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OCT 31 2011

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Farmington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
NMSF 078879
6 If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

7 If Unit or CA Agreement, Name and No.
Canyon Largo Unit

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No
Canyon Largo Unit #505

2. Name of Operator Huntington Energy, L.L.C.

9 API Well No.

30-039-31097

3a. Address 908 N.W. 71st St.
Oklahoma City, OK 73116

3b Phone No. (include area code)
405-840-9876

10 Field and Pool, or Exploratory
Basin Dakota

4. Location of Well (Report location clearly and in accordance with any State requirements *)
At surface Lot A, 645' FNL & 199' FEL
At proposed prod. zone same as above

11. Sec., T. R. M. or Blk. and Survey or Area
Sec 23-T25N-R7W

14 Distance in miles and direction from nearest town or post office*
35 miles SE from Blanco, NM

12 County or Parish
Rio Arriba
13. State
NM

15 Distance from proposed* location to nearest property or lease line, ft
(Also to nearest drig. unit line, if any)
199

16 No. of acres in lease
2560.00

17 Spacing Unit dedicated to this well
320'

RCVD NOV 15 '11

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

19. Proposed Depth
7370'

20 BLM/BIA Bond No. on file
BOK04SDF02064
OIL CONS. DIV.

21 Elevations (Show whether DF, KDB, RT, GL, etc.)
6839' GL This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

22 Approximate date work will start*
03/01/2012

23 Estimated duration
approx. 30 days
DIST. 3

24. Attachments

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

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must 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 BLM.

25 Signature Catherine Smith

Name (Printed/Typed)
Catherine Smith

Date
10/25/2011

Title

Regulatory

Approved by (Signature) [Signature]

Name (Printed/Typed)

Date

Title

Office

FFU

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.

(Continued on page 2)

NOTIFY AZ REC OCD 24 HRS
PRIOR TO CASING & CEMENT

*(Instructions on page 2)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

NOV 21 2011

NMOCD

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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

Huntington Field Office
Bureau of Land Management

Form C-102
Revised July, 16, 2010
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31097		² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 32660	⁵ Property Name CANYON LARGO UNIT		⁶ Well Number 505
⁷ GRID No. 208706	⁸ Operator Name HUNTINGTON ENERGY, LLC		⁹ Elevation 6839'

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	23	25-N	7-W		645	NORTH	199	EAST	RIO ARriba

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 E/2-320			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	FD. 3 1/4" BC 1965 BLM		N 88°56'17" W 2604.50' (M) N 88°58' W 2603.70' (R)		17	OPERATOR CERTIFICATION	
			FD 3 1/4" BC. 1965 BLM			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
	SURFACE: LAT: 36.39099° N. (NAD 83) LONG: 107.53555° W. (NAD 83) LAT: 36°23'27.53" N (NAD 27) LONG: 107°32'05.81" W. (NAD 27)		N 00°01' E 2594.46' (R) S 00°02'33" W 2595.14' (M)			Signature <u>Catherine Smith</u> Date <u>7/14/11</u>	
	23		FD. 3 1/4" BC 1965 BLM			Printed Name <u>Catherine Smith</u> E-mail Address <u>csmith@huntingtonenergy.com</u>	
						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.	
						<p>MARCH 16 2011</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>8894</p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR</p> <p>Certificate Number</p>	

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NOV 04 2011

OPERATIONS PLAN

Well Name: Canyon Largo Unit #505
Location: 645' FNL, 199' FEL, NENE, Lot A, Sec 23, T25N, R7W
 Rio Arriba County, NM
Formation: Basin Dakota
Elevation: 6839' GL

Bureau of Land Management
 Farmington Field Office

<u>Formation Tops:</u>	<u>Measured Depth (Tops)</u>
San Jose	Surface
San Joes Water Sands	904'
Kirtland Shale	2144'
Fruitland	2334'
Picture Cliffs	2624'
Lewis Shale	2714'
Heurfanito Bentonite	3009'
Chacra	3464'
Cliff House	4174'
Menefee	4254'
Point Lookout	4894'
Mancos	5114'
Greenhorn.	6844'
Graneros	6914'
Dakota	6954'
Encinal/Burro Canyon	7164'
Morrison	7264'
TD	7370'

Logging Program:

Mud log – 4200' to TD
 Open hole logs – PEX (interval to be determined)
 Cased hole logs – CBL/GR – TD to 5800'
 Cores & DST's – none

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0 – 320'	Spud	8.4-8.9	40-50	no control
320 – 7370'	LSND	8.4-9.0	40-60	8-12

Pit levels will be visually monitored to detect gain or loss of fluid control.

Casing Program:

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>	<u>Thread</u>
12 1/4"	0' – 320'	8 5/8"	24.0#	J-55	ST&C
7 7/8"	320' – 7370'	4 1/2"	11.6#	N-80	LT&C

Tubing Program:

0' – 7370' 2 3/8" 4.7# J-55

BOP Specifications, Wellhead and Tests:

Surface to TD –

11" 3000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out, surface casing will be tested to 600 psi for 30 minutes. BOP will be tested Low: 500#/5min. & High: 3000#/10 min. Drilling Spool may or may not be employed.

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Completion Operations:

6" 3000 psi double gate BOP stack (Reference Figure #1). After nipple-up prior to completion, pipe rams and casing top will be tested to 3000 psi for 15 minutes.

Surface to Total Depth:

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Wellhead:

8 5/8" x 4 1/2" x 1 1/2" x 1 1/2" x 3000 psi tree assembly.

General:

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper Kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- A BOP pit level drill will be conducted weekly for each drilling crew.
- All of the BOP tests and drills will be recorded in the daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

8 5/8" surface casing –

Cement to surface w/265 sx Class "B" cement w/3% calcium chloride and 1/4#/sx cellophane flakes (312 cu. ft. of slurry, 200% excess to circulate to surface).

WOC 8 hr. prior to drilling out surface casing. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

Production Casing – 4 1/2"

Lead with 700 sx 65/35 Standard Poz w/6% gel, 1/4# Flocele, 10# Gilsonite, 3/10% Halad 9, 1/10% HR5 (1.96 yld). Tail w/900 sx 50/50 Standard Poz w/35 Gel, 9/10% Halad9, 2/10% CFR 3, 5# Gilsonite, 1/4# Flocele (1.47 yld).

Alternate Two-stage cement job as follows:

First Stage: Cement to circulate to stage tool @ 5066'. Lead with 700 sx Class "G" 50/50 poz (13#, 1.47 yd) w/3% gel, 0.25 pps Celloflake, 5 pps Gilsonite, 0.25 pps Fluid loss, 0.15% dispersant, 0.1% retarder. WOC 4 hours prior to pumping second stage. (Slurry volume: 1029 cu. ft. Excess slurry: 50%). DV Tool at 5000 ft.

Second Stage: Cement to circulate to surface. Cement with 700 sx Class "G" (12#, 2.9yd) TXI Liteweight cement w/2.5% sodium metasilicate, 2% calcium chloride, 10 pps Gilsonite, 0.5 pps Celloflake, 0.2% antifoam. WOC a minimum of 18 hours prior to cleanout. (Slurry volume: 1914 cu. ft. Excess slurry: 50%). Tail w/50 sx Class "B" w/1/4# Flocele (15.6#, 1.18 yd), (Slurry 59 cu. ft., Excess 50%).

Float shoe on bottom. Three centralizers run every other joint above shoe. Thirty-five centralizers - one every 4th joint to the base of the Ojo Alamo @ 2448'. Two turbolizing type centralizers – one below and one into the base of the Ojo Alamo @ 2448'. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Additional Information:

The Dakota formations will be completed. If Dakota is non-commercial, Devils Fork Gallup will be completed.

- No abnormal temperatures or hazards are anticipated.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The east half of the Section 23 is dedicated to this well.
- This gas is dedicated.
- Anticipated pore pressure

Fruitland Coal	300 psi
Pictured Cliffs	500 psi
Mesa Verde	700 psi
Dakota	3000 psi



CEMENT TEST REPORT
Halliburton Energy Services
Farmington District Laboratory
4108 E. Main
Farmington, NM 87409

To: Randy Snyder
Halliburton Energy Services

Company:
Mud Drilled
Total Depth: 400
BHST: 90 +/- deg F
BHCT: 80 +/- deg F

Report: FLMM4D71
Date: 6-Feb-04

All tests performed according to modified API RP Spec 10, 1997

Slurry: Surface

Thickening Time:
2:50 to 70 BC

Free Water:
0.00%

Settling:
0.00%

Fluid Loss:
1158

Design

100% Standard Cement
2.00% CaCl₂
.25 #/sk Flocele

Surface Cement

Density: 15.6 lb/gal
Yield: 1.18 cuft/sk
Water: 5.24 gal/sk

265 sk
312 cuft

Compressive Strength

UCA @80 deg F (BHCT)- 3000 psi

Rheology

deg F	80	
600	67	
300	42	
200	34	
100	25	
60	21	
30	18	
5	12	
3	10	
PV	26	
YP	17	

psi	time
50	1:55:00
500	4:30:00
1285	10:03:00
1628	12:00:00
2580	24:00:00

Bill Loughridge

- Senior Scientist

Note: This report is for information and the content is limited to the sample described. Halliburton Energy Services makes no warranties, express or implied, as to the accuracy of the contents or results. Any user of this report agrees Halliburton shall not be liable for any loss or damage, regardless of cause, including any act or omission of Halliburton, resulting from the use hereof.

THE ROAD TO EXCELLENCE STARTS WITH SAFETY

COMPANY	Huntington Eng. LLC	DATE	6/24/2005
COMPANY REP.	Ron Lackey	CO REP TELE. #	793-7063
CONTRACTOR	Patterson # 741	TOWN/STATE	NM
LEASE	Canyon Largo Unit	WELL NO	#454
API NO.		COUNTY	Rio Arriba
R/T MILEAGE	150		

From Bloomfield south on hwy 550 approx 50 miles turn left next to the gas station in Counslors. Follow rig si
to loc

CASING:		SIZE	WEIGHT	THREAD	GRADE
TUBING:		4 1/2	11.6	8rd	
HOLE		7 7/8	WELL FLUID	Mud	DISP FLUID
EQUIPMENT					
COND	SURF	INTER	LONG S(XXX)	SQUEEZE	
LINER	PTA	PLG BCK	OTHER		
TOP PLUG	5 W	BOTTOM PLUG	BHCT	BHST	
PLUG CONTAINER	YES	SWADGE	YES	TD	7350'
EQUIPMENT TYPE					OTHER

Lead	SACKS	700	TYPE	65/35/Std/Poz	[Halliburton Lite]
	ADDITIVES	6% Gel - 1/4# Flocele - 10# Gilsonite - 3/10% Halad 9 - 1/10% HR 5			
	MIXED AT	12.4	LBS/GAL	YIELD	1.96 WATER 9.46 GAL/SK
	SACKS		TYPE		
	ADDITIVES				
	MIXED AT		LBS/GAL	YIELD	WATER GAL/SK
Tail	SACKS	900	TYPE	50/50/Std/Poz	
	ADDITIVES	3% Gel - 9/10% Halad 9 - 2/10% CFR 3 - 5# Gilsonite - 1/4# Flocele			
	MIXED AT	13	LBS/GAL	YIELD	1.47 WATER 6.37 GAL/SK
	SACKS		TYPE		
	ADDITIVES				
	MIXED AT		LBS/GAL	YIELD	WATER GAL/SK
THIRD STAGE	SACKS		TYPE		
	ADDITIVES				
	MIXED AT		LBS/GAL	YIELD	WATER GAL/SK
	SACKS		TYPE		
	ADDITIVES				
	MIXED AT		LBS/GAL	YIELD	WATER GAL/SK

PREFLUSH:TYPE 30 Chem Wash 20 H2o SPACER:TYPE

CASING SIZE: 4 1/2	GUIDE SHOE		TYPE		
	FLOAT SHOE	1	TYPE	Trophy Seal- Auto	
	FLOAT COLLAR	1	TYPE	Trophy Seal- Auto	
	STAGE TOOL		TYPE	PINS	
	CENTRALIZERS	23	TYPE	4 1/2X7 7/8	
	WALL CLEANERS		TYPE		
INSERT FLOAT		LIMIT CLAMPS	1	WELD-A	1

REMARKS

IS CREDIT OK?	CREDIT CHECKED BY
% DISCOUNT	SALES ORDER #
ORDERED BY Ron Lackey	DATE/TIME OF CALL
CALL TAKEN BY Gary Browne-Halliburton	TIME READY
REVIEWED BY	CREW FROM
TRACTOR	PICKUP
CREW	MATERIALS FROM
	CREW CALLED @

HUNTINGTON ENERGY, L.L.C.
CANYON LARGO UNIT
RIO ARriba CO., NM

BOP STACK - 3000 PSI

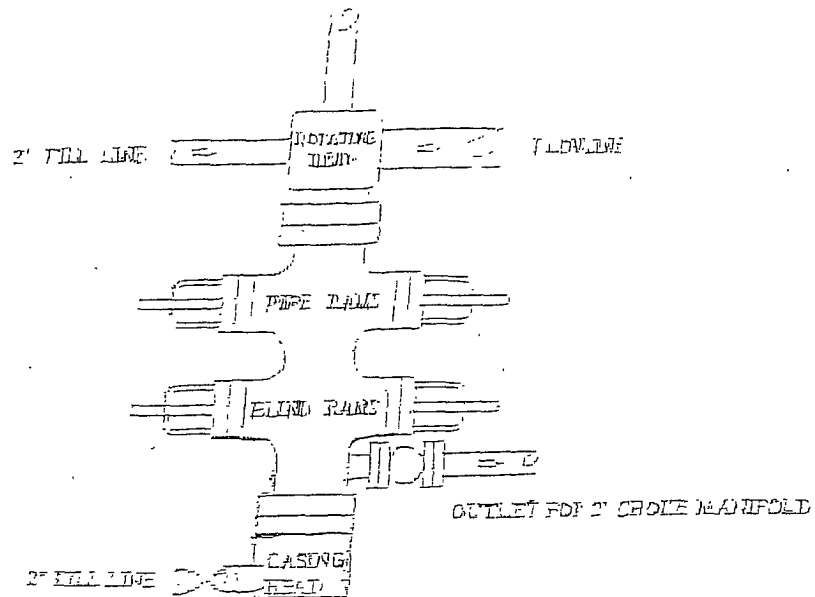


FIGURE 1

CHOKER MANIFOLD - 3000 PSI

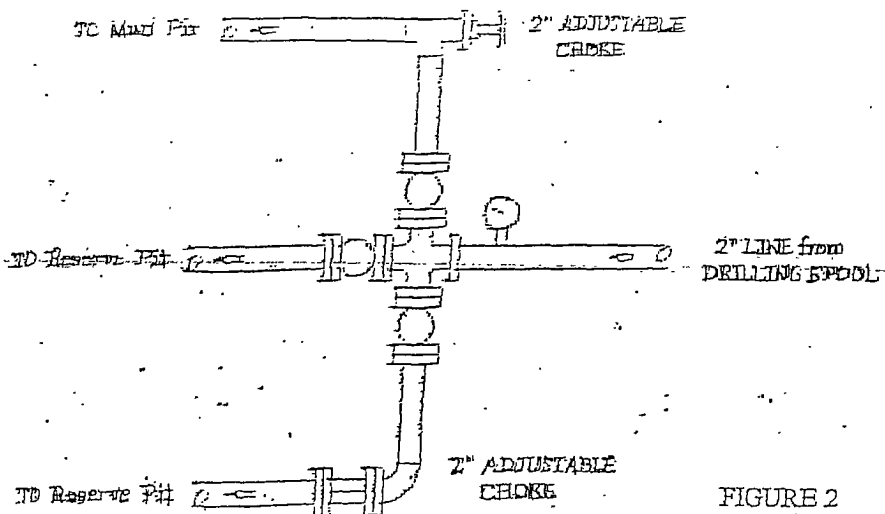


FIGURE 2