Form 3160-3
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JUN 2 7 2012
Farmington Field Office
Bureau of Land Management

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No: ~~NMM 8405~~ NOO-C-14-20-3597

1a Type of Work: [x] DRILL [ ] REENTER

6 If Indian, Allotee or Tribe Name: Navajo Allotment

1b Type of Well: [ ] Oil Well [x] Gas Well [ ] Other [x] Single Zone [ ] Multiple Zone

7 Unit or CA Agreement Name and No: N/A Nacca

2 Name of Operator: XTO Energy Inc.

8 Lease Name and Well No: Canyon #19H

3a Address: 382 Road 3100, Aztec, NM 87410

3b Phone No (include area code): 505-333-3100

9 API Well No: 30-045- 35387

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

At surface: 1736' FSL & 417' FEL (I) Sec. 2, T25N, R11W

At proposed prod zone: 2180' FSL & 1950' FEL (J) Sec. 3, T25N, R11W

10 Field and Pool or Exploratory: Basin Mancos

11 Sec, T, R, M, or Blk and Survey or Area: Sec. 3, T25N, R11W

14 Distance in miles and direction from nearest town or post office*: 21.4 Miles SW of Bloomfield, NM

12 County or Parish: San Juan

13 State: NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any): 417' from lease line

16 No of Acres in lease: 160 ~~800~~ acres

17 Spacing Unit dedicated to this well: 962.33 acres All of Sec. 2, E/2 Sec. 3

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft: 1,304 feet

19 Proposed Depth: 11,614'TMD, 5144'TVD

20 BLM/BIA Bond No. on file: UTB000138

21 Elevations (Show whether DF, KDB, RT, GL, etc: 6389' ground elevation

22 Approximate date work will start*: 12/2012

23 Estimated duration: 2 weeks

RCVD AUG 3'12
OIL CONS. DIV.
DIST. 3

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

Hold C104 for Directional Survey and "As Drilled" plat

25 Signature	Name (Printed/Typed)	Date
Cherylene Charley	Cherylene Charley	6/26/12
Title: Sr. Permitting Tech		
Approved by (Signature): Maclaver	Name (Printed/Typed)	Date: 8/2/12
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.

(Continued on page 2)

Hold C104 for Directional Survey and "As Drilled" plat

*(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.

H_2S POTENTIAL EXIST

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

This action is subject to technical and procedural review pursuant to 43 CFR 3166.4 and appeal pursuant to 43 CFR 3165.4

NMOCD
AV

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

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

AUG 17 2012 ca

District I
1625 N French Dr, Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St, Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St Francis Dr, Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
JUN 29 2012
Farmington Field Office
Bureau of Land Management

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-35387	97232	Basin Mancos

4 Property Code	5 Property Name	6 Well Number
22669	CANYON	#19H

7 OGRID No	8 Operator Name	9 Elevation
5380	XTO ENERGY, INC	6389.3

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
I	2	25-N	11-W		1736'	SOUTH	417'	EAST	SAN JUAN

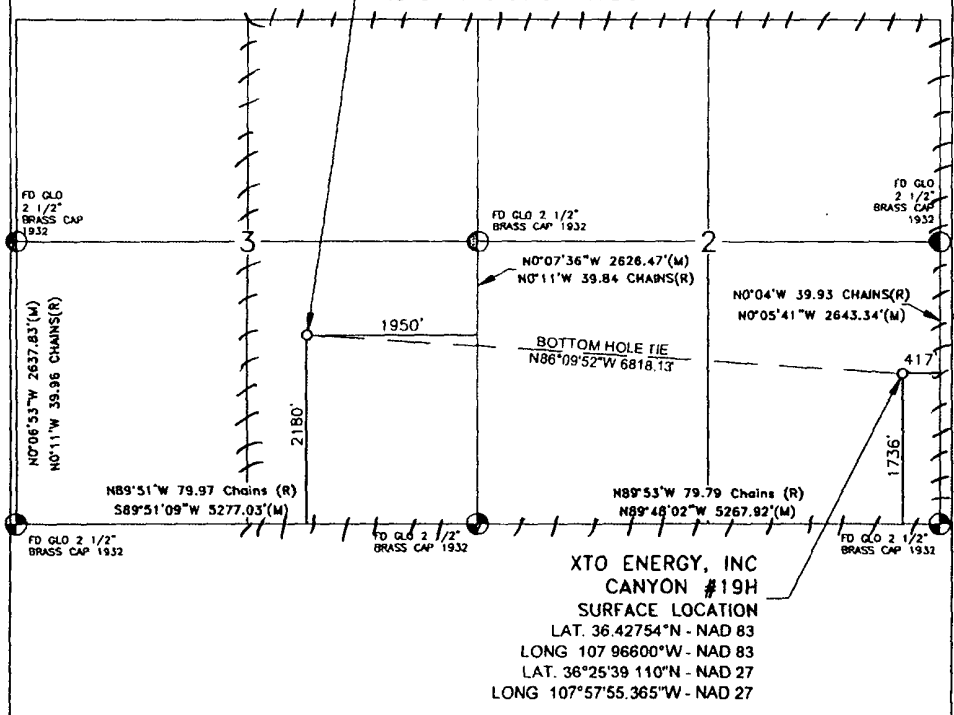
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	3	25-N	11-W		2180'	SOUTH	1950'	EAST	SAN JUAN

12 Dedicated Acres 13	Joint or Infill	Consolidation Code	Order No.
Sec. 2: All, Sec. 3: E/2 ~~960~~ Acres 962.33			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

16



17 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.

Cherylene Charley 6/26/12
Signature Date

Cherylene Charley
Printed Name

cherylene_charley@xtoenergy.com
E-mail Address

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.

MARCH 15, 2012
Date of Survey

Signature and Seal of Professional Surveyor:

WILLIAM E. MAHNKE II
NEW MEXICO
#8466
REGISTERED PROFESSIONAL LAND SURVEYOR

WILLIAM E. MAHNKE II
Certificate Number PLS-8466

XTO ENERGY INC.

Canyon #19H
APD Data
May 25, 2012

Location: 1736' FSL x 417' FEL Sec 2, T25N, R11W **County**: San Juan **State**: New Mexico
Bottomhole Location: 2180' FSL x 1950' FEL Sec 3, T25N, R11W

GREATEST PROJECTED TVD: 5144'
GREATEST PROJECTED MD: 11614'
OBJECTIVE: Gallup Horizontal

APPROX GR ELEV: 6389'
Est. KB ELEV: 6401' (22' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 500'	500' to 5697'	5697' to TD
HOLE SIZE	12.25"	8.75"	6.125"
MUD TYPE	FW/Spud Mud	FW/Polymer/LSND	Oil Based Mud/Invert
WEIGHT	8.6-9.0	8.4-9.2	11-13.5
VISCOSITY	28-32	28-36	28-36
WATER LOSS	NC	NC	NC

Remarks: Use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning.

2. CASING PROGRAM:

Surface Casing: 9.625" casing to be set at ± 500' in a 12-1/4" hole filled with 9.20 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll[1]	SF Burst[2]	SF Ten[3]
0'-500'	500'	36.0#	J-55	ST&C	2020	3520	394	8.921	8.765	8.44	14.7	21.9

Intermediate Casing: 7" casing to be set at ±5697' MD, 5144' TVD in 8.75" hole filled with 9.20 ppg mud.

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll[1]	SF Burst[2]	SF Ten[3]
0'-5697'	5697'	26 #	J-55	ST&C	4320	4980	334	6.276	6.151	1.76	2.02	2.25

Production Casing: 4.5" casing to be set at ±11614' MD, 5054' TVD in 6.125" hole filled with 13.5 ppg mud. *(Mud may be weighted up to 13.5 ppg for hole stability reasons. Anticipated Reservoir pressure ~ 7.5 ppg)*

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll[1]	SF Burst[2]	SF Ten[3]
5637'-11614'	5977'	11.6#	N-80	LT&C	6350	7780	223	4.00	3.875	1.79	2.19	3.22

[1]Collapse SF is based on evacuated casing and hydrostatic at TVD.
[2]Burst SF is based on evacuated annulus and hydrostatic at TVD.
[3]Tensile SF is based on hanging air weight of casing in a vertical hole at measured depth.

3. WELLHEAD:

A. Casing Head: C-22 profile (or equivalent), 9-5/8 slip on weld on x 11", 5000# with 11" x 7-1/16" 5000# C-22 casing hanger.
B. Tubing Head: TCM (or equivalent), 11" 5000# x 7-1/16" 5000#, TC-1A 7-1/16" x 2-3/8 tubing Hanger

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

A. Surface: 9.625", 36.0#, J-55, ST&C casing to be set at ± 500' in 12-1/4" hole.

± **268** sx of Type V cement (or equivalent) typically containing accelerator and LCM, mixed at 15.8 ppg, 1.17 ft^3/sk, & 5.01 gal wtr/sk.

Total slurry volume is 313 ft^3, 100% excess of calculated annular volume to 500'.

B. Intermediate Casing: 7", 26#/ft, J-55, ST&C casing to be set at ±5697'MD, 5144' TVD in 8.75" hole. DV Tool set at +/- 3850'.

LEAD 1:
± **88** sx of Type V (or equivalent) typically containing accelerator, LCM, dispersant, and fluid loss additives at 12.3 ppg, 2.36 ft^3/sk, & 12.95 gal wtr/sk.

TAIL 1:
± **100** sx of Type V or Class G cement typically containing accelerator, LCM, dispersant, and fluid loss additives at 13.5 ppg, 1.81 ft^3/sk, & 8.85 gal wtr/sk.

LEAD 2:
± **257** sx of Type V (or equivalent) typically containing accelerator, LCM, dispersant, and fluid loss additives at 12.3 ppg, 2.36 ft^3/sk, & 12.95 gal wtr/sk.

TAIL 2:
± **100** sx of Type V or Class G cement typically containing accelerator, LCM, dispersant, and fluid loss additives at 13.5 ppg, 1.81 ft^3/sk, & 8.85 gal wtr/sk.

Total estimated slurry volume for the 7" production casing is 1177 ft^3.

C. Production Liner: 4.5", 11.6#/ft, N-80, LT&C casing is to be set at 11614' MD, 5054' TVD in 6.125" hole.

The production liner will be set using an uncemented liner hanger. The liner may be tied back to surface during the completion of the well.

Note: The slurry design may change based upon actual conditions. Final cement volumes will be determined from the caliper logs (if available) plus 40%. It will be attempted to circulate cement to the surface.

5. LOGGING PROGRAM:

A. Mud Logger: A geologic consultant or unmanned mud logging unit will begin logging the well once the surface shoe is drilled out and remain on the well to TD.

B. Open Hole Logs as follows: Gamma Ray from Surface shoe to TD.

6. FORMATION TOPS:

See attached Directional Program.

**** Maximum anticipated BHP should be <2,000 psig (<0.38psi/ft) *****

7. COMPANY PERSONNEL:

Name	Title	Office Phone	Cellular Phone
Ross Lubbers	Drilling Manager	303-397-3721	405-659-8563
Justin Niederhofer	Drilling Engineer	303-397-3719	505-320-0158
Bobby Jackson	Drilling Superintendent	303-397-3720	505-486-4706
Reed Meek	Project Geologist	817-885-2800	--

JDN
5/25/12

XTO ENERGY

Well Name: Canyon #19H

San Juan Division
Drilling Department

Calculation Method Minimum Curvature
Geodetic Datum North American Datum 1983
Lat 36° 25' 39.14 N
Long: 107° 57' 57 60 W

Azimuths to True North
Magnetic North: 10.10°

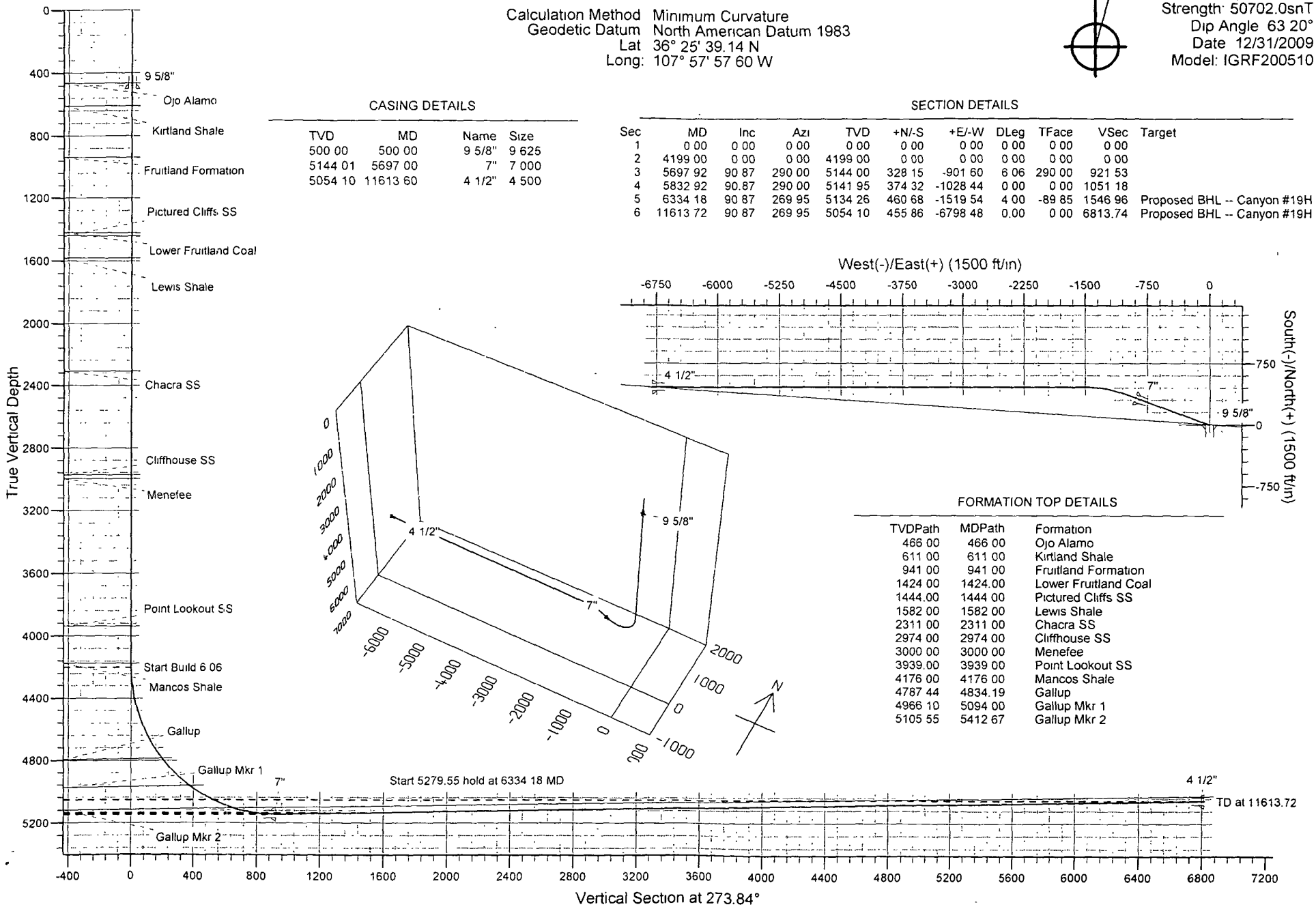
Magnetic Field
Strength: 50702.0snT
Dip Angle 63 20°
Date 12/31/2009
Model: IGRF200510

CASING DETAILS

TVD	MD	Name	Size
500 00	500 00	9 5/8"	9 625
5144 01	5697 00	7"	7 000
5054 10	11613 60	4 1/2"	4 500

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
2	4199 00	0 00	0 00	4199 00	0 00	0 00	0 00	0 00	0 00	
3	5697 92	90 87	290 00	5144 00	328 15	-901 60	6 06	290 00	921 53	
4	5832 92	90.87	290 00	5141 95	374 32	-1028 44	0 00	0 00	1051 18	
5	6334 18	90 87	269 95	5134 26	460 68	-1519 54	4 00	-89 85	1546 96	Proposed BHL -- Canyon #19H
6	11613 72	90 87	269 95	5054 10	455 86	-6798 48	0.00	0 00	6813.74	Proposed BHL -- Canyon #19H



FORMATION TOP DETAILS

TVDPath	MDPath	Formation
466 00	466 00	Ojo Alamo
611 00	611 00	Kirtland Shale
941 00	941 00	Fruitland Formation
1424 00	1424.00	Lower Fruitland Coal
1444.00	1444 00	Pictured Cliffs SS
1582 00	1582 00	Lewis Shale
2311 00	2311 00	Chacra SS
2974 00	2974 00	Cliffhouse SS
3000 00	3000 00	Menefee
3939.00	3939 00	Point Lookout SS
4176 00	4176 00	Mancos Shale
4787 44	4834.19	Gallup
4966 10	5094 00	Gallup Mkr 1
5105 55	5412 67	Gallup Mkr 2

Database:	EDM	**Local Co-ordinate Reference:**	Well Canyon #19H
Company:	XTO Energy	**TVD Reference:**	Rig KB @ 6401 00ft (AWS 777)
Project:	San Juan Basin (NAD 83)	**MD Reference:**	Rig KB @ 6401 00ft (AWS 777)
Site:	Canyon #19H	**North Reference:**	True
Well:	Canyon #19H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Canyon #19H		
Design:	Permitted wellbore		

Project San Juan Basin (NAD 83), San Juan Co , NM,

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Western Zone		

Site Canyon #19H, T25N, R11W

Site Position.		**Northing:**	1,974,954 93 ft	**Latitude:**	36° 25' 39 14 N
From:	Lat/Long	**Easting:**	2,684,063 43 ft	**Longitude:**	107° 57' 57 60 W
Position Uncertainty:	0 00 ft	**Slot Radius:**	in	**Grid Convergence:**	-0 08 °

Well Canyon #19H, Horizontal Mancos

Well Position	**+N/-S**	0 00 ft	**Northing:**	1,974,954 93 ft	**Latitude:**	36° 25' 39 14 N
	+E/-W	0 00 ft	**Easting:**	2,684,063 43 ft	**Longitude:**	107° 57' 57 60 W
Position Uncertainty		0 00 ft	**Wellhead Elevation:**	6,389 00 ft	**Ground Level:**	6,389 00 ft

Wellbore Canyon #19H

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	12/31/2009	10 10	63 20	50,702

Design Permitted wellbore

Audit Notes:

Version:		**Phase:**	PROTOTYPE	**Tie On Depth:**	0 00
Vertical Section:	**Depth From (TVD) (ft)**	**+N/-S (ft)**	**+E/-W (ft)**	**Direction (°)**	
	0 00	0.00	0 00	273 84	

Plan Sections

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
4,199 00	0 00	0 00	4,199 00	0 00	0 00	0 00	0 00	0 00	0 00	
5,697 92	90 87	290 00	5,144 00	328 15	-901 60	6 06	6 06	0 00	290 00	
5,832 92	90 87	290 00	5,141 95	374 32	-1,028 44	0 00	0 00	0 00	0 00	
6,334 18	90 87	269 95	5,134 26	460 68	-1,519 54	4 00	0 00	-4 00	-89 85	Proposed BHL -- Can
11,613 72	90 87	269 95	5,054.10	455 86	-6,798 48	0 00	0 00	0 00	0 00	Proposed BHL -- Can

Database:	EDM	**Local Co-ordinate Reference:**	Well Canyon #19H
Company:	XTO Energy	**TVD Reference:**	Rig KB @ 6401 00ft (AWS 777)
Project:	San Juan Basin (NAD 83)	**MD Reference:**	Rig KB @ 6401 00ft (AWS 777)
Site:	Canyon #19H	**North Reference:**	True
Well:	Canyon #19H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Canyon #19H		
Design:	Permitted wellbore		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
100 00	0 00	0 00	100 00	0 00	0 00	0 00	0 00	0 00	0 00
200 00	0 00	0 00	200 00	0 00	0 00	0 00	0 00	0 00	0 00
300 00	0 00	0 00	300 00	0 00	0 00	0 00	0 00	0 00	0 00
400 00	0 00	0 00	400 00	0 00	0 00	0 00	0 00	0 00	0 00
466 00	0 00	0 00	466 00	0 00	0 00	0 00	0 00	0 00	0 00
Ojo Alamo									
500 00	0 00	0 00	500 00	0 00	0 00	0 00	0 00	0 00	0 00
9 5/8"									
600 00	0 00	0 00	600 00	0 00	0 00	0 00	0 00	0 00	0 00
611 00	0 00	0 00	611 00	0 00	0 00	0 00	0 00	0 00	0 00
Kirtland Shale									
700 00	0 00	0 00	700 00	0 00	0 00	0 00	0 00	0 00	0 00
800 00	0 00	0 00	800 00	0 00	0 00	0 00	0 00	0 00	0 00
900 00	0 00	0 00	900 00	0 00	0 00	0 00	0 00	0 00	0 00
941 00	0 00	0 00	941 00	0 00	0 00	0 00	0 00	0 00	0 00
Fruitland Formation									
1,000 00	0 00	0 00	1,000 00	0 00	0 00	0 00	0 00	0 00	0 00
1,100 00	0 00	0 00	1,100 00	0 00	0 00	0 00	0 00	0 00	0 00
1,200 00	0 00	0 00	1,200 00	0 00	0 00	0 00	0 00	0 00	0 00
1,300 00	0 00	0 00	1,300 00	0 00	0 00	0 00	0 00	0 00	0 00
1,400 00	0 00	0 00	1,400 00	0 00	0 00	0 00	0 00	0 00	0 00
1,424 00	0 00	0 00	1,424 00	0 00	0 00	0 00	0 00	0 00	0 00
Lower Fruitland Coal									
1,444 00	0.00	0.00	1,444 00	0 00	0 00	0 00	0 00	0 00	0 00
Pictured Cliffs SS									
1,500 00	0 00	0 00	1,500 00	0 00	0 00	0 00	0 00	0 00	0 00
1,582 00	0 00	0 00	1,582 00	0 00	0 00	0 00	0 00	0 00	0 00
Lewis Shale									
1,600 00	0 00	0 00	1,600 00	0 00	0 00	0 00	0 00	0 00	0 00
1,700 00	0 00	0 00	1,700 00	0 00	0 00	0 00	0 00	0 00	0 00
1,800 00	0 00	0 00	1,800 00	0 00	0 00	0 00	0 00	0 00	0 00
1,900 00	0 00	0 00	1,900 00	0 00	0 00	0 00	0 00	0 00	0 00
2,000 00	0 00	0 00	2,000 00	0 00	0 00	0 00	0 00	0 00	0 00
2,100 00	0 00	0 00	2,100 00	0 00	0 00	0 00	0 00	0 00	0 00
2,200 00	0 00	0 00	2,200 00	0 00	0 00	0 00	0 00	0 00	0 00
2,300 00	0 00	0 00	2,300 00	0 00	0 00	0 00	0 00	0 00	0 00
2,311 00	0 00	0 00	2,311 00	0 00	0 00	0 00	0 00	0 00	0 00
Chacra SS									
2,400 00	0 00	0 00	2,400 00	0 00	0 00	0 00	0 00	0 00	0 00
2,500 00	0 00	0 00	2,500 00	0 00	0 00	0 00	0 00	0 00	0 00
2,600 00	0 00	0 00	2,600 00	0 00	0 00	0 00	0 00	0 00	0 00
2,700 00	0 00	0 00	2,700 00	0 00	0 00	0 00	0 00	0 00	0 00
2,800 00	0 00	0 00	2,800 00	0 00	0.00	0 00	0 00	0 00	0 00
2,900 00	0 00	0 00	2,900 00	0 00	0 00	0 00	0 00	0 00	0 00
2,974 00	0 00	0 00	2,974 00	0 00	0 00	0 00	0 00	0 00	0 00
Cliffhouse SS									
3,000 00	0 00	0 00	3,000 00	0 00	0 00	0 00	0 00	0 00	0 00
Menefee									
3,100.00	0.00	0 00	3,100 00	0 00	0.00	0 00	0 00	0 00	0 00
3,200 00	0 00	0 00	3,200 00	0 00	0 00	0 00	0 00	0 00	0 00
3,300 00	0 00	0 00	3,300 00	0.00	0.00	0 00	0 00	0 00	0 00
3,400 00	0 00	0 00	3,400 00	0 00	0 00	0 00	0 00	0 00	0 00

Database:	EDM	**Local Co-ordinate Reference:**	Well Canyon #19H
Company:	XTO Energy	**TVD Reference:**	Rig KB @ 6401 00ft (AWS 777)
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Wellbore:	Canyon #19H		
Design:	Permitted wellbore		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
3,500 00	0 00	0 00	3,500 00	0 00	0 00	0 00	0 00	0 00	0 00
3,600 00	0 00	0 00	3,600 00	0 00	0 00	0 00	0 00	0 00	0 00
3,700 00	0 00	0 00	3,700 00	0 00	0 00	0 00	0 00	0 00	0 00
3,800 00	0 00	0 00	3,800 00	0 00	0 00	0 00	0 00	0 00	0 00
3,900 00	0 00	0 00	3,900 00	0 00	0 00	0 00	0 00	0 00	0 00
3,939 00	0 00	0 00	3,939 00	0 00	0 00	0 00	0 00	0 00	0 00
Point Lookout SS									
4,000 00	0 00	0 00	4,000 00	0 00	0 00	0 00	0 00	0 00	0 00
4,100 00	0 00	0 00	4,100 00	0 00	0 00	0 00	0 00	0 00	0 00
4,176 00	0 00	0 00	4,176 00	0 00	0 00	0 00	0 00	0 00	0 00
Mancos Shale									
4,199 00	0 00	0 00	4,199 00	0 00	0 00	0 00	0 00	0 00	0 00
4,250 00	3 09	290 00	4,249 98	0 47	-1 29	1 32	6 06	6 06	0 00
4,300 00	6 12	290 00	4,299 81	1 84	-5 07	5 18	6 06	6 06	0 00
4,350 00	9 15	290 00	4,349 36	4 12	-11 31	11 56	6 06	6 06	0 00
4,400 00	12 19	290 00	4,398 49	7 28	-20 01	20 45	6 06	6 06	0 00
4,450 00	15 22	290 00	4,447 06	11 33	-31 14	31 82	6 06	6 06	0 00
4,500 00	18 25	290 00	4,494 94	16 26	-44 66	45 65	6 06	6 06	0 00
4,550 00	21 28	290 00	4,541 99	22 04	-60 55	61 89	6 06	6 06	0 00
4,600 00	24 31	290 00	4,588 08	28 66	-78 75	80 49	6 06	6 06	0 00
4,650 00	27 34	290 00	4,633 08	36 11	-99 21	101 41	6 06	6 06	0 00
4,700 00	30 37	290 00	4,676 86	44 36	-121 89	124 58	6 06	6 06	0 00
4,750 00	33 40	290 00	4,719 31	53 40	-146 70	149 95	6 06	6 06	0 00
4,800 00	36 43	290 00	4,760 31	63 18	-173 60	177 43	6 06	6 06	0 00
4,834 19	38 51	290 00	4,787 44	70 30	-193 14	197 41	6 06	6 06	0 00
Gallup									
4,850 00	39 47	290 00	4,799 73	73 70	-202 49	206 96	6 06	6 06	0 00
4,900 00	42 50	290 00	4,837 47	84 91	-233 30	238 45	6 06	6 06	0 00
4,950 00	45.53	290 00	4,873 43	96 79	-265 94	271 82	6 06	6 06	0 00
5,000 00	48 56	290 00	4,907 49	109 31	-300 32	306 96	6 06	6 06	0 00
5,050 00	51 59	290 00	4,939 58	122 42	-336 35	343 79	6 06	6.06	0 00
5,094 00	54 26	290 00	4,966 10	134 43	-369 33	377 50	6 06	6 06	0 00
Gallup Mkr 1									
5,100 00	54 62	290 00	4,969 59	136 10	-373 92	382 19	6 06	6 06	0 00
5,150 00	57 65	290 00	4,997 45	150 29	-412 93	422 06	6 06	6 06	0 00
5,200 00	60 68	290 00	5,023 07	164 98	-453 27	463 29	6 06	6 06	0 00
5,250 00	63 72	290 00	5,046 39	180 10	-494 83	505 77	6 06	6.06	0 00
5,300 00	66 75	290 00	5,067 33	195 63	-537 48	549 37	6 06	6 06	0 00
5,350 00	69 78	290 00	5,085 85	211 51	-581 12	593 97	6 06	6 06	0 00
5,400 00	72 81	290 00	5,101 88	227 71	-625 62	639 45	6 06	6 06	0 00
5,412 67	73 58	290 00	5,105 55	231 86	-637 02	651 11	6 06	6 06	0 00
Gallup Mkr 2									
5,450 00	75 84	290 00	5,115 39	244 17	-670 85	685 68	6 06	6 06	0 00
5,500 00	78 87	290 00	5,126.34	260 85	-716 69	732 54	6 06	6 06	0 00
5,550 00	81 90	290 00	5,134 69	277 71	-763 01	779 88	6 06	6 06	0 00
5,600 00	84 93	290 00	5,140 42	294 70	-809 68	827 58	6 06	6 06	0 00
5,650 00	87 96	290 00	5,143 51	311 77	-856 57	875 51	6 06	6 06	0 00
5,697 00	90 81	290 00	5,144 01	327 84	-900 73	920 64	6 06	6 06	0 00
7"									
5,697 92	90 87	290 00	5,144 00	328 15	-901 60	921 53	6 06	6 06	0 00
5,700 00	90 87	290 00	5,143 97	328 86	-903 55	923 52	0 00	0 00	0 00
5,800 00	90 87	290 00	5,142 45	363 06	-997 51	1,019 56	0 00	0 00	0 00
5,832 92	90 87	290 00	5,141 95	374 32	-1,028 44	1,051 18	0 00	0.00	0 00

Database:	EDM	**Local Co-ordinate Reference:**	Well Canyon #19H
Company:	XTO Energy	**TVD Reference:**	Rig KB @ 6401 00ft (AWS 777)
Project:	San Juan Basin (NAD 83)	**MD Reference:**	Rig KB @ 6401 00ft (AWS 777)
Site:	Canyon #19H	**North Reference:**	True
Well:	Canyon #19H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Canyon #19H		
Design:	Permitted wellbore		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
5,900 00	90 88	287 32	5,140 93	395 78	-1,091 98	1,116 01	4 00	0 01	-4 00
6,000 00	90 88	283 32	5,139 39	422 18	-1,188 39	1,213 98	4 00	0 01	-4 00
6,100 00	90 88	279 32	5,137 85	441 80	-1,286 42	1,313 09	4 00	0 00	-4 00
6,200 00	90 88	275 32	5,136 31	454 53	-1,385.57	1,412 88	4 00	0 00	-4 00
6,300 00	90 87	271 31	5,134 78	460 31	-1,485 37	1,512 84	4 00	-0 01	-4 00
6,334 18	90 87	269 95	5,134 26	460 68	-1,519 54	1,546 96	4 00	-0 01	-4 00
6,400 00	90 87	269 95	5,133 26	460 62	-1,585 36	1,612 62	0.00	0 00	0 00
6,500 00	90 87	269 95	5,131 74	460 53	-1,685 35	1,712 38	0 00	0 00	0 00
6,600 00	90 87	269 95	5,130 22	460 44	-1,785 34	1,812 14	0 00	0 00	0 00
6,700 00	90 87	269 95	5,128 71	460 35	-1,885 32	1,911.90	0.00	0 00	0 00
6,800 00	90 87	269 95	5,127 19	460 26	-1,985 31	2,011 66	0.00	0 00	0.00
6,900 00	90 87	269 95	5,125 67	460 17	-2,085 30	2,111 42	0 00	0 00	0 00
7,000 00	90 87	269 95	5,124 15	460 08	-2,185 29	2,211 17	0 00	0 00	0 00
7,100.00	90 87	269 95	5,122 63	459 98	-2,285 28	2,310 93	0.00	0 00	0 00
7,200 00	90 87	269 95	5,121 11	459.89	-2,385 27	2,410 69	0 00	0 00	0 00
7,300 00	90 87	269 95	5,119 60	459 80	-2,485 26	2,510 45	0 00	0 00	0.00
7,400 00	90 87	269.95	5,118 08	459 71	-2,585 24	2,610 21	0 00	0 00	0 00
7,500 00	90 87	269 95	5,116 56	459 62	-2,685 23	2,709 97	0 00	0 00	0 00
7,600 00	90 87	269 95	5,115 04	459 53	-2,785 22	2,809 72	0.00	0 00	0 00
7,700 00	90 87	269 95	5,113 52	459 44	-2,885 21	2,909 48	0 00	0 00	0 00
7,800 00	90 87	269 95	5,112 00	459 34	-2,985 20	3,009 24	0 00	0 00	0 00
7,900 00	90 87	269 95	5,110 49	459 25	-3,085 19	3,109 00	0 00	0 00	0 00
8,000.00	90 87	269 95	5,108 97	459 16	-3,185 17	3,208 76	0 00	0 00	0 00
8,100 00	90 87	269 95	5,107 45	459 07	-3,285 16	3,308 52	0 00	0.00	0 00
8,200 00	90 87	269.95	5,105 93	458 98	-3,385.15	3,408 27	0 00	0 00	0 00
8,300 00	90 87	269 95	5,104 41	458 89	-3,485 14	3,508 03	0 00	0 00	0 00
8,400 00	90 87	269.95	5,102 89	458 80	-3,585.13	3,607 79	0 00	0 00	0 00
8,500 00	90 87	269 95	5,101 38	458.70	-3,685 12	3,707 55	0 00	0 00	0 00
8,600 00	90 87	269 95	5,099.86	458 61	-3,785 11	3,807 31	0 00	0 00	0 00
8,700 00	90 87	269 95	5,098 34	458 52	-3,885 09	3,907 07	0 00	0 00	0 00
8,800 00	90 87	269 95	5,096.82	458 43	-3,985.08	4,006 82	0.00	0 00	0 00
8,900 00	90 87	269 95	5,095 30	458 34	-4,085 07	4,106 58	0 00	0 00	0 00
9,000 00	90 87	269 95	5,093 78	458 25	-4,185 06	4,206 34	0 00	0 00	0 00
9,100 00	90 87	269 95	5,092 27	458 16	-4,285 05	4,306 10	0 00	0 00	0 00
9,200 00	90 87	269 95	5,090 75	458 06	-4,385 04	4,405 86	0 00	0 00	0 00
9,300 00	90 87	269 95	5,089 23	457 97	-4,485 02	4,505 62	0 00	0 00	0 00
9,400 00	90 87	269 95	5,087 71	457 88	-4,585 01	4,605 37	0 00	0 00	0 00
9,500 00	90 87	269 95	5,086 19	457.79	-4,685 00	4,705 13	0 00	0 00	0 00
9,600 00	90 87	269 95	5,084.67	457 70	-4,784 99	4,804 89	0 00	0 00	0 00
9,700 00	90 87	269 95	5,083.15	457 61	-4,884 98	4,904 65	0 00	0 00	0 00
9,800 00	90 87	269 95	5,081.64	457 52	-4,984 97	5,004 41	0 00	0 00	0 00
9,900.00	90 87	269 95	5,080 12	457 42	-5,084 95	5,104 16	0 00	0 00	0 00
10,000 00	90 87	269 95	5,078 60	457.33	-5,184 94	5,203 92	0 00	0 00	0 00
10,100 00	90 87	269 95	5,077 08	457 24	-5,284 93	5,303 68	0 00	0 00	0 00
10,200.00	90 87	269 95	5,075.56	457 15	-5,384 92	5,403.44	0.00	0 00	0 00
10,300 00	90 87	269 95	5,074 04	457 06	-5,484 91	5,503 20	0 00	0 00	0.00
10,400 00	90 87	269 95	5,072 53	456 97	-5,584 90	5,602 96	0 00	0 00	0 00
10,500 00	90 87	269 95	5,071 01	456 88	-5,684 89	5,702 71	0 00	0 00	0 00
10,600 00	90 87	269 95	5,069 49	456 78	-5,784.87	5,802 47	0 00	0 00	0 00
10,700 00	90 87	269 95	5,067 97	456 69	-5,884 86	5,902 23	0 00	0 00	0 00
10,800 00	90.87	269 95	5,066.45	456 60	-5,984 85	6,001 99	0 00	0 00	0.00
10,900.00	90 87	269 95	5,064 93	456 51	-6,084 84	6,101 75	0 00	0 00	0 00
11,000 00	90 87	269 95	5,063 42	456 42	-6,184 83	6,201 51	0 00	0 00	0.00
11,100 00	90 87	269 95	5,061 90	456 33	-6,284 82	6,301 26	0 00	0 00	0 00

XTO Energy Inc.

Planning Report

Database:	EDM	**Local Co-ordinate Reference:**	Well Canyon #19H
Company:	XTO Energy	**TVD Reference:**	Rig KB @ 6401.00ft (AWS 777)
Project:	San Juan Basin (NAD 83)	**MD Reference:**	Rig KB @ 6401 00ft (AWS 777)
Site:	Canyon #19H	**North Reference:**	True
Well:	Canyon #19H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Canyon #19H		
Design:	Permitted wellbore		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
11,200 00	90.87	269.95	5,060 38	456 24	-6,384 80	6,401 02	0 00	0 00	0 00
11,300 00	90 87	269 95	5,058 86	456 14	-6,484 79	6,500 78	0 00	0 00	0 00
11,400 00	90 87	269 95	5,057 34	456 05	-6,584 78	6,600 54	0 00	0 00	0 00
11,500 00	90 87	269 95	5,055 82	455 96	-6,684 77	6,700 30	0 00	0 00	0 00
11,600 00	90 87	269 95	5,054 31	455.87	-6,784 76	6,800 06	0 00	0 00	0 00
11,613 60	90 87	269 95	5,054 10	455 86	-6,798 36	6,813 62	0 00	0 00	0 00
4 1/2"									
11,613 72	90 87	269 95	5,054 10	455 86	-6,798 48	6,813 74	0 00	0 00	0 00

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Proposed BHL -- Canyoı	0 00	0 00	5,054 00	455 86	-6,798 48	1,975,420 13	2,677,265 60	36° 25' 43 64 N	107° 59' 20 80 W
- plan misses by 0 10ft at 11613 72ft MD (5054 10 TVD, 455.86 N, -6798 48 E)									
- Point									

Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (in)	Hole Diameter (in)
500 00	500 00	9 5/8"	9 625	12 250
5,697 00	5,144 01	7"	7 000	8 750
11,613 60	5,054 10	4 1/2"	4 500	6 125

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
466 00	466 00	Ojo Alamo		0 00	
611 00	611 00	Kirtland Shale		0 00	
941 00	941 00	Fruitland Formation		0 00	
1,424 00	1,424 00	Lower Fruitland Coal		0 00	
1,444 00	1,444 00	Pictured Cliffs SS		0 00	
1,582 00	1,582 00	Lewis Shale		0 00	
2,311 00	2,311.00	Chacra SS		0 00	
2,974 00	2,974 00	Cliffhouse SS		0.00	
3,000 00	3,000 00	Menefee		0 00	
3,939 00	3,939 00	Point Lookout SS		0 00	
4,176 00	4,176 00	Mancos Shale		0 00	
4,834 19	4,790 00	Gallup		0 76	90 00
5,094 00	4,971 00	Gallup Mkr 1		0 76	90.00
5,412 67	5,114 00	Gallup Mkr 2		0 76	90 00

Cy Zimmerman
Associate Landman
(817) 885-1130
Fax (817) 885-1854
Cy_Zimmerman@xtoenergy.com

Via Federal Express

July 9, 2012

ConocoPhillips Company
Burlington Resources Oil & Gas
3401 East 30th St.
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attn: Mr. Terry Simcoe

Re: **Horizontal Project Area**
Canyon 19H
Sec. 2 & E/2 of Sec. 3, T25N, R11W
San Juan County, New Mexico

Dear Working Interest Owner:

XTO Energy Inc. would like to form a Project area as defined in **Section 19.15.16.7 L** of NMOCD Order Number R-13499 for purposes of drilling a horizontal well targeting the Mancos Formation. The Project Area will consist of **Sections 2 & E/2 of Section 3 in T25N, R11W** containing 962.33 acres, more or less

Pursuant to Section 19.15.16.15 A of NMOCD Order Number R 13499, XTO is required to obtain the consent of one additional working interest owner before filing for a Permit to Drill (APD).

Our records indicate you are a working interest owner in the N/2 of Section 2. Please indicate your approval or disapproval of the proposed Project Area below.

If you have any questions regarding this matter, please contact me at (817) 885-1130

Yours truly,

Cy Zimmerman
Associate Landman

The undersigned hereby agrees this __ day of _____, 2012, to approve the proposed Project Area.

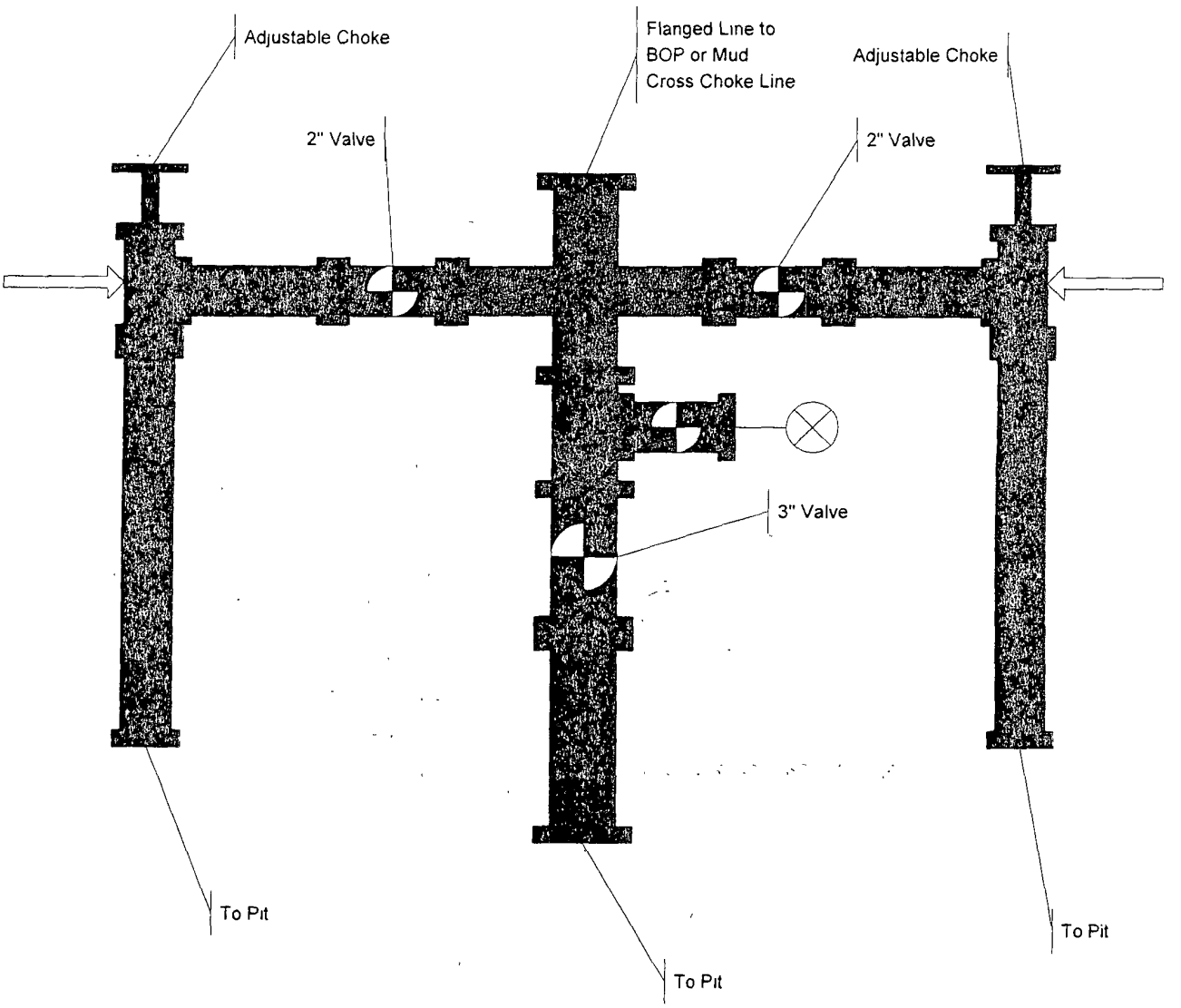
Name: Patrick H. Nord

Title: Land Manager

Company: ConocoPhillips Company

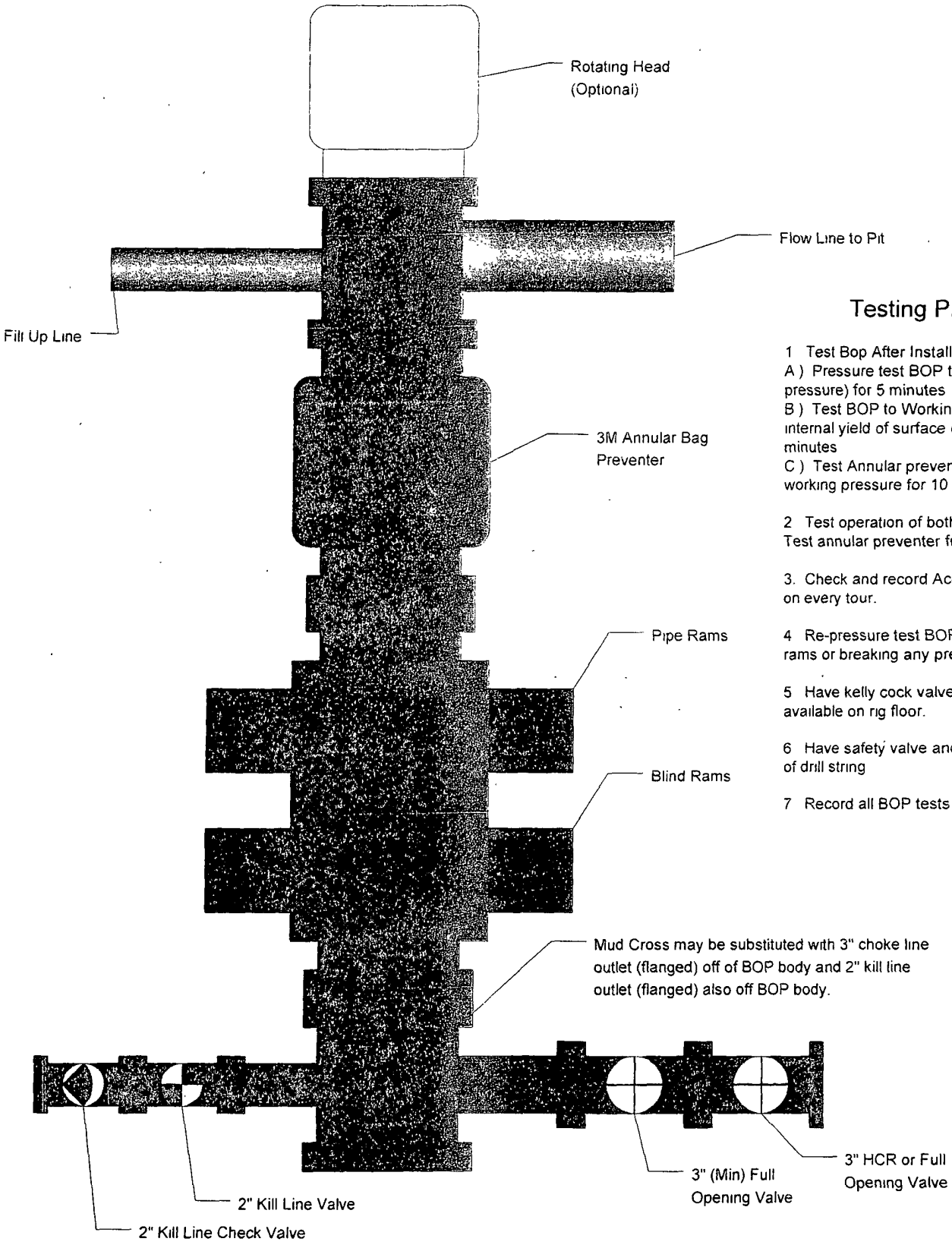
XTO Energy

3M Choke Manifold		



XTO Energy

3M BOP Stack		



Testing Procedure

1 Test Bop After Installation.
A) Pressure test BOP to 200-300 psig (low pressure) for 5 minutes
B) Test BOP to Working pressure or 70% internal yield of surface casing for 10 minutes
C) Test Annular preventer to 50% of working pressure for 10 minutes

2 Test operation of both rams on each trip Test annular preventer function weekly.

3. Check and record Accumulator pressure on every tour.

4 Re-pressure test BOP after changing rams or breaking any pressure tested seal

5 Have kelly cock valve with handle available on rig floor.

6 Have safety valve and subs to fit all sizes of drill string

7 Record all BOP tests in IADC book.