., R., M., or Blk. and Survey or Area A Sec 29, T31N, R12W | |
| 15. Distance from proposed* location to nearest property or lease line, ft. 945' (Also to nearest drg. unit line, if any) | | 12. County or Parish San Juan | |
| 16. No. of Acres in lease 320 | | 13. State NM | |
| 17. Spacing Unit dedicated to this well 320 E/2 | | 20. BLM/BIA Bond No. on file | |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 380' | | 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6015' Ground Level | |
| 22. Approximate date work will start* winter 2004 | | 23. Estimated duration SEE ATTACHED FOR CONDITIONS OF APPROVAL | |

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 <i>Kyla Vaughan</i> | Name (Printed/Typed) Kyla Vaughan | Date 11/05/04 |
| Title Regulatory Compliance Tech | | |
| Approved by (Signature) <i>D. Manke</i> | Name (Printed/Typed) | Date 2-1-05 |
| Title AFM | Office FEO | |

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)

NMOCD

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

APD/ROW

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 H. 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
1223 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

| | | | | | |
|-------------------------------|--|-------------------------------------|--|--------------------------------------|-----------------------|
| 1. APL Number 30-045-32674 | | 2. Pool Code 71629 | | 3. Pool Name Basin Fruitland Coal | |
| 4. Property Code 22636 | | 5. Property Name STANOLIND A | | | 6. Well Number 3 |
| 7. OGRD No. 167067 | | 8. Operator Name XTO ENERGY INC. | | | 9. Elevation 6015' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| A | 29 | 31-N | 12-W | | 1030 | NORTH | 945 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|---------------------------------|---------------------|------------------------|---------------|
| 12. Dedicated Acres 320 E 12 | 13. Joint or Infill | 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

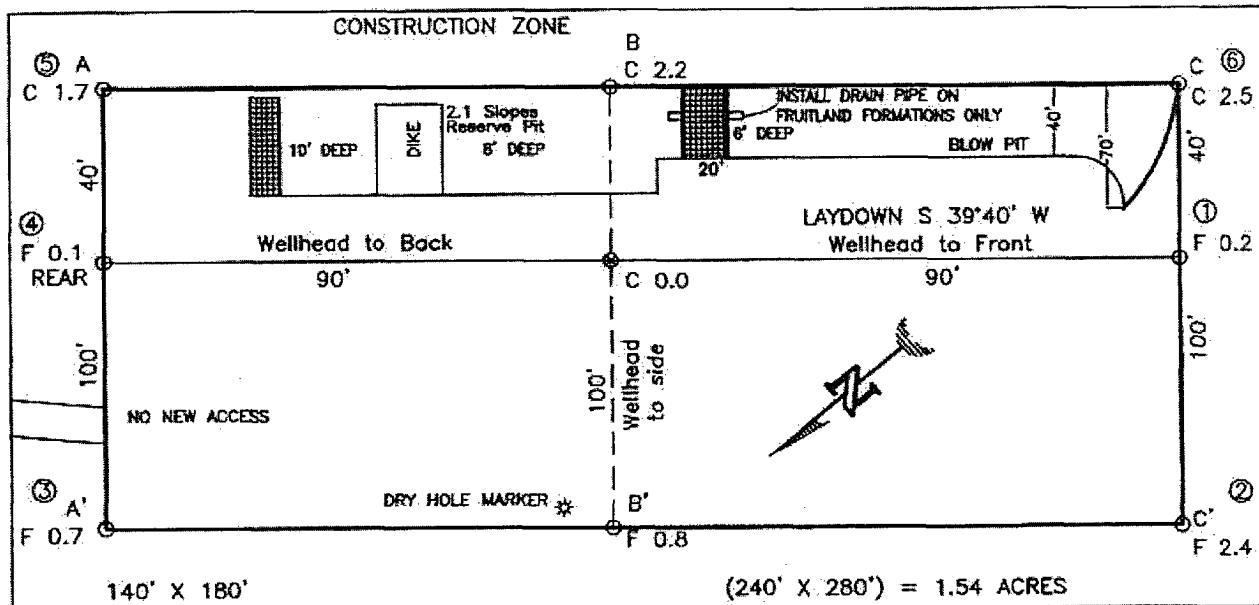
| | | | | | | |
|--|--------------|-------------|-------|------|----------------------------|--|
| 16. SEC. CORNER FD 3 1/4" BC B.L.M. 1952 | S 88-26-39 W | 4997.2' (M) | 1030' | 945' | N 0-22-53 E 2711.8' (M) | 17. OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: Kelly K Small Printed Name: Kelly K Small Title: Drilling Assistant Date: 9/24/04 |
| | | | | | | |

LAT: 36°52'30" N. (NAD 27)
LONG: 108°06'55" W. (NAD 27)

QTR. CORNER
FD 3 1/4" BC
B.L.M. 1951

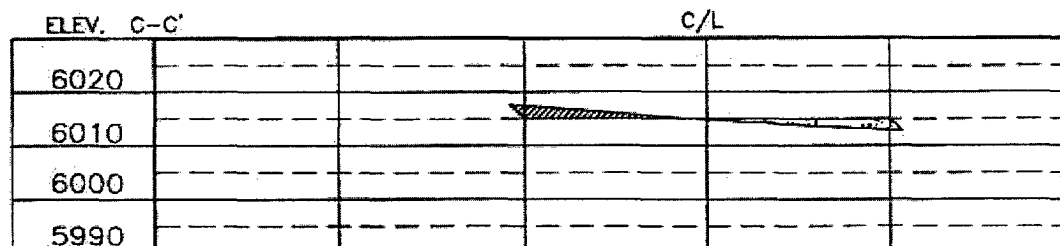
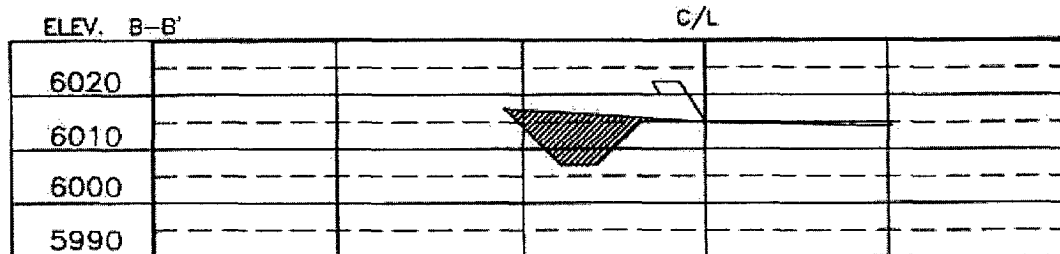
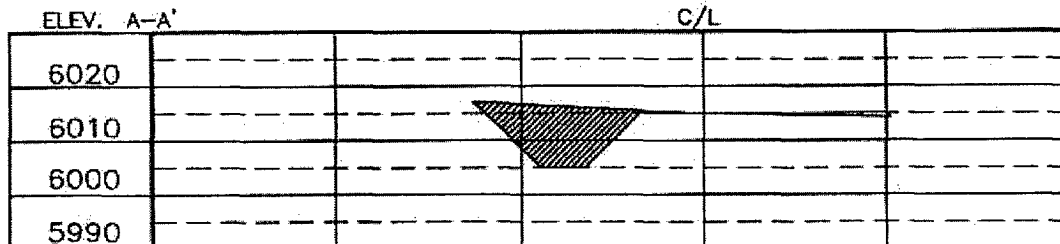
XTO ENERGY INC.
 STANOLIND A No. 3, 1030 FNL 945 FEL
 SECTION 29, T31N, R12W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6015', DATE: August 30, 2004

LAT. = 36°52'30" N.
 LONG. = 108°06'55" 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.

| | | | |
|--------|------|----------|--|
| PERSON | DATE | REVISION | 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 L.S. No. 14831 CIRCLE CR377CER DRAWN BY BL CHECK CR377 |
| | DATE | REVISION | |

EXHIBIT D

XTO ENERGY INC.

DRILLING PROCEDURE

Stanolind "A" #3

Basin Fruitland Coal

November 4, 2004

Location: 1,030' FNL & 945' FEL, Sec 29, T31N, R12W County: San Juan State: New Mexico

PROJECTED TOTAL DEPTH: 2,450' OBJECTIVE: Fruitland Coal GR ELEV: 6,015'

1. MUD PROGRAM:

| | | |
|-------------------|-----------|------------|
| INTERVAL | 0'-200' | 200'-TD |
| HOLE SIZE | 8-3/4" | 6-1/4" |
| MUD TYPE | FW/Native | FW/Polymer |
| MUD WEIGHT, ppg | 8.6-9.0 | 8.6-9.1 |
| VISCOSITY, sec/qt | 28-32 | 28-33 |
| WATER LOSS, cc | NC | NC |

Remarks: Drill the surface hole with fresh water. Run and cement 7" surface casing, circulating cement to surface. NU and test BOP equipment, then drill out with fresh water. Use polymer sweeps as needed for hole cleaning. At TD, sweep the hole prior to TOH to log.

2. CASING PROGRAM:

Surface Casing: 8-5/8" casing to be set at $\pm 200'$ in 8.8 ppg mud in 12-1/4" open hole.

| Interval | Length | Wt (ppf) | Gr | Cplg | Coll Rating (psi) | Burst Rating (psi) | Jt Str (M-lbs) | ID (in) | DD (in) | SF Coll | SF Burst | SF Tension |
|----------|--------|----------|------|------|-------------------|--------------------|----------------|---------|---------|---------|----------|------------|
| 0'-200' | 200' | 24# | J-55 | STC | 1,370 | 2,950 | 244 | 8.097 | 7.972 | 14.64 | 31.52 | 50.8 |

Optimum makeup torque for 8-5/8" 24#, J-55, STC casing is **2,440 ft-lbs** (Min - 1,830 ft-lbs, Max - 3,050 ft-lbs).

Production Casing: 5-1/2" casing to be set at $\pm 2,450'$ in 9.0 ppg mud in a 7-7/8" open hole.

| Interval | Length | Wt (ppf) | Gr | Cplg | Coll Rating (psi) | Burst Rating (psi) | Jt Str (M-lbs) | ID (in) | DD (in) | SF Coll | SF Burst | SF Tension |
|----------|--------|----------|------|------|-------------------|--------------------|--------------------------|---------|---------|---------|----------|------------|
| 0'-TD | 2,450' | 15.5# | J-55 | STC | 4,040 | 4,810 | 222,200 4.950 | 4.825 | 3.52 | 4.19 | 5.84 | |

Optimum makeup torque for 4-1/2", 10.5#, J-55, casing is **1,320 ft-lbs** (Min - 990 ft-lbs, Max - 1,650 ft-lbs).

Capacity of 8-5/8", 20# casing is: 0.0636 bbl/ft

Capacity of 5-1/2", 15.5# casing is: 0.0238 bbl/ft

3. WELLHEAD:

Casinghead: Larkin Fig 92 (or equivalent) 2,000 psig WP (4,000 psig test) with 7", 8rd pin on bottom and 8-5/8" API Modified 8rd thread on top.

Tubinghead: Larkin Model 612 (or equivalent) 2,000 psig WP (4,000 psig test) with 4-1/2", 8rd bottom thread and 8-5/8" 8rd API Modified top body thread, 4.090" minimum bore.

EXHIBIT E

4. **CEMENT PROGRAM:**

A. **Surface:** 8-5/8", 24#, J-55, STC casing at $\pm 200'$.

Lead: 150 sx Type III cement (or equivalent) containing 1/4 pps celloflake, 2% CaCl_2 (mixed at 14.6 ppg, 1.39 ft^3/sk , 6.67 gal wtr/sk).

Total slurry volume is ~~104.25~~²⁰⁸ ft^3 , 250% excess of calculated annular volume required to circulate cement to surface.

B. **Production:** 5-1/2", 15.5#, J-55, STC casing at $\pm 2,450'$.

Lead: $\pm 200'$ sx of Type III cement containing 8% gel, 1/4 pps Celloflake & 2% Phenoseal (mixed at 11.9 ppg, 2.54 ft^3/sk , 15.00 gal wtr/sk).

Tail: 100 sx Type III cement containing 1% CaCl_2 , 1/4 pps Celloflake & 2% Phenoseal (mixed at 14.5 ppg, 1.41 ft^3/sk , 6.72 gal wtr/sk).

Total estimated slurry volume is 649 ft^3 , $\pm 40\%$ excess of calculated annular volume required to circulate cement to surface.

* Actual cement volumes will be determined using log caliper volume plus 40% excess.

5. **DRILLING HAZARDS:**

- H_2S or other Poisonous Gases: No formations known to contain H_2S or any other poisonous gases will be penetrated with this wellbore.
- Abnormal Pressures: No overpressured zones are known to exist or are anticipated to be encountered during the drilling of this well.
- Lost Circulation: Seepage and/or lost circulation may be encountered below surface casing and can be controlled with conventional lost circulation materials added to the mud system.

6. **LOGGING PROGRAM:**

Array Induction/DFL/GR/SP/Cal
DSN/Spectral Density/GR/Cal/Pe

TD to bottom of surf csg.
TD to bottom of surf csg.

7. **FORMATION TOPS:**

| Formation | Subsea Depth | Well Depth |
|----------------------|--------------|------------|
| Fruitland Fm | +3985' | 2036' |
| Lower Fruitland Coal | +3875' | 2236' |
| Pictured Cliffs SS | +3680' | 2341' |
| T.D. | +3580' | ±2450' |

Note: These depths, indicated above, are approximate. Actual depths of the formation tops will be determined from the well logs.

Maximum anticipated bottomhole pressure encountered during drilling should not exceed 0.35-0.43 psi/ft.

8. **COMPANY PERSONNEL:**

| Name | Title | Office Phone | Home Phone |
|--------------|--------------------|---------------------------------------|--------------|
| Dennis Elrod | Drilling Foreman | 505-324-1090 505-486-6460 cellular | 505-326-2024 |
| Jeff Patton | Drilling Engineer | 505-324-1090 505-330-2957 cellular | 505-632-7882 |
| Reed Meek | Project Geologist | 817-885-2191 | 432-687-0615 |
| Robin Tracy | Reservoir Engineer | 817-885-2422 | |

9. **SPECIAL INSTRUCTIONS:**

- A. Daily drilling reports should be called in to the San Juan District office at (505) 324-1090 or faxed to (505) 564-6700 by 8:00 a.m.
- B. Deviation:
Surface Hole: Maximum of 1° and not more than 1° change per 100'.
Production Hole: Maximum of 4° and not more than 1° change per 100'.
Note: Maximum distance between surveys is 500'.
- C. NU & Pressure Test BOP, choke manifold & surface casing to 250/800 psig for 30 minutes. Report the pressure test on the IADC form as required.
- D. Drill out below surface casing after WOC 12 hours. Drill cement and float equipment with minimum weight and RPM until drill collars are below the bottom of the surface casing. Keep location clean and water usage to a minimum.
- E. Check BOP blind rams each trip and pipe rams each day. Strap the pipe on the last bit trip prior to reaching TD, or on the TOH to log.

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 ~~8~~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.

ROTATING HEAD
(OPTIONAL)

FILL UP LINE

FLOW LINE
TO PIT

PIPE
RAMS

BLIND
RAMS

KILL LINE
2" dia min.

TO CHOKE
MANIFOLD
2" dia min.

See Choke Manifold drawing for
specifications

HCR VALVE (OPTIONAL)

2" (MIN) FULL OPENING
VALVE

MUD CROSS

** Remove check or ball
from check valve and
press test to same press
as BOP's. **

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

