

UNITED STATES 2004 NOV 2 PM 4 23
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

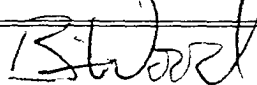
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-0 003380
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 N/A
2. Name of Operator XTO ENERGY INC		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 2700 FARMINGTON AVE., BLDG. K-1 FARMINGTON, NM 87401	3b. Phone No. (include area code) (505) 324-1090	8. Lease Name and Well No. FLORAANCE D 18
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 595 FSL & 520 FEL At proposed prod. zone SAME		9. API Well No. 30-045- 32657
14. Distance in miles and direction from nearest town or post office* 13 AIR MILES SOUTHEAST OF BLANCO		10. Field and Pool, or Exploratory BLANCO PC S., BLANCO MV
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 595'	16. No. of acres in lease 2,400.96	11. Sec., T. R. M. or Blk. and Survey or Area P 20-27N-8W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,816' (Flor. D LS 4A)	19. Proposed Depth 5,200'	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,257' GL	22. Approximate date work will start* 12/01/2004	13. State NM
23. Estimated duration 6 WEEKS		

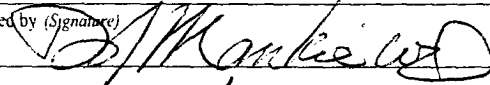
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and reports as may be required by the authorized official.

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 10/29/2004
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Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-9682
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Approved by (Signature) 	Name (Printed/Typed) AFM	Date 12/20/04
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Title AFM	Office FFO
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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)

OPERATOR

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

HOLD G194 FOR 1. NSL
2. Change in status to
Floraance 70-PC
3. Change in status to
Floraance 70-4A.

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

☐ AMENDED REPORT

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32657		² Pool Code 72439 & 72319		³ Pool Name BLANCO PC SOUTH & BLANCO MESA VERDE	
⁴ Property Code 29105		⁵ Property Name FLORANCE D		⁶ Well Number 18	
⁷ GRID No. 167067		⁸ Operator Name XTO ENERGY INC.		⁹ Elevation 6257	

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
P	20	27-N	8-W	.	595	SOUTH	520	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

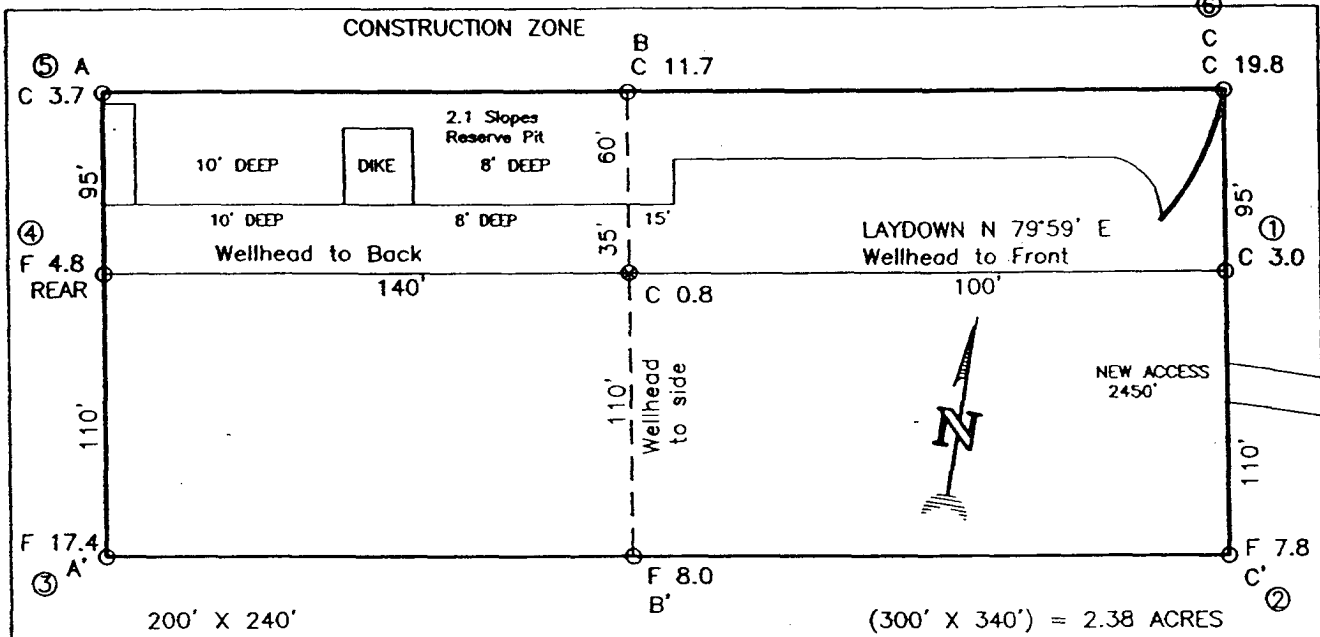
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres P 160 & 320 MV			¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.		

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

<p>16</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>Brian Wood</i></p> <p>Signature BRIAN WOOD</p> <p>Printed Name CONSULTANT</p> <p>Title OCT. 29, 2004</p> <p>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</p> <p><i>John A. Vukovich</i></p> <p>Date of Survey 10/29/04</p> <p>Signature and Seal of Professional Surveyor</p> <p>14831</p> <p>Certificate Number</p>	

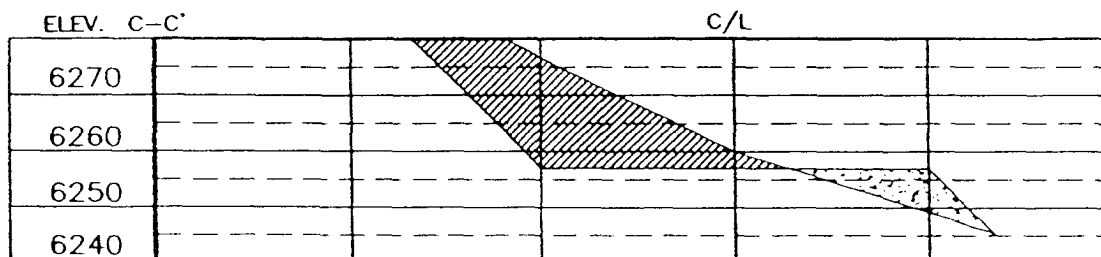
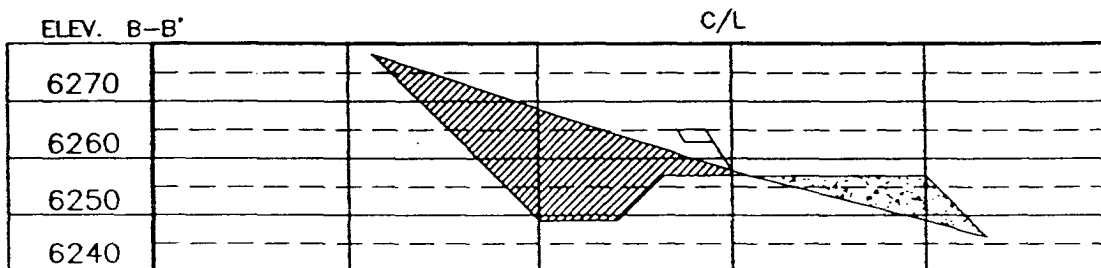
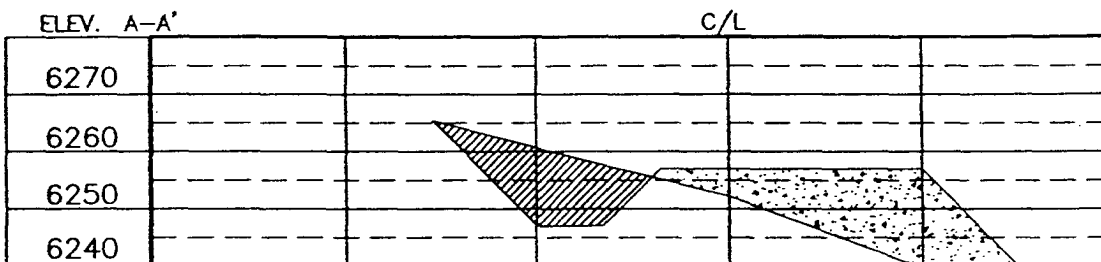
XTO ENERGY INC.
 FLORANCE D #18, 595' FSL 520' FEL
 SECTION 20, T27N, R8W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6257', DATE: JUNE 22, 2004

LAT. = 36°33'15" N.
 LONG. = 107°41'53.5" 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.

DATE	REVISED BY	DATE	REVISED BY
8/23/04	J. GALLER	8/23/04	J. GALLER

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
 COUNTY CR256CEB
 DATE 03/18/04

XTO Energy Inc.
Florance D 18
595' FSL & 520' FEL
Sec. 20, T. 27 N., R. 8 W.
San Juan County, New Mexico

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070 FARMINGTON NM

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	000'	12'	+6,257'
Ojo Alamo Sandstone	1,532'	1,544'	+4,725'
Kirtland Shale	1,582'	1,594'	+4,675'
Fruitland Coal	2,057'	2,069'	+4,200'
Pictured Cliffs Ss	2,317'	2,339'	+3,940'
Lewis Shale	2,432'	2,444'	+3,825'
Cliff House Ss	3,957'	3,969'	+2,300'
Mesa Verde Sandstone	4,557'	4,569'	+1,700'
Mancos Shale	4,957'	4,969'	+1,300'
Total Depth*	5,200'	5,012'	+1,057'

* all elevations reflect the ungraded ground level of 6,257'

2. NOTABLE ZONES

Gas or Oil Zones

Fruitland
Pictured Cliffs
Chacra
Mesa Verde

Water Zones

Nacimiento
Ojo Alamo
Fruitland

Coal Zone

Fruitland

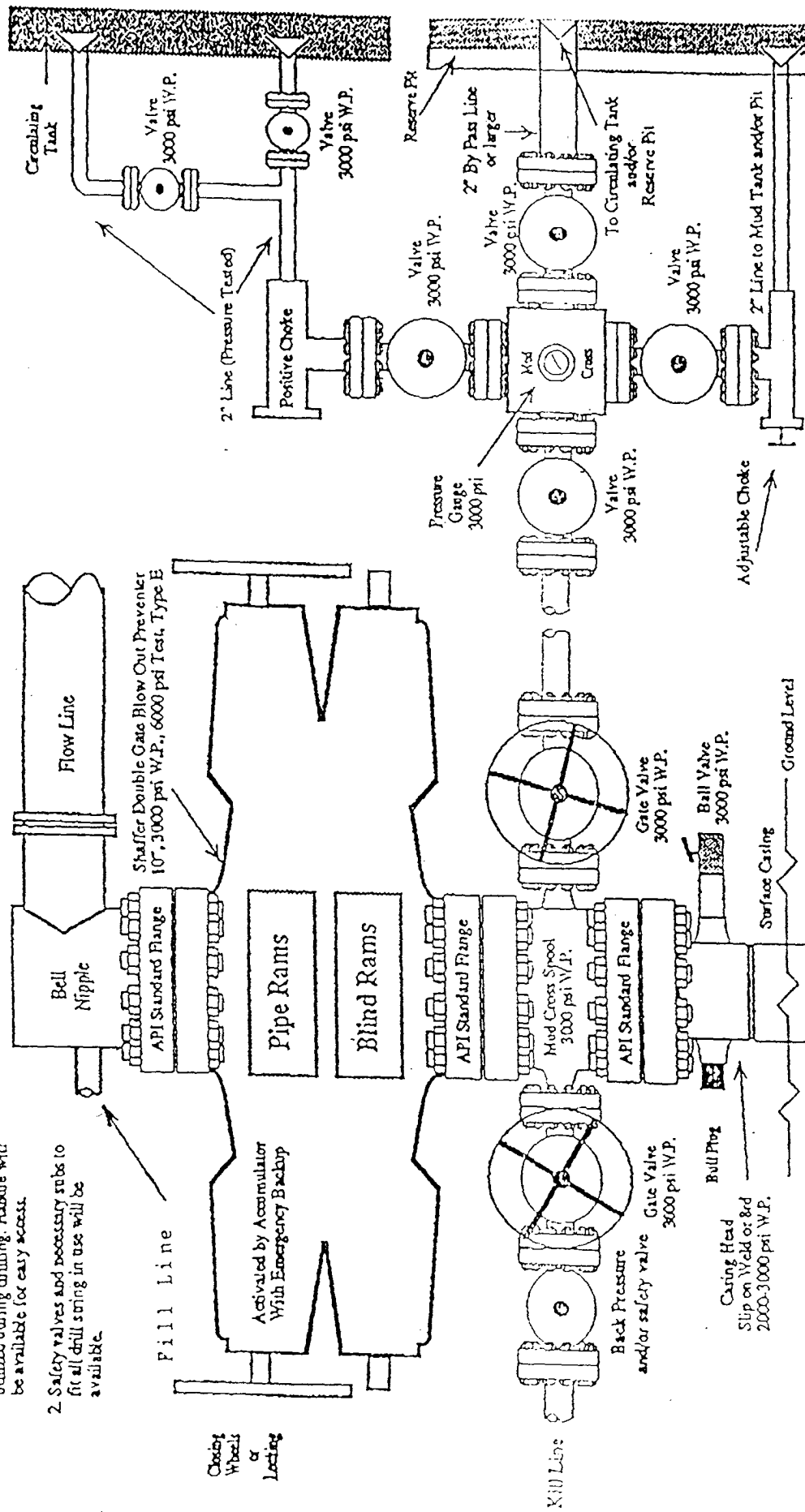
Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

3. PRESSURE CONTROL

Pressure Control Equipment

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary tools to fit all drill string in use will be available.



Minimum 2" Choke Line.
Minimum 2" Kill Line.
At Least One 2" Minimum Kill Line Valve.

Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

XTO Energy Inc.
Florance D 18
595' FSL & 520' FEL
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The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. (A typical 2,000 psi model is on PAGE 2.) An 8-5/8" x 11" 2,000 pound double ram BOP system with a choke manifold and mud cross will be tested to 200 psi and then to \approx 1,000 psi. Upper and lower Kelly cocks with valve handle and subs to fit all drill string connections which are in use will be available on the rig floor. Tests will be run when:

- 1) installed
- 2) anytime a pressure seal is broken (test only affected equipment)
- 3) at least every 30 days
- 4) blind & pipe rams will be activated each trip, but no more than daily

BOP systems will be consistent with API RP 53. Blowout preventers will be installed and tested before drilling surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated daily to ensure good mechanical working order and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs.

4. CASING & CEMENT

	<u>Surface Casing</u>	<u>Production Casing</u>
Interval	0' - 350'	0' - 5,200'
Hole Diameter	12-1/4"	7-7/8"
Casing Diameter	8-5/8"	5-1/2"
Weight (pounds/foot)	24	15.5
Grade	J-55	J-55
Coupling	S T&C	S T&C
Collapse Rating (psi)	1370	4040
Burst Rating (psi)	2950	4810
Joint Strength (M-lbs)	244	202
I. D. (inches)	8.097	4.950
Drift (inches)	7.972	4.825
SF Coll	9.44	1.45
SF Burst	13.72	1.83
SF Ten	33.89	2.29
Centralizers	3	15

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Casing head will be Larkin Fig 92 or its equivalent, 9" nominal 2,000 psi WP, (4,000 psi test) with 8-5/8" 8 rounded thread on bottom, and 11-3/4" 8 rounded thread on top.

Tubing head will be Larkin Fig 612 or its equivalent, 2000 psi WP (4,000 psi test), 5-1/2" 8 rounded female thread on bottom, and 8-5/8" rounded thread on top.

Surface casing will be cemented to surface with ≈ 217 sacks Type III cement with 2% CaCl_2 + 1/4 pound per sack cello flake mixed with 6.33 gallons of water per sack. Weight = 14.8 pounds/gallon. Density = 1.34 cubic feet/sack. Total volume = 290 cubic feet based on >100% excess.

Production casing will be cemented to surface in two stages. DV tool will be set at $\approx 2,600'$. Total first stage volume = 605 cubic feet. Total second stage volume = 605 cubic feet. Volumes to be based on caliper log + 30% excess.

First stage lead will be ≈ 250 sacks 65/35 Class H with 6% gel + 1/4 pound per sack cello flake + 3% NaCl + 0.5% fluid loss additive + 0.2% dispersant mixed with 10.59 gallons of water per sack. Weight = 12.5 pounds/gallon. Yield = 2.08 cubic feet/sack.

First stage tail will be cemented with ≈ 85 sacks Class H + 1/4 pound per sack cello flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack.

Second stage lead will be cemented with ≈ 170 sacks Class H with 3% extender + 1/4 pound per sack cello flake mixed with 10.19 gallons of water per sack. Weight = 11.2 pounds per gallon. yield = 3.07 cubic feet per sack.

Second stage tail will be cemented with ≈ 85 sacks Class H with 1/4 pound per sack cell flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack.

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5. MUD PROGRAM

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>
0' - 350'	Fresh Water-Spud	8.6-9.0	28-32	NC
350' - 2,600'	Fresh Water-Polymer	8.4-8.8	28-32	NC
2,600' - TD	LSND	8.6-9.0	45-60	8-10 cc

Fibrous material (e. g., cedar bark, cotton seed hulls) will be on site to control seepage and lost circulation. High viscosity sweeps will be used as needed for hole cleaning. Viscosity will be raised at TD for logging. Viscosity will be reduced after logging for cementing. A mud logging crew will be on site from $\approx 2,600'$ to TD.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. These logs will be run:

Array Induction/SFL/GR/SP from TD to bottom of surface casing
CNL/LDT(Lithodensity)/GR/Cal and PE from TD to $\approx 2,600'$
Formation Micro Imager (FMI) from TD to $\approx 2,600'$

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum bottom hole pressure will be $\approx 1,000$ psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take about ten days to drill and thirty days to complete the well.