

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT


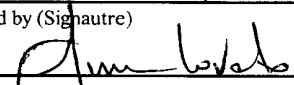
FORM APPROVED
OMB NO. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF - 0079757A	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name 10	
2. Name of Operator XTO Energy Inc.		7. Unit or CA Agreement Name and No. 10	
3a. Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM		8. Lease Name and Well No. Vaqueros Canyon #1	
3b. Phone No. (include area code)		9. API Well No. 3003927679	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1,370' FNL x 665' FEL in sec 10, T29N, R04W At proposed prod. zone		10. Field and Pool, or Exploratory Basin Fruitland Coal	
11. Sec., T., R., M., or Blk. and Survey or Area H Sec 10, T29N, R04W		12. County or Parish Rio Arriba	
13. State NM		14. Distance in miles and direction from nearest town or post office* 45 miles of the Bloomfield, NM Post Office	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 665'		16. No. of Acres in lease 2,238.02	
17. Spacing Unit dedicated to this well 320 E/2		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3,000'	
19. Proposed Depth 4,000'		20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,949' ungraded ground		22. Approximate date work will start* Summer 2005	
23. Estimated duration 1 week		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) Jeffrey W. Patton	Date 3/26/04
Title Drilling Engineer		
Approved by (Signature) 	Name (Printed/Typed)	Date 6/13/06
Title Drilling Engineer	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.

*(Instructions on Reverse)

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

APD/ROW

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

NMROCD



DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DEC 05 2001

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-27679		² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 35773	⁵ Property Name VAQUEROS CANYON		⁶ Well Number 1
⁷ OGRID No. 167067	⁸ Operator Name XTO ENERGY INC		⁹ Elevation 6949'

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
H	10	29-N	4-W		1370	NORTH	665	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 320 $\frac{E}{Z}$	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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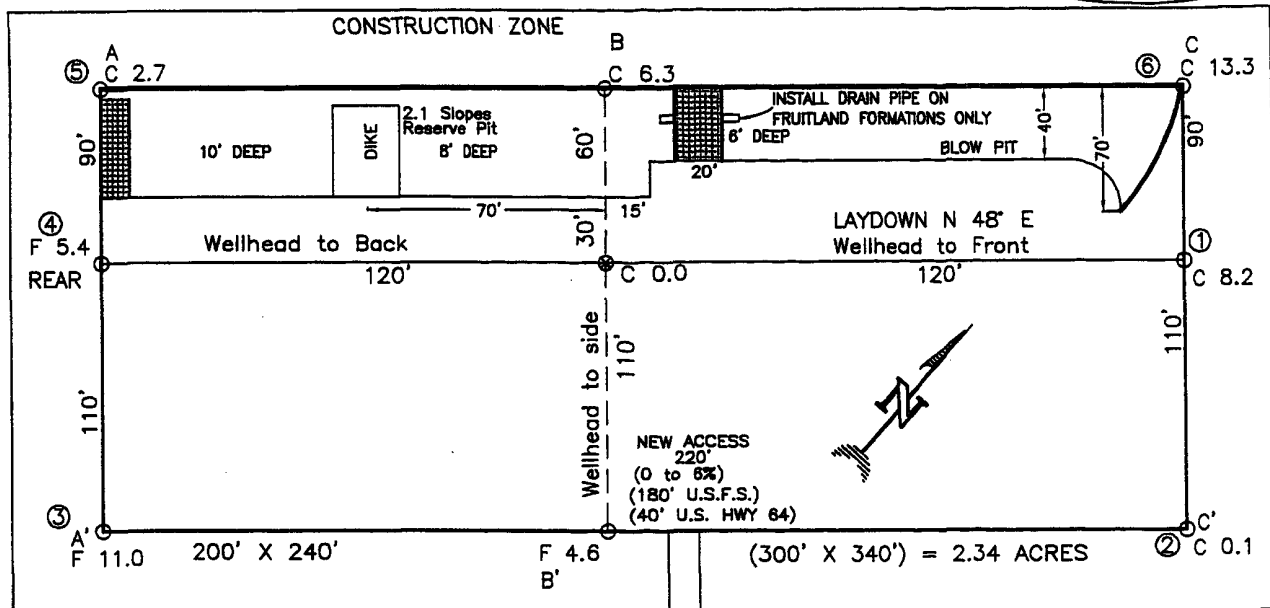
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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<p>CALC'D CORNER</p> <p>(BOB) (R) 1882 NM GLO 5278.04' (79.94 CH) WEST</p> <p>LAT: 36°44'35" N LONG: 107°14'04" W</p> <p>10</p> <p>LOCATION IS STAKED RELATIVE TO EXISTING WELLS AND DRY HOLES ON RECORD WITH N.M. OIL & GAS CONSERVATION COMMISSION. SECTION AND QUARTER CORNERS ARE NON-EXISTANT IN THE AREA. DEPENDENT RESURVEY OF THE TOWNSHIP IS REQUIRED TO OBTAIN EXACT DIMENSIONS FROM THE SECTION LINES.</p>	<p>1370'</p> <p>50'</p> <p>854'</p> <p>1270'</p> <p>665'</p> <p>(R) 1882 NM GLO 5280' (80 CH) SOUTH</p> <p>CALC'D CORNER</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>Signature <u>Jeffrey W Patton</u></p> <p>Printed Name <u>JEFFREY W PATTON</u></p> <p>Title <u>DRILLING ENGINEER</u></p> <p>Date <u>3-24-04</u></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 belief.</p> <p>Date of Survey <u>11-2</u></p> <p>Signature and Seal of Registered Professional Surveyor <u>[Signature]</u></p> <p>8894</p> <p>Certificate Number</p>

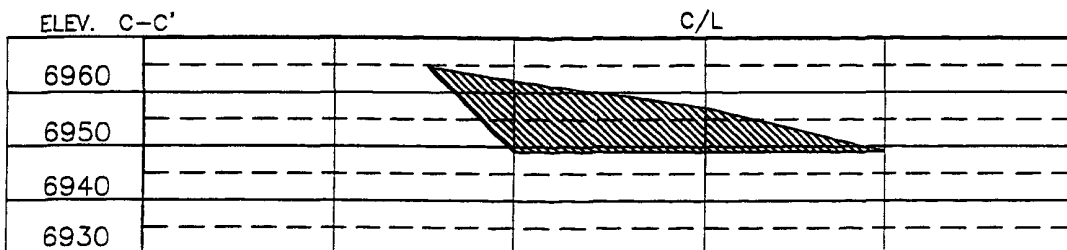
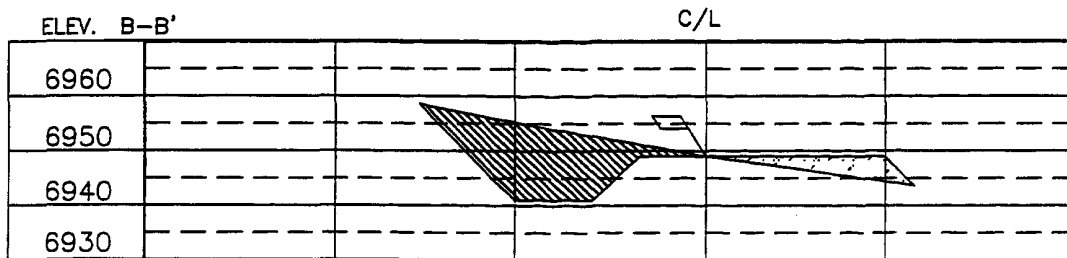
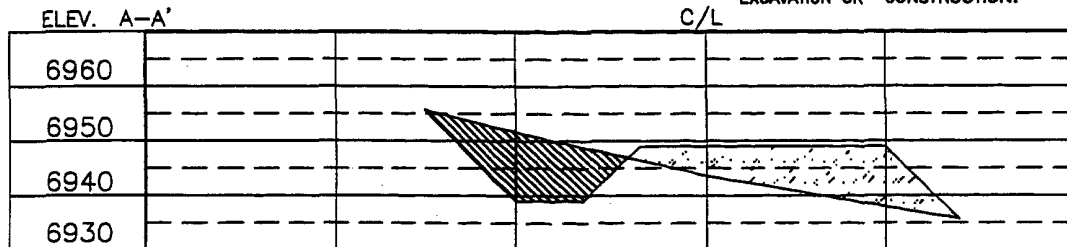
XTO ENERGY INC.
 VAQUEROS CANYON No. 1, 1370 FNL 665 FEL
 SECTION 10, T29N, R4W, N.M.P.M., RIO ARRIBA COUNTY, N. M.
 GROUND ELEVATION: 6949, DATE: NOVEMBER 28, 2001

LAT. = 36°44'35" N
 LONG. = 107°14'04" W



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.

DRAWN BY: A.G. ROW#: CR092 CADFILE: CR092CFB DATE: 12/3/01

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15088 Farmington, NM 87401
 Phone (505) 326-1772 Fax (505) 326-6019

EXHIBIT D

XTO ENERGY INC.

Vaqueros Canyon #1

APD Data

March 26, 2004

Location: Surface: 1,370' FNL & 665' FEL, Sec 10, T29N, R04W **County:** Rio Arriba **State:** New Mexico

PROJECTED TOTAL DEPTH: ±4,000' (MD)
GR ELEV: 6,949'

OBJECTIVE: Fruitland Coal
Est KB ELEV: 6,961' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 3,500'	3,500' to TD
HOLE SIZE	12-1/4"	7-7/8"	7-7/8"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND
WEIGHT	8.6-9.0	8.4-8.8	8.6-9.0
VISCOSITY	28-32	28-32	45-60
WATER LOSS	NC	NC	8-10

Remarks: Use fibrous materials as needed to control seepage and lost circulation. Pre-treat with 20% LCM @ 3,500'. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity (>85 sec) at TD for logging. Reduce viscosity after logging for cementing purposes.

2. CASING PROGRAM:

Surface Casing: 8-5/8" casing to be set at ± 360' in 8.8 ppg mud

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-360'	360'	24#	J-55	STC	1370	2950	244	8.097	7.972	7.32	7.95	29.39

Production Casing: 4-1/2" casing to be set at TD in 9.0 ppg mud.

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-TD	4,000'	10.5#	J-55	STC	4010	4790	132	4.052	3.875	1.66	1.33	2.44

3. WELLHEAD:

- A. Casing Head: Larkin Fig 92 (or equivalent), 9" nominal, 2,000 psig WP (4,000 psig test) with 8-5/8" 8rnd thread on bottom and 11-3/4" 8rnd thread on top.
- B. Tubing Head: Larkin Fig 612 (or equivalent), 6.456" nominal, 2,000 psig WP (4,000 psig test), 4-1/2" 8rnd female thread on bottom, 8-5/8" 8rnd thread on top.

EXHIBIT E

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

A. Surface: 8-5/8", 24#, J-55, STC casing to be set at $\pm 360'$.

Lead: 210 sx of Type III or equivalent cement containing accelerator and LCM typically mixed at 14.6 ppg, 1.41 ft³/sk, & 6.30 gal wtr/sk.

Total slurry volume is 296 ft³, $\pm 100\%$ excess of calculated annular volume to 360'.

B. Production: 4-1/2", 10.5#, J-55, STC casing to be set at $\pm 4,000'$.

Lead: 350 sx of Type III w/3% extender, 1/4#/sx celloflake & 2% Phenoseal (LCM) mixed at 11.4 ppg, 2.89 cuft/sx & 17.4 gals/sx water.

Tail: 150 sx Premium Lite HS (65%/35%/6%) w/2% KCl, 1/4#/sx cello, 0.35% dispersant, 0.25% fluidloss additive & 5 #/sx gilsonite mixed @ 12.5 ppg, 2.01 cuft/sx & 10.7 gals/sx water.

Total estimated slurry volume (including 40% excess) for the 4-1/2" production casing is 1,311 ft³.

Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined for the caliper logs plus 40%.

5. LOGGING PROGRAM:

A. Open Hole Logs as follows: Run Dual Induction/SFL/GR/SP fr/TD ($\pm 4,000'$) to the bottom of the surface csg. Run CNL/LDT (Lithodensity)/GR/Cal and Pe from TD to the bottom of the surface casing.

6. **FORMATION TOPS:**

Formation	Subsea Depth	Well Depth (MD)
Ojo Alamo SS	+3968'	2993'
Kirtland Shale		
Farmington SS		
Fruitland Formation	+3750	3211'
Lower Fruitland Coal		
Pictured Cliffs SS	+3350'	3611'
Lewis Shale	+3100'	3861'
Projected TD	+2961'	4000'

- * Target Reservoir. Maximum anticipated reservoir pressure will be $\pm 1,000$ psig.

7. **COMPANY PERSONNEL:**

Name	Title	Office Phone	Home Phone
Jeff Patton	Drilling Engineer	505-324-1090	505-632-7882
Dennis Elrod	Drilling Foreman	505-486-6460 (cell)	505-326-2024
Reed Meek	Project Geologist	817-885-2191	432-687-0615
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWP
3/26/04

EXHIBIT E

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

1. Test BOP after installation:

Pressure test BOP to 200-300
psig (low pressure) for 5 min.

Test BOP to Working Press or
to 70% internal yield of surf csg
(10 min).

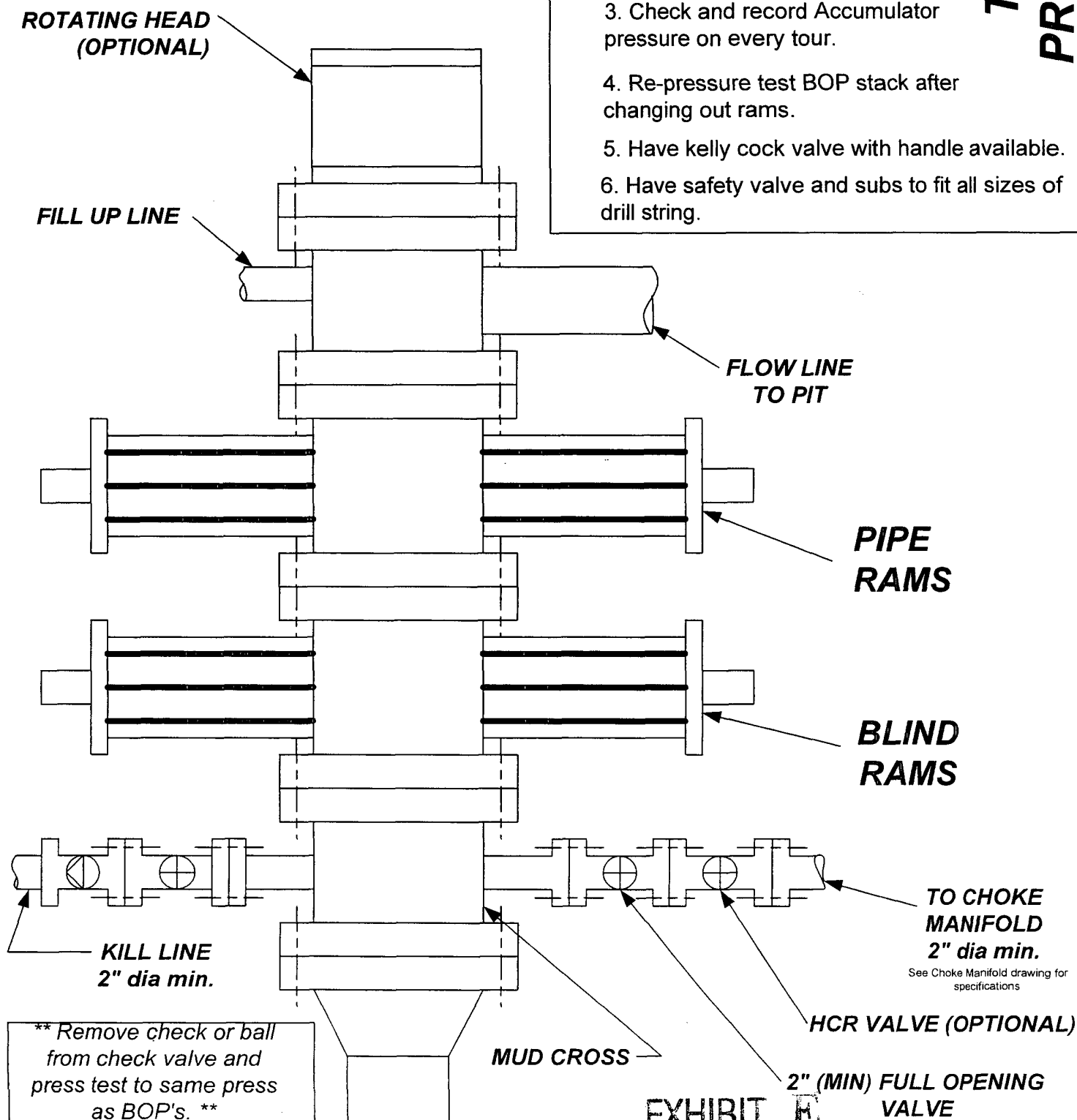
2. Test operation of (both) rams on every trip.

3. Check and record Accumulator pressure on every tour.

4. Re-pressure test BOP stack after changing out rams.

5. Have kelly cock valve with handle available.

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



CHOKE MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

TESTING PROCEDURE

