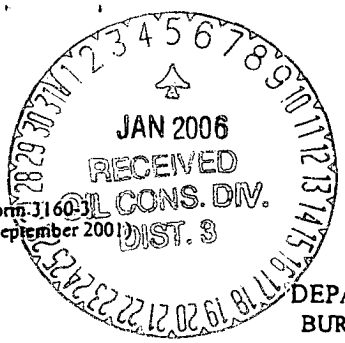


Form 3160-3
(September 2001)

2005 AUG 32 PM 1 22

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070 FARMINGTON NM

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

# APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: SF 078881

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 482

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

9. API Well No.: 30-039-29642

3a. Address: 6301 Waterford Blvd., Suite 400, Oklahoma City, OK 73118

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 NWSESE 950' FSL & ~~1610'~~ 1140 FEL

At proposed prod. zone

11. Sec., T., R., M., or Blk. and Survey or Area: Sec 3, 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) | 16. No. of Acres in lease | 17. Spacing Unit dedicated to this well |
|---|---|---|
| | 2080.76 | 320.8 E/2 |
| **18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.** | **19. Proposed Depth** | **20. BLM/BIA Bond No. on file** |
| | 7450' | NMB000076 |
| **21. Elevations (Show whether DF, KDB, RT, GL, etc.)** | **22. Approximate date work will start*** | **23. Estimated duration** |
| 6806' | | |

## 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.
2. A Drilling Plan.
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).
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 authorized officer.

| 25. Signature | Name *(Printed/Typed)* | Date |
|---|---|---|
| Catherine Smith | Catherine Smith | 8/29/05 |
| **Title** | | |
| Land Associate | | |
| **Approved by *(Signature)*** | **Name *(Printed/Typed)*** | **Date** |
| /s/ Manuel | | 12/30/05 |
| **Title** | **Office** | |
| AFM | FFO | |

Application approval does not warrant or certify the 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 reverse)*

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

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

NMOCD

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-1
Revised June 10, 2
Submit to Appropriate District Off
State Lease – 4 Cop
Fee Lease – 3 Cop

☐ AMENDED REPO

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# WELL LOCATION AND ACREAGE DEDICATION PLAT

| [1] API Number | [2] Pool Code | [3] Pool Name |
|---|---|---|
| 30-039-29642 | 71599 | Basin Dakota |

| [4] Property Code | [5] Property Name | [6] Well Number |
|---|---|---|
| ~~6886~~ 32060 | CANYON LARGO UNIT | 482 |

| [7] OGRID No. | [8] Operator Name | [9] Elevation |
|---|---|---|
| 208706 | HUNTINGTON ENERGY, LLC | 6806' |

## [10] Surface Location

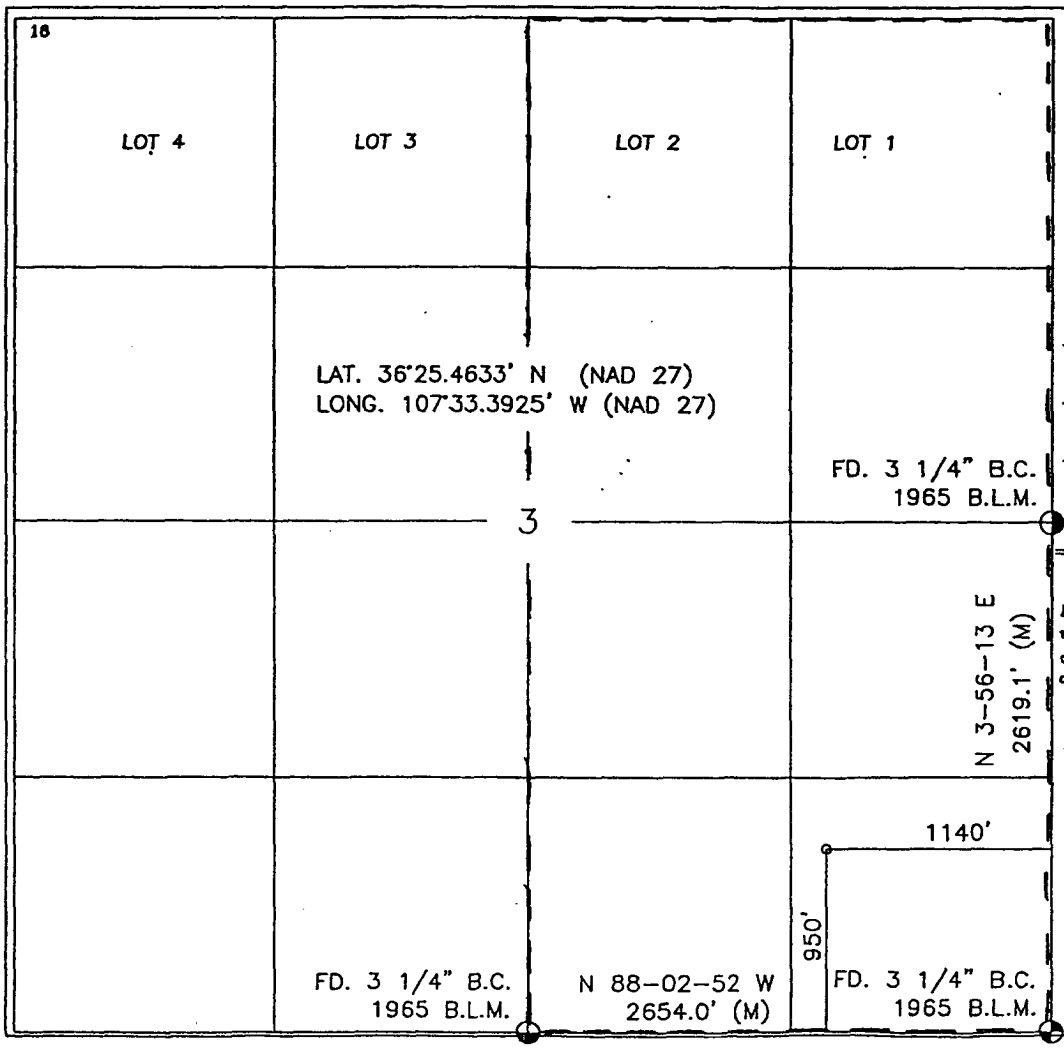
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| P | 3 | 25-N | 7-W | | 950 | SOUTH | 1140 | EAST | RIO ARRIBA |

## [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 | [13] Joint or Infill | [14] Consolidation Code | [15] Order No. |
|---|---|---|---|
| DK-E/320.8 | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATEI
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION




## [17] OPERATOR CERTIFICATION

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief*

Catherine Smith
Signature

Catherine Smith
Printed Name

Land Associate
Title

July 26, 2005
Date

## [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.*

JUNE 1, 2005
Date of Survey

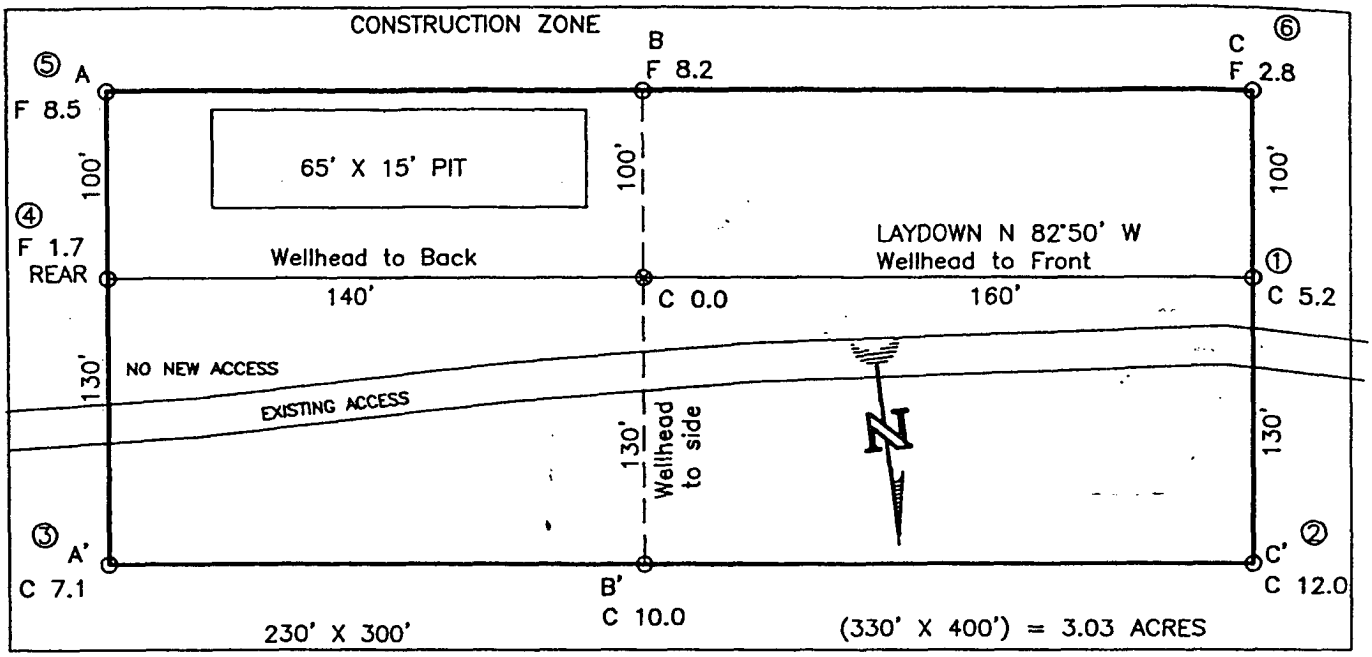
Signature and Seal of Professional Surveyor:

JOHN A. VUKONICH
NEW MEXICO
14831
REGISTERED PROFESSIONAL SURVEYOR

14831
Certificate Number

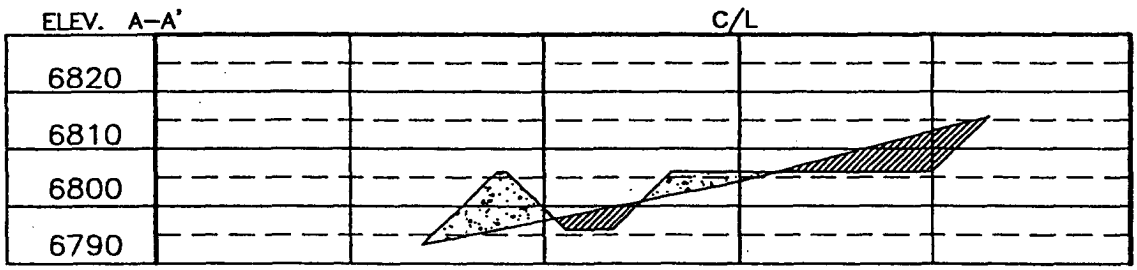
HUNTINGTON ENERGY, LLC
CANYON LARGO UNIT No. 482, 950 FSL 1140 FEL
SECTION 3, T25N, R7W, N.M.P.M., RIO ARRIBA COUNTY, N. M.
GROUND ELEVATION: 6806', DATE: JUNE 1, 2005

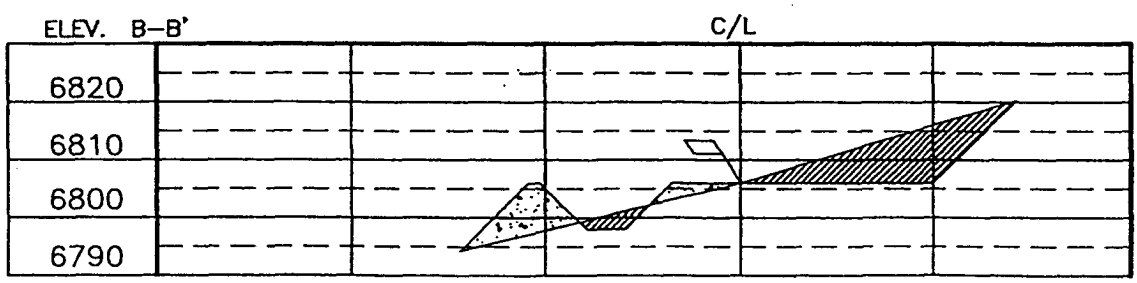
LAT. = 36°25.4633' N.
LONG. = 107°33.3925' W
NAD 27

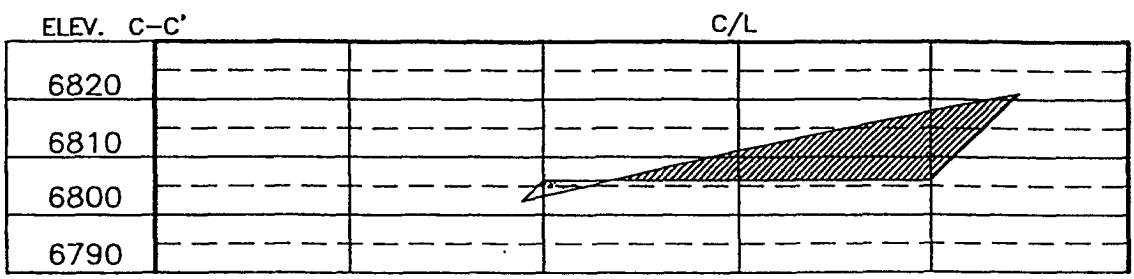



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW – 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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.


Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 • Farmington, NM 87401
Phone (505) 326-1772 • Fax (505) 326-6019
NEW MEXICO L.S. No. 14831


REVISION: | DATE: | REVISED BY:
DRAWN BY: B.L. | CADFILE HTG040CFB | DATE: 07/12/05
ROW#: HTG040

# OPERATIONS PLAN

Well Name: **Canyon Largo Unit #482**
Location: 950' FSL, 1610' FEL, NWSESE Sec 3, T-25-N, R-7-W NMPM
Rio Arriba County, NM
Formation: Basin Dakota
Elevation: 6806' GL

| Formation Tops: | Top | Bottom |
|---|---|---|
| Surface | San Jose | 2050' |
| Ojo Alamo | 2050' | 2211' |
| Kirkland | 2211' | 2431' |
| Fruitland | 2431' | 2718' |
| Pictured Cliffs | 2718' | 2799' |
| Lewis Shale | 2799' | 3108' |
| Huerfanito | 3108' | 4280' |
| Cliff House | 4280' | 4361' |
| Menefee | 4361' | 4997' |
| Point Lookout | 4997' | 5226' |
| Mancos | 5226' | 6167' |
| Gallup (Niobrara) | 6167' | 6952' |
| Greenhorn | 6952' | 7016' |
| Graneros | 7016' | 7058' |
| Dakota | 7058' | 7333' |
| Morrison | 7333' | |
| TD | 7450' | |

Logging Program:
Open hole – Platform Express
Cased Hole –CBL/GR – TD to 6000'
Cores & DST's – none
Mud log – 3400' to TD

Mud Program:

| Interval | Type | Weight | Vis. | Fluid Loss |
|---|---|---|---|---|
| 0 – 320' | Spud | 8.4-8.9 | 40-50 | no control |
| 320 – 7450' | 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:

| Hole Size | Depth Interval | Csg. Size | Wt. | Grade |
|---|---|---|---|---|
| 12 ¼" | 0' – 320' | 8 5/8" | 24.0# | WC-50 |
| 7 7/8" | 0' – 7450' | 4 ½"" | 11.6# | N-80 |

Tubing Program:

| | | | | |
|---|---|---|---|---|
| | 0' – 7450' | 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, ~~rams~~ BOP and casing will be tested to 600 psi for 30 minutes.

2" nominal, 3000 psi minimum choke manifold (Reference Figure #3).

Completion Operations:

6" 3000 psi double gate BOP stack (Reference Figure #2). 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 #3).

Wellhead:

8 5/8" x 4 ½" x 1 ½" x 1 ½" 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 ¼#/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 ½"

Lead with 700 sx 65/35 Standard Poz w/6% gel, ¼# 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, ¼# 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.

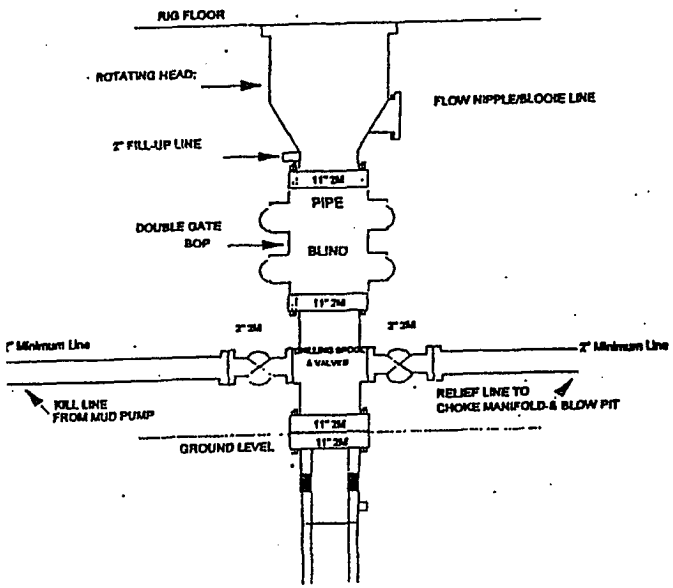
Second Stage: Cement to circulate to surface. Cement with 700 sx Class "G" (12#, 2.9yd) TXI Liteweight cement w/2.5% sodium metasilicate, 2% calcium chloride, 10 pps Gilsonite, 0.5 pps Celloflake, 0.2% antifoam. WOC a minimum of 18 hours prior to cleanout. (Slurry volume: ~~1914 cu. ft.~~ 2030 Excess 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.

# HUNTINGTON ENERGY, L.L.C.

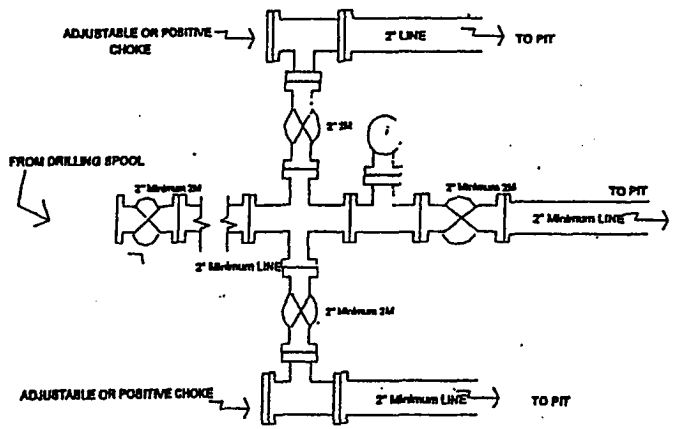
## Drilling Rig
## 2000 psi System




BOP installation from Surface Casing Point to Total Depth. 11" Bore 10" Nominal, 2000 psi working pressure double gate BOP to be equipped with blind rams and pipe rams. A 500 psi rotating head on top of ram preventers. All BOP equipment is 2,000 psi working pressure

**Figure #1**

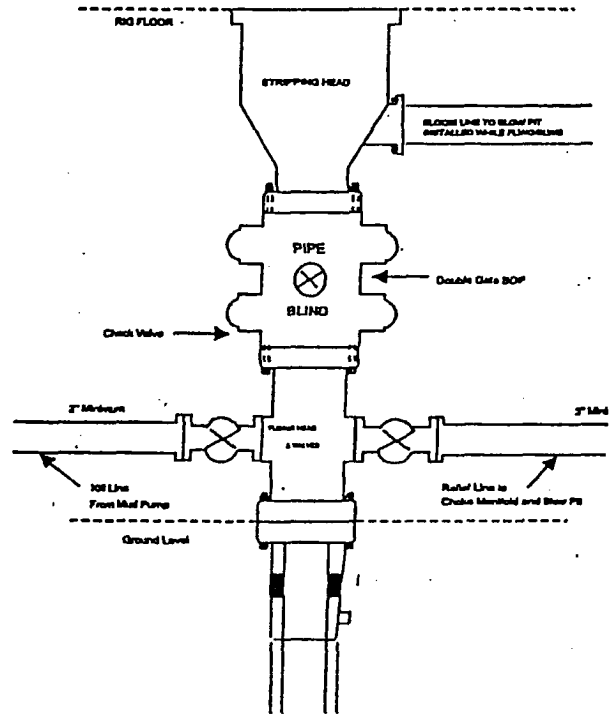
## Drilling Rig
## Choke Manifold Configuration
## 2000 psi System




Choke manifold installation from Surface Casing Point to Total Depth. 2,000psi working pressure equipment with two chokes.

**Figure #3**

## Completion/Workover Rig
## BOP Configuration
## 2,000 psi System




Minimum BOP installation for all Completion/Workover Operations. 7-1/16" bore, 2000 psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A stripping head to be installed on the top of the BOP. All BOP equipment is 2000 psi working pressure or greater excluding 500 psi stripping head.

**Figure #2**