

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5 Lease Serial No.  
122-IND-2772

6 If Indian, Allottee or Tribe Name  
Ute Mountain Ute

7 If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
Ute Mountain Ute #114

9 API Well No.  
30045-35321

10. Field and Pool, or Exploratory  
Baker Creek-Dakota

11. Sec., T. R. M. or Blk. and Survey or Area  
Sec 15-T32N-R14W

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 Huntington Energy, L.L.C.

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

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

4. Location of Well (Report location clearly and in accordance with any State requirements \*)  
At surface Lot L, 2386' FSL & 895 FWL  
At proposed prod. zone same as above

14 Distance in miles and direction from nearest town or post office\*  
5 miles to La Plata

15 Distance from proposed\* 895'  
location to nearest  
property or lease line, ft  
(Also to nearest drig. unit line, if any)

16 No. of acres in lease  
8400 ac

17. Spacing Unit dedicated to this well  
180' ~~3200'~~

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

19. Proposed Depth  
3600'

20. BLM/BIA Bond No. on file  
BOK04SDF02064 RCVD NOV 14 '11

21 Elevations (Show whether DF, KDB, RT, GL, etc.)  
6948' GL

22 Approximate date work will start\*

23. Estimated duration  
OIL CONC. DTL

24. Attachments

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  
04/18/2011

Title  
Regulatory

APPROVED FOR A PERIOD  
NOT TO EXCEED 2 YEARS

Approved by (Signature) *ISI/ BRAD DODD*

Name (Printed/Typed)

Date  
NOV 07 2011

Title  
*Associate Field Manager*

Office  
*Tres Pios Field Office*

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)

\*(Instructions on page 2)

HOLD C104 FOR *Simultaneous Dedication*

Venting / Flaring approved for 30 days  
per NTL-4A

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APR 22 2011

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto...

SEE ATTACHED  
CONDITIONS OF APPROVAL

NOTIFY AZTECO 24 H  
PRIOR TO CASING & CEMI

NOV 21 2011 *Ca*

*NRDCC*

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 July, 16, 2010  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number <b>30-045-35321</b>	<sup>2</sup> Pool Code <b>71520</b>	<sup>3</sup> Pool Name <b>Barker Creek - Dakota</b>
<sup>4</sup> Property Code <b>306894</b>	<sup>5</sup> Property Name <b>UTE MOUNTAIN UTE</b>	<sup>6</sup> Well Number <b>114</b>
<sup>7</sup> OGRID No. <b>208706</b>	<sup>8</sup> Operator Name <b>HUNTINGTON ENERGY, LLC</b>	<sup>9</sup> Elevation <b>6948'</b>

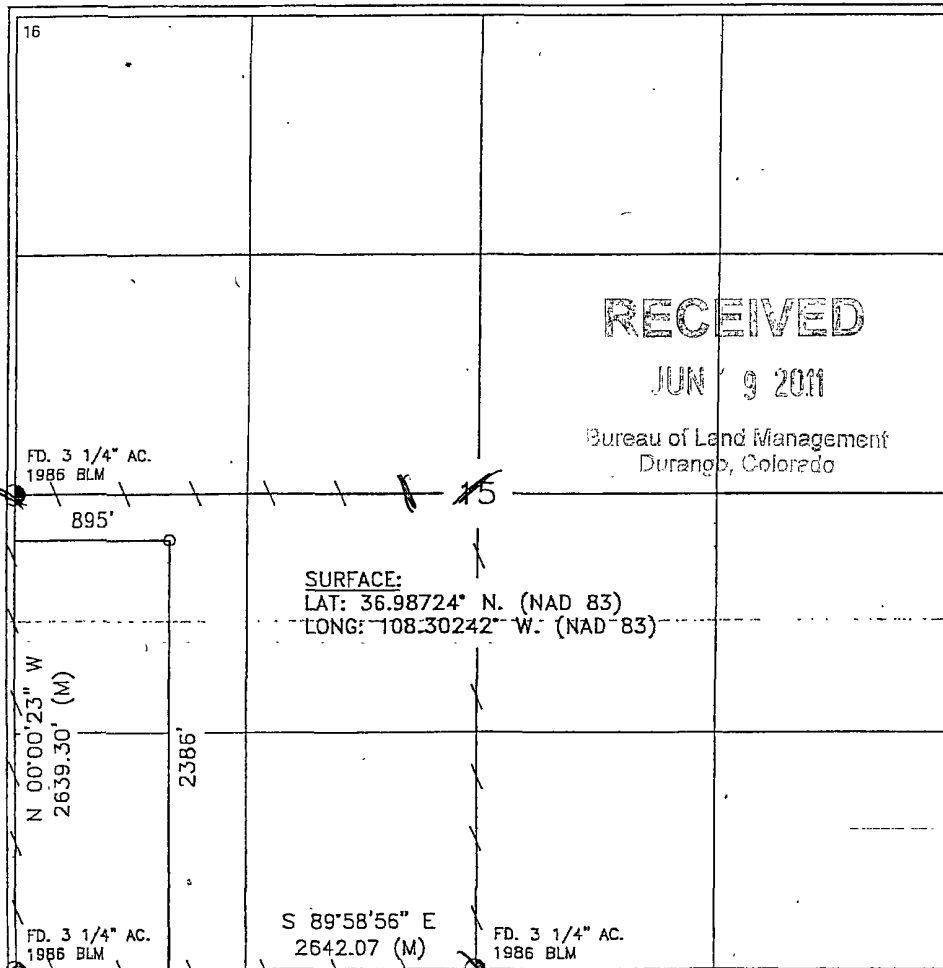
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	15	32-N	14-W		2386	SOUTH	895	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 <b>SW - 160</b>					<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



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**OPERATOR CERTIFICATION**

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.

*Catherine Smith* 4/18/11  
Signature Date

Catherine Smith  
Printed Name

csmith@huntingtonenergy.com  
E-mail Address

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**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.

NOVEMBER 18, 2010  
Date of Survey

Signature and Seal of Professional Surveyor:  
*[Signature]*  
8894  
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number

**HUNTINGTON ENERGY, LLC**  
**UTE MOUNTAIN UTE No. 114, 2386 FSL 895 FWL**  
**(PROPOSED EQUIPMENT LAYOUT PLAN)**  
 SECTION 15, T-32-N, R-14-W, N.M.P.M.,  
 SAN JUAN COUNTY, NEW MEXICO  
 GROUND ELEVATION: 6948'

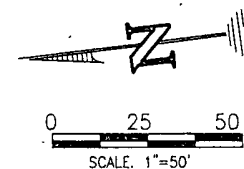
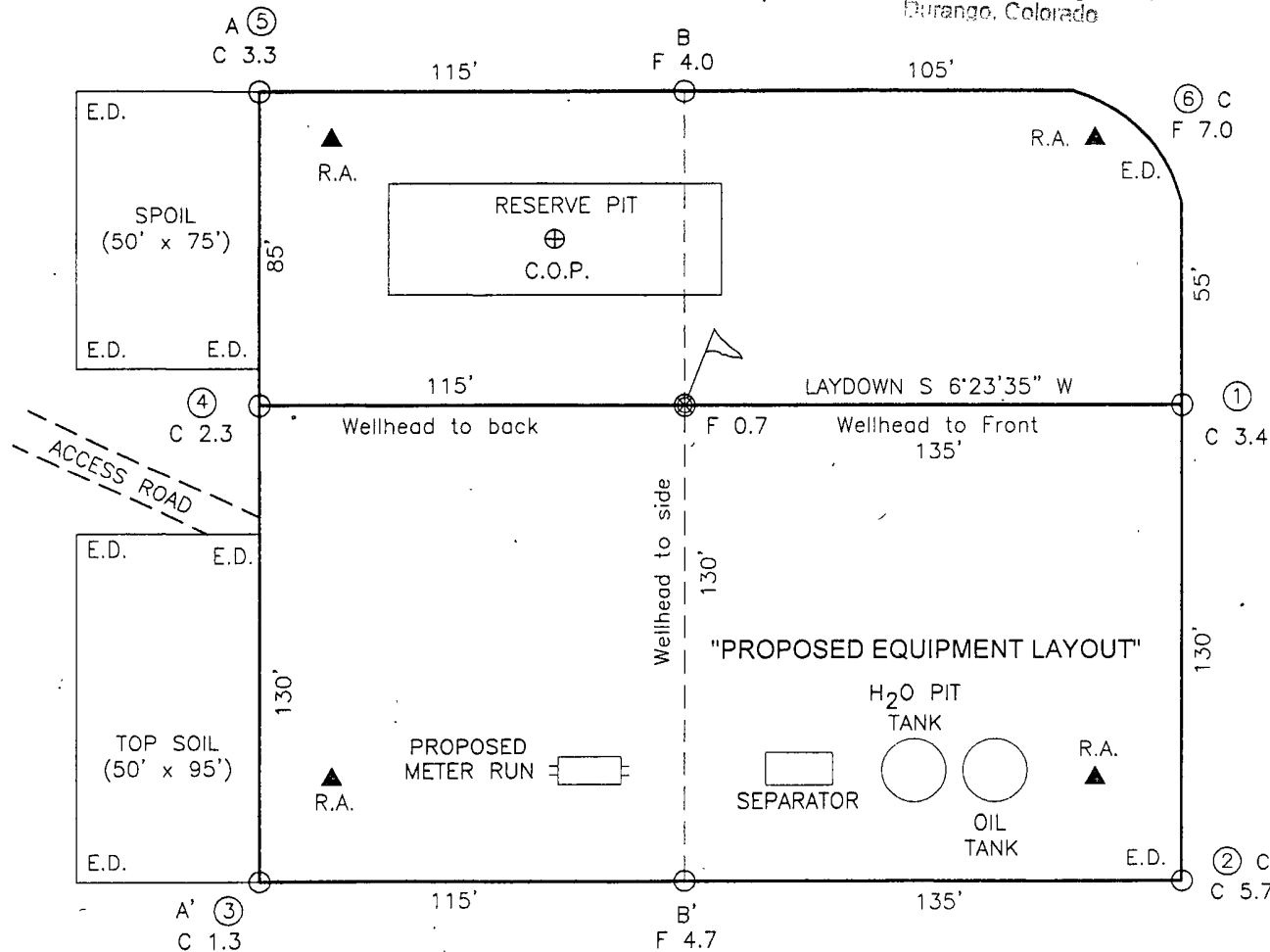
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JUN 9 2011

Bureau of Land Management  
 Durango, Colorado

**WELL FLAG**  
 NAD 83  
 LAT. = 36.98724° N.  
 LONG. = 108.30242° W.

**CENTER OF PIT**  
 ELEV. 6949'  
 NAD 83  
 LAT. = 36.98733° N.  
 LONG. = 108.30226° W.



(NOTE: E.D. - EDGE DISTURBANCE)

**NOTE:**

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. CONTRACTOR SHOULD CALL NEW MEXICO ONE CALL CENTER TO NOTIFY 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

REVISION	DATE	REVISION BY
REVISED PER BLM REQUIREMENTS	6/02/11	G.V.
REVISED PER BLM REQUIREMENTS	2/04/11	G.V.
REVISED PER BLM REQUIREMENTS	12/30/10	G.V.

<b>Daggett Enterprises, Inc.</b> Surveying and Oil Field Services P. O. Box 510 • Farmington, NM 87499 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO L.S. No. 8894	
DRAWN BY: G.V. ROW#: HTG094	CADFILE: HTG094_PLB_LEO DATE: 11/18/10

**OPERATIONS PLAN - REVISED 6/8/11**

**Well Name:** Ute Mountain Ute #114  
**Location:** 2386' FSL, 895' FWL, NWSW, Sec 15, T-32-N, R-14-W NMPM  
San Juan Co., New Mexico  
**Formation:** Basin Dakota  
**Elevation:** 6948' GR 6961' KB

<b><u>Formation Tops:</u></b>	<b><u>Top</u></b>	<b><u>Bottom</u></b>	<b><u>Contents</u></b>
Menefee	Surf	1076'	
Mancos	1076'	2836'	gas
Greenhorn	2836'	2896'	
Graneros	2896'	2966'	
Dakota	2966'	3171'	gas or water
Encinal	3171'	3201'	gas
Morrison	3201'	3600'	gas
TD	3600'		

**Logging Program:**

Mud log – 350' to TD  
Open hole logs – AIT/GR/SP/CNL/LDT Surface Casing to TD  
Cased hole logs– CBL/GR – TD to surface  
Cores & DST's – none

**Mud Program:**

<b><u>Interval</u></b>	<b><u>Type</u></b>	<b><u>Weight</u></b>	<b><u>Vis.</u></b>	<b><u>Fluid Loss</u></b>
0 – 350'	Spud	8.4-9.0	40-50	no control
350' - 3600'	Clean Faze	8.4-9.0	32-40	≤10 cc

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

**Casing Program (as listed, the equivalent, or better):**

<b><u>Hole Size</u></b>	<b><u>Depth Interval</u></b>	<b><u>Csg. Size</u></b>	<b><u>Wt.</u></b>	<b><u>Grade</u></b>
12 1/4"	0 – 350'	8 5/8"	24#	J-55
7 7/8"	350' – 3600'	4 1/2"	10.5#	J-55

**Tubing Program:**

0 – 3600'	2 3/8"	4.7#	J-55
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**BOP Specifications, Wellhead and Tests:**

**Surface to TD –**

11" 2000 psi minimum double gate BOP stack (Reference Figure 1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

2" nominal, 2000 psi minimum choke manifold. (Reference Figure 2).

**Completion Operations:**

7 1/16" 3000 psi double gate BOP stack (Reference Figure #1). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

Dakota and Mancos formations will be perforated and flow tested. If commercial rates, no stimulation required. If needed, 15% HCL Acid breakdown will be performed and zones tested. If needed, a 70 quality foam frac with 20/40 mesh proppant will be performed to enhance production.

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Bureau of Land Management  
Durango, Colorado

**Float Equipment:**

8 5/8" surface casing –guide shoe.

Centralizers will be run in accordance with Onshore Order #2.

4 1/2" production casing – guide shoe and self-fill float collar. Standard centralizers run every other joint above shoe. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

**Wellhead:**

8 5/8" x 4 1/2" x 2 3/8" x 5000 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.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All 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/250 sx Premium cement 2% Calcium Chloride and 1/4# Flocele (293 cu. ft. of slurry). WOC 8 hours before pressure testing or drilling out from under surface casing.

4 1/2" production Casing -

Lead with 286 sx San Juan PRB-2, 5# Gil/sk + .25#/sk Superflake (641 cu ft of slurry – est top of cement: surface). Tail w/200 sx San Juan PRB-2, 5# Gil/sk + .25#/sk Superflake (398 cu ft of slurry – est top of tail cement: 2300').

Note: 50% excess cement will be used unless open hole logs are run, then 25% excess cement over caliper will be pumped. Cement will be circulated to surface.

Float guide shoe/float collar ran on bottom jt. Bowspring centralizers will be run in accordance with Onshore Order #2.

- If hole conditions permit, an adequate water space will be pumped ahead of each cement job to prevent cement/mud contamination or cement hydration.

**Additional Information:**

- The Dakota formation will be completed. If non-commercial, the Mancos will be secondary objectives.
- No abnormal temperatures or hazards are anticipated. H2S is not anticipated.
- Anticipated pore pressure for the Dakota is 750 psi. Maximum bottom hole pressure at TD is 1150 psi. (Maximum expected pressure: This represents normal pressure gradients for the Morrison and Dakota Formation in this area.)
  - Offset Well Pressure Data:
    - Ute Mountain Ute #77 (north offset): Depth: 3648'. SI psi: 760; Natural completion.
    - No fluid in the hole. Morrison Completion.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered.
- The southwest quarter of Section 15 is dedicated to this well. This gas is dedicated.

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Bureau of Land Management  
Durango, Colorado

# HALLIBURTON

Cement Test Report  
Farmington District Laboratory  
4109 E. Main  
Farmington, NM 87499

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To: Randy Snyder  
Halliburton Energy Services

Company: Slurry Book

Report: FLMM65810A  
Date:

Total Vertical Depth: 330 ft  
BHST: 80 °F  
BHCT: 80 °F

Slurry: 15.6 Surface mixed with fresh Water

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

Thickening Time to 70 Bc:  
2hr 09min

## Design

Mountain G Cement  
3% CaCl<sub>2</sub>  
1/4 #/sk Flocele

## Production Cement

Density:	15.6	lb/gal
Yield:	1.2	ft <sup>3</sup> /sk
Water	5.27	gal/sk

## Compressive Str @ 80F

Hr:Min	psi
2:10	50
3:41	500
6:25	1500
12:00	2415

Deidra Benally  
Lab Technician

**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.

# HALLIBURTON

Cement Test Report  
Farmington District Laboratory  
4109 E. Main  
Farmington, NM 87499

Halliburton Energy Services

Report: FLMM5000

Total Vertical Depth: 3000 ft

BHST: 115 °F

BHCT: 80 °F

Slurry: San Juan PRB II, 2/10 % D-Air 3000, 5#/sk Gilsonite, 1/8 #/sk Poly-E-Flake

All Test performed according to modified API RP Spec 10 T997

<u>Density</u>	<u>Yield</u>	<u>Water</u>	<u>Thickening Time</u>	<u>Free Water</u>	<u>Settling</u>	<u>Rheology</u>	<u>Compressive Strength</u>	
lb/gal	ft <sup>3</sup> /sk	gal/sk	to 70 Bc			at 100°F	psi	Time
12.5	2.24	12.10	2 hr: 53 min	0%	0%	300 67	500	3 hr 46 min
						200 60	1085	12 hr
						100 51	1268	24 hr
						60 47		36 hr
						PV 26		48 hr
						YP 45		

<u>Density</u>	<u>Yield</u>	<u>Water</u>	<u>Thickening Time</u>	<u>Free Water</u>	<u>Settling</u>	<u>Rheology</u>	<u>Compressive Strength</u>	
lb/gal	ft <sup>3</sup> /sk	gal/sk	to 70 Bc:			at 100 °F	psi	Time
13.0	2.00	10.29	2 hr: 02 min	0%	0%	300 99	500	3 hr
						200 92	1477	12 hr
						100 84	1722	24 hr
						60 81	1837	36 hr
						PV 28		48 hr
						YP 77		

**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.

HUNTINGTON ENERGY, L.L.C.

BOP STACK 3000 PSI

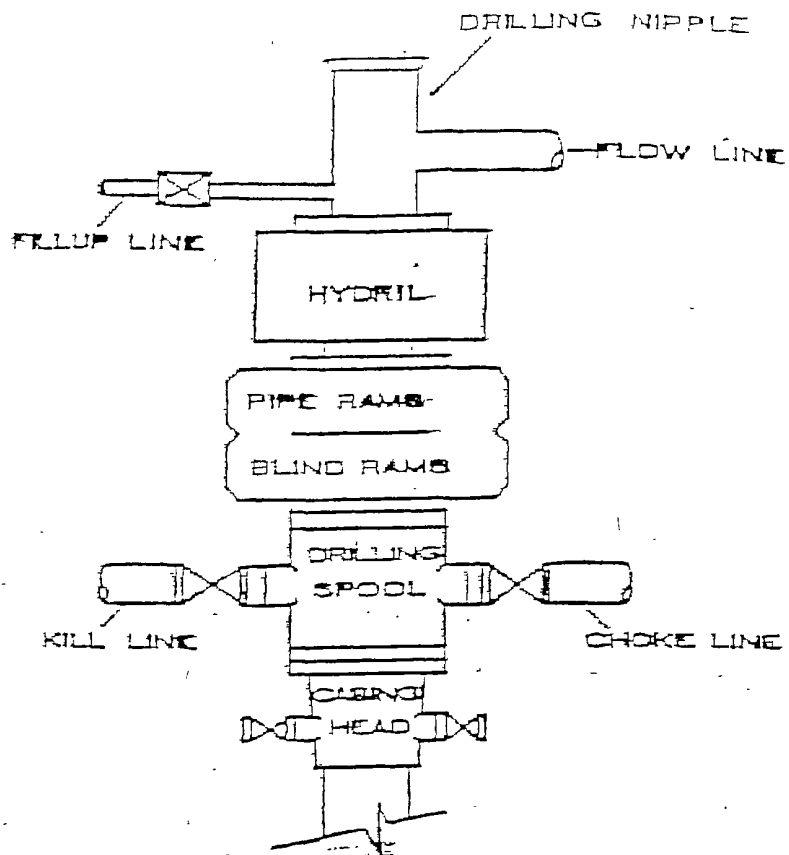


Figure #1

CHOKE MANIFOLD

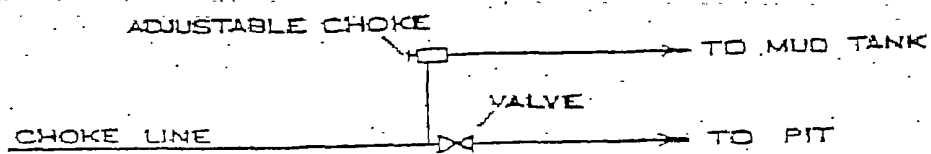
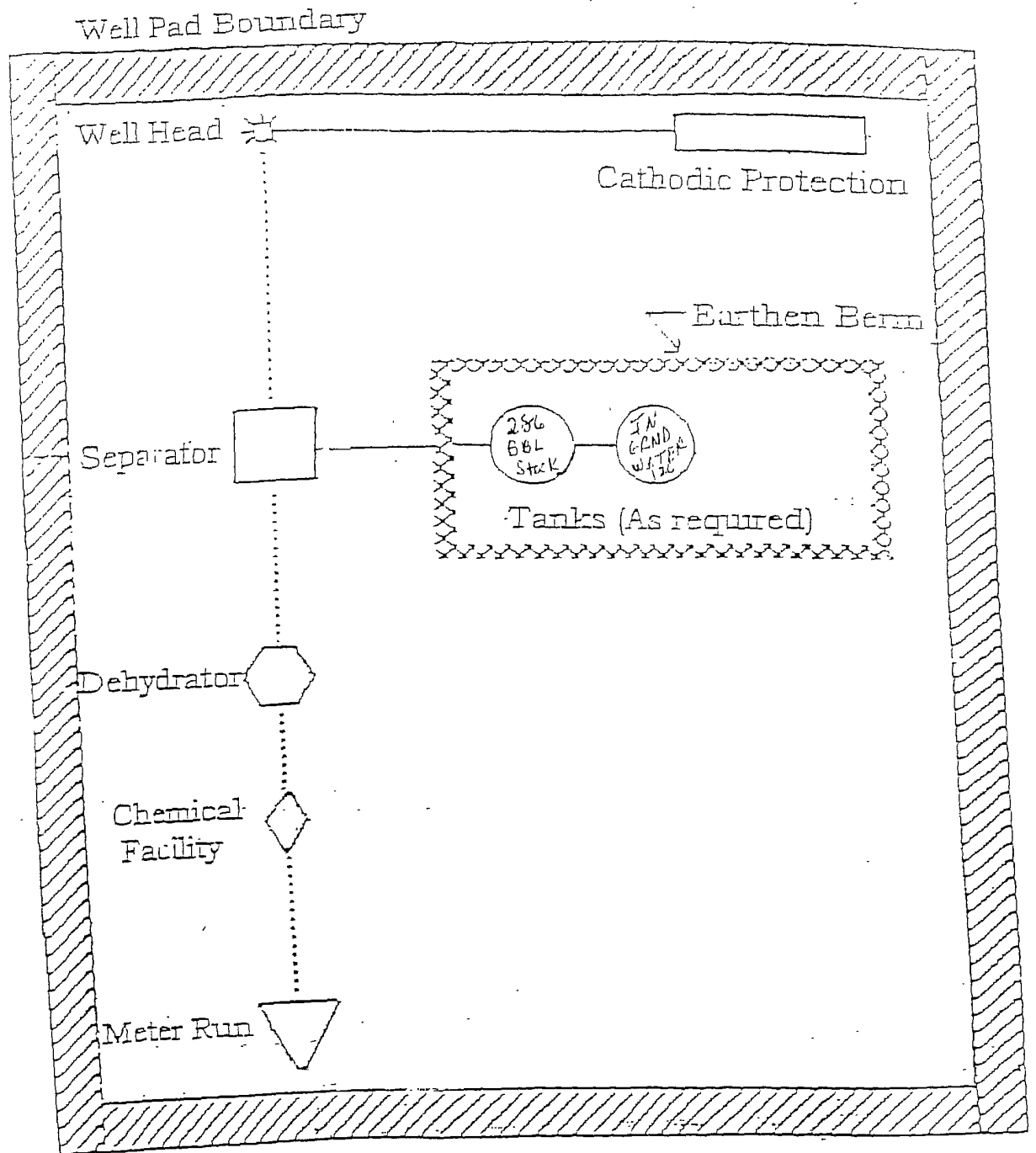


Figure #2



PLAT #1

ANTICIPATED  
PRODUCTION FACILITIES  
FOR A  
DAKOTA WELL



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NOV - 4 2011

Bureau of Land Management  
Denver, Colorado

## DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

Burlington Resources Oil & Gas Company, LP is the current Lessee and Operator on the records of the BIA Services and Mineral Management Services of the Ute Mt. Ute Oil & Gas Lease No. I-22-IND-2772. Burlington Resources Oil & Gas Company, LP hereby designates:

NAME:                   Huntington Energy, L.L.C.  
ADDRESS:             908 N.W. 71<sup>st</sup> Street  
                             Okla. City, OK 73116

as its agent, with full authority to act in its behalf in complying with the terms and provisions of the said oil & gas lease and the regulations applicable thereto and on whom the supervisor or his representatives may serve written or oral instructions in securing compliance with the Oil & Gas Operating Regulations with respect to drilling, testing and completing, from the surface down to the base of the Morrison Formation for the following Ute Mt. Ute well:

### **Ute Mountain Ute #114, SW/4 of Sec 15-T32N-R14W, San Juan Co., NM**

It is understood that this Designation of Agent does not relieve the Operator of responsibility for compliance with the terms and provisions within the Ute Mt. Ute oil & gas leases and the Oil & Gas Operating Regulations. It is also understood that this Designation of Agent does not constitute an assignment of any interest in the lease committed hereto.

In the case of default on part of the designated agent, the Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or its representatives.

The Operator agrees promptly to notify the oil and gas supervisor of any changes in the designated agent.

This Designation of Agent is deemed to be temporary and in no manner a permanent arrangement.

This Designation of Agent is limited to field operations only and does not cover administrative action, which shall require the specific authorization of the Operator.

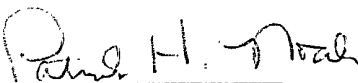
This Designation of Agent shall be effective until the well described above is drilled, completed, including the installation of surface facilities and connection to a gas sales pipeline. However, this Designation of Agent shall automatically terminate at first sales for the well.

This Designation of Agent is also subject to the terms and conditions contained in Exhibit "A" attached hereto.

### ACKNOWLEDGMENT

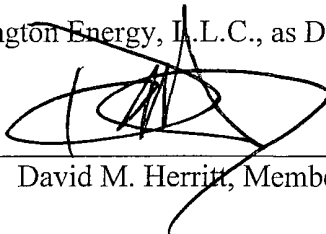
Burlington Resources Oil & Gas Company, LP  
By: BROG GP Inc., its sole General Partner,  
As Lessor, and Operator of the Ute Mt. Ute Lease  
described herein.

Dated : 11-2-11

By:   
Patrick H. Noah PLB  
Attorney-in-Fact

Huntington Energy, L.L.C., as Designated Agent

Dated : 11-3-11

By :   
David M. Herritt, Member

Huntington Energy, LLC  
Tribal Lease: I-22-IND-2772  
Well: Ute Mountain Ute #114  
Location: 2386' FSL & 895' FWL  
Sec. 15, T. 32 N., R. 14 W.  
San Juan County, New Mexico

3160

**The Surface Casing must be set at a minimum depth of 390' MD/TVD.**

**Conditions of Approval - Drilling Plan:**

1. Notify this office at least **3 days** prior to:

- a. spudding the well
- b. running casing strings and cementing
- c. BOP tests
- d. Drill Stem Testing

**For the above procedures, Operators must talk to BLM personnel directly. Do not leave messages on answering machines.**

- 2. All BOP tests will be performed with a test plug in place. BOP will be tested to full stack working pressure and annular preventer to 50% maximum stack working pressure. All accumulators will be function tested as per Onshore Order #2. All 2M or greater systems require **adjustable** chokes as per Onshore Order #2.
- 3. No additional zones will be commingled without UMU Tribal and BLM approval.
- 4. If a BLM Inspector is not present during the initial BOP test, please provide chart record.
- 5. Submit copies of all logs to this office both paper and in Log ASCII Standard (LAS) format.

Continued on Page 2.

6. If any operations are to start over the weekend, notify this office by noon Friday. If any problems arise after hours or on weekends, call BLM personnel using the home phone numbers listed on the following 'INFORMATIONAL NOTICE - APD's'. Do not leave messages on answering machines.

7. The BLM must witness the topping-off of the Surface Casing Cement

8. A CBL is required if cement is not circulated to the surface on either casing string. BLM verbal approval will be required prior to squeezing.

9. The tops of all major identifiable geologic units (formations) from surface to TD will be logged and recorded.

10. Stabilized bottomhole pressure measurements and flowrates must be collected and submitted to the BLM. This data may be confidential and the operator may so specify upon submittal to the BLM.

11. Please provide the following information if possible. All tests and operations on any well on subject lands shall be conducted at Operator's sole discretion.

All Wire Line Logs - Fields & Final Print (Electrical, Radioactive, Sonic, Velocity, Cement Bond, Temperature, etc with digitized and log analysis).

Drill Stem Tests - Field and Final Reports.

Core Analysis - Field and Final Reports.

Mud Log - Final Report.

Structure and Isopach Maps.

Location (Surveyors) Plat.

Application to Drill (Drilling Permit).

Daily Drilling Reports, Daily Work Over Reports and Final Drilling Report Summary.

Directional Survey.

Continued on page 3.

Geological Summary Report.

Completion Report.

Production Tests (All Production Tests during Completion, AOF, Potential, GOR, etc).

30 Day Well Production Test Record

Bottom Hole Pressure Surveys including build up tests.

Shut in Surface Pressure Surveys.

Gas, Oil and Water Analyses.

State and/or BLM Completion Reports.

State and/or BLM and/or MMS Monthly Production and OGOR Reports.

Additional Governmental Permits and Reports.

Drilling Contracts.

Operating Agreements.

Oil and Gas Sales Contracts.

Plug and Abandon Reports.

Monthly, Gas and/or Plant Products Purchasing Statements.

Sundry Notices to the BLM.

Well Bore Profiles.

Division Orders/Title Opinions.

AFEs.

Final Drill and Completion Costs.

Other well file information as requested by the Tribal Department of Energy.