

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

RECD JAN19'07

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMM12759
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 N/A
2. Name of Operator XTO Energy Inc.		7. Unit or CA Agreement Name and No. SW-1004 NMM12759
3a. Address 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM	3b. Phone No. (include area code) 505-324-1090	8. Lease Name and Well No. Gallegos #14
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1585 FSL x 1960 FWL in Sec 35, T26N, R11W At proposed prod. zone SAME		9. API Well No. 30-045-34009
14. Distance in miles and direction from nearest town or post office* Approximately 19 miles South of Bloomfield, NM		10. Field and Pool, or Exploratory Basin Fruitland Coal
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1585'	16. No. of Acres in lease 160.00	11. Sec., T., R., M., or Blk. and Survey or Area K Sec 35, T26N, R11W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2650'	19. Proposed Depth 1600'	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6314' Ground Elevation		13. State NM
22. Approximate date work will start* January 2007		17. Spacing Unit dedicated to this well S/2 320
23. Estimated duration 2 weeks		20. BLM/BIA Bond No. on file UTB000138

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/or plans as may be required by the authorized officer.

25. Signature <i>Kyla Vaughan</i>	Name (Printed/Typed) Kyla Vaughan	Date 10/13/06
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Title Regulatory Compliance Tech		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 11/12/07
Title AFM	Office KFO	

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)

APD/ROW

NOT FOR RECORD AND AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCDB

11/9/07

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

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

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

¹ API Number 30-045-34009	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 22610	⁵ Property Name GALLEGOS	⁶ Well Number 14
⁷ OGRD No. 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 6314'

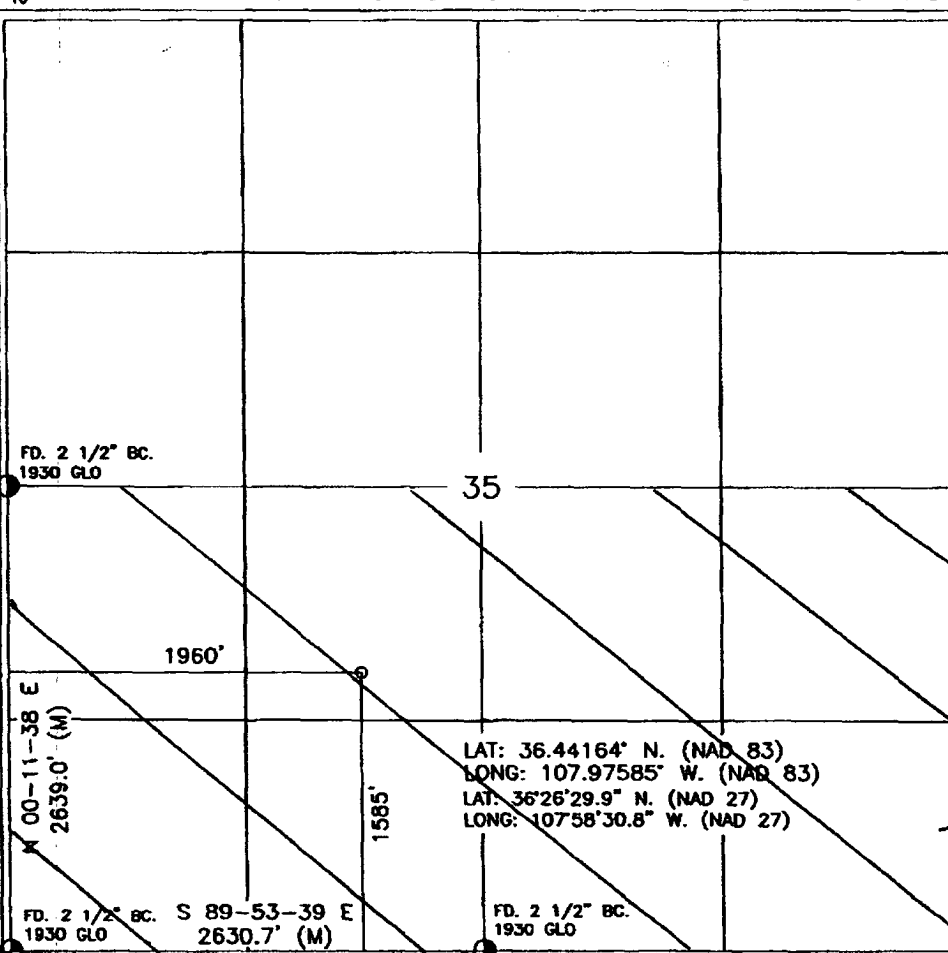
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	35	26-N	11-W		1585	SOUTH	1960	WEST	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 512 320			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



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.

Kelly Small
Signature
Date
Printed Name

¹⁸ SURVEYOR CERTIFICATION

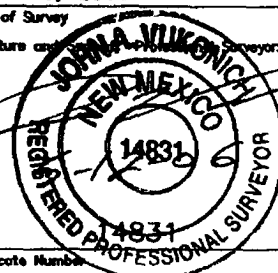
I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APRIL 3, 2006

Date of Survey

Signature and Title of Surveyor

Certificate Number



District I
1625 N. French Dr., Hobbs, NM 87240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. <u>30-046-34009</u>	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. <u>NNM12759</u>	
7. Lease Name or Unit Agreement Name: <u>Gallegos</u>	
8. Well Number <u>#14</u>	
9. OGRID Number <u>167067 5380</u>	
10. Pool name or Wildcat <u>basin FRUITLAND COAL</u>	
1960 feet from the <u>WEST</u> line	
<u>NMPM</u>	<u>NMEM</u> County <u>SAN JUAN</u>
(etc.)	
distance from nearest surface water <u>< 500</u>	
ion Material	

1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		8. Well Number #14
2. Name of Operator XTO Energy Inc.		9. OGRID Number 167067 5380
3. Address of Operator 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401		10. Pool name or Wildcat BASIN FRUITLAND COAL
4. Well Location Unit Letter <u>K</u> : <u>1585</u> feet from the <u>SOUTH</u> line and <u>1960</u> feet from the <u>WEST</u> line Section <u>35</u> Township <u>26N</u> Range <u>11W</u> NMPM <u>NMCM</u> County <u>SAN JUAN</u>		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>6314'</u> GROUND ELEVATION		
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type <u>DRILL</u> Depth to Groundwater <u>>100</u> Distance from nearest fresh water well <u>>1000</u> Distance from nearest surface water <u>< 500</u>		
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u>3000</u> bbls; Construction Material _____		

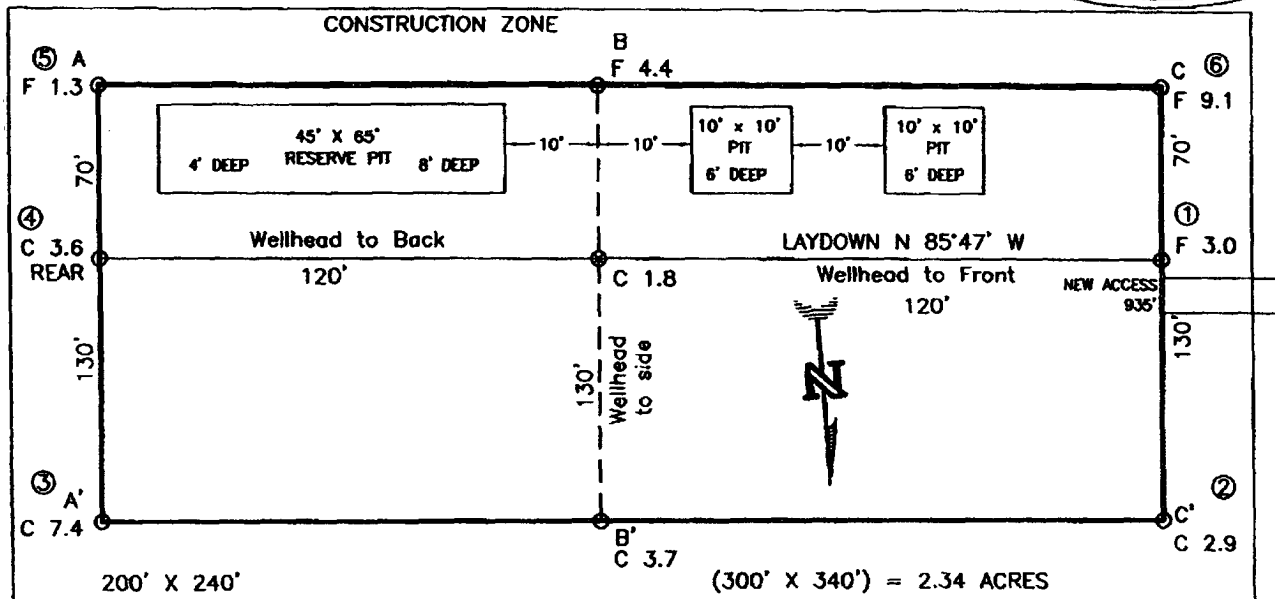
PERFORM REMEDIAL WORK	<input type="checkbox"/>	PLUG AND ABANDON	<input type="checkbox"/>	REMEDIAL WORK	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
TEMPORARILY ABANDON	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>	COMMENCE DRILLING OPNS.	<input type="checkbox"/>	PLUG AND ABANDONMENT	<input type="checkbox"/>
PULL OR ALTER CASING	<input type="checkbox"/>	MULTIPLE COMPLETION	<input type="checkbox"/>	CASING TEST AND CEMENT JOB	<input type="checkbox"/>		
OTHER: PTT		<input checked="" type="checkbox"/>		OTHER:			<input type="checkbox"/>

XTO Energy intends to install a lined pit on location for drilling.

EXHIBIT D *2*

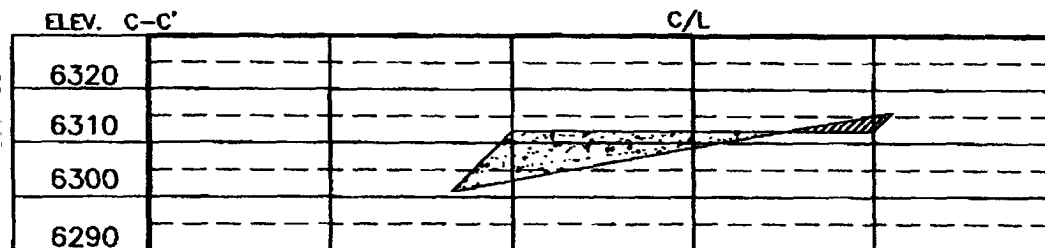
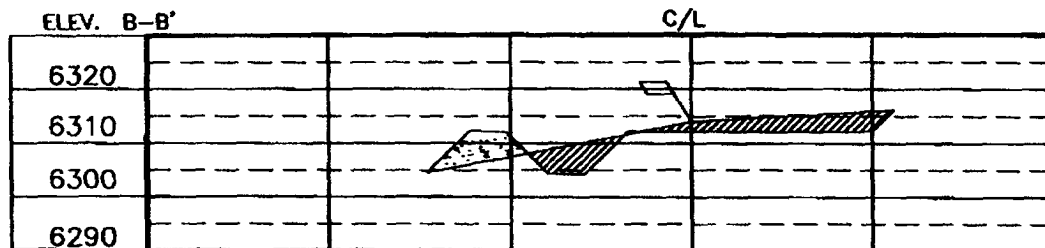
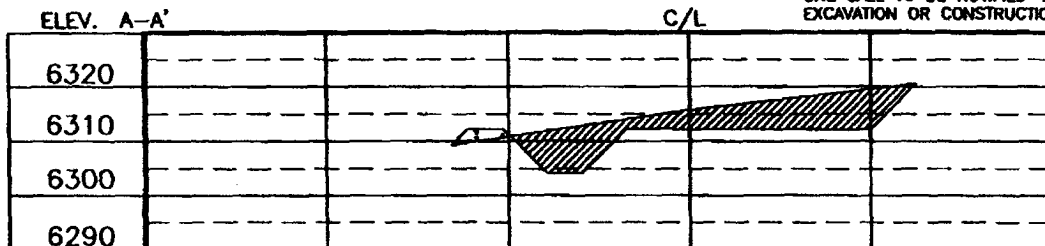
XTO ENERGY INC.
 GALLEGOS No. 14, 1585 FSL 1960 FWL
 SECTION 35, T26N, R11W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6314' DATE: APRIL 3, 2006

NAD 83
 LAT. = 36.44164° N
 LONG. = 107.97585° W
 NAD 27
 LAT. = 36°26'29.9" N
 LONG. = 107°58'30.8" 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.

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15088 • Farmington, NM 87401
 Phone (505) 326-1772 • Fax (505) 326-6019
 NEW MEXICO L.S. No. 14831
 Surveyor: A.G.
 Date: 05/04/06



XTO ENERGY INC.

Gallegos #14

APD Data

October 12, 2006

Location: 1585' FSL x 1960' FWL Sec 35, T26N, R11W County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 1600'

OBJECTIVE: Basin Fruitland Coal

APPROX GR ELEV: 6314'

Est KB ELEV: 6326' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 225'	225' to 1600'
HOLE SIZE	12.25"	7.875"
MUD TYPE	FW/Spud Mud	FW/Polymer
WEIGHT	8.6-9.0	8.4-8.8
VISCOSITY	28-32	28-32
WATER LOSS	NC	NC

Remarks: Use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing purposes.

2. CASING PROGRAM:

Surface Casing: 8.625" casing to be set at $\pm 225'$ 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	SF Burst	SF Ten
0'-225'	225'	24.0#	J-55	ST&C	1370	2950	244	8.097	7.972	12.73 0	27.41	45.19

Production Casing: 5.5" casing to be set at TD ($\pm 1600'$) in 7.875" 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	SF Burst	SF Ten
0'-1600	1600'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	5.28	6.28	8.15

3. WELLHEAD:

- 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.
- Tubing Head: Larkin Fig 612 (or equivalent), 6.456" nominal, 2,000 psig WP (4,000 psig test), 5-1/2" 8rnd female thread on bottom (or slip-on, weld-on), 8-5/8" 8rnd thread on top.

EXHIBIT F

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

A. Surface: 8.625", 24.0#, J-55, ST&C casing to be set at $\pm 225'$ in 12-1/4" hole.

134 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is 186 ft³, 100% excess of calculated annular volume to 225'.

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at $\pm 1600'$ in 7.875" hole.

LEAD:

± 116 sx of Premium Lite HS (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

100 sx Type III or equivalent cement with bonding additive, LCM, dispersant, & fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 394 ft³.

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

5. **LOGGING PROGRAM:**

A. Mud Logger: The mud logger will come on at 2,900' and will remain on the hole until TD. The mud will be logged in 10' intervals.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (1600') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (1600') to 3,000'.

6. FORMATION TOPS:

Est. KB Elevation: 6326'

<u>FORMATION</u>	<u>Sub-Sea</u>	<u>MD</u>
Ojo Alamo SS	5807	519
Kirtland Shale	5715	611
Farmington SS		
Fruitland Formation	5373	953
Lower Fruitland Coal*	4890	1436
Pictured Cliffs SS	4870	1,456
TD	4726	1,600

* Primary Objective

** Secondary Objective

**** Maximum anticipated BHP should be <2,000 psig (<0.30 psi/ft) ****

7. COMPANY PERSONNEL:

Name	Title	Office Phone	Home Phone
John Egelston	Drilling Engineer	505-564-6734	505-330-6902
Jerry Lacy	Drilling Superintendent	505-566-7917	505-320-6543
John Klutsch	Project Geologist	817-885-2800	--

JWE
10/12/06

EXHIBIT F

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 10 min.

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

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 on the rig floor and ready to go.

ROTATING HEAD
(OPTIONAL)

FILL UP LINE

FLOW LINE
TO PIT

PIPE
RAMS

BLIND
RAMS

KILL LINE
2" dia min.

TO CHOKE
MANIFOLD
2" dia min.

See Choke Manifold drawing for
specifications

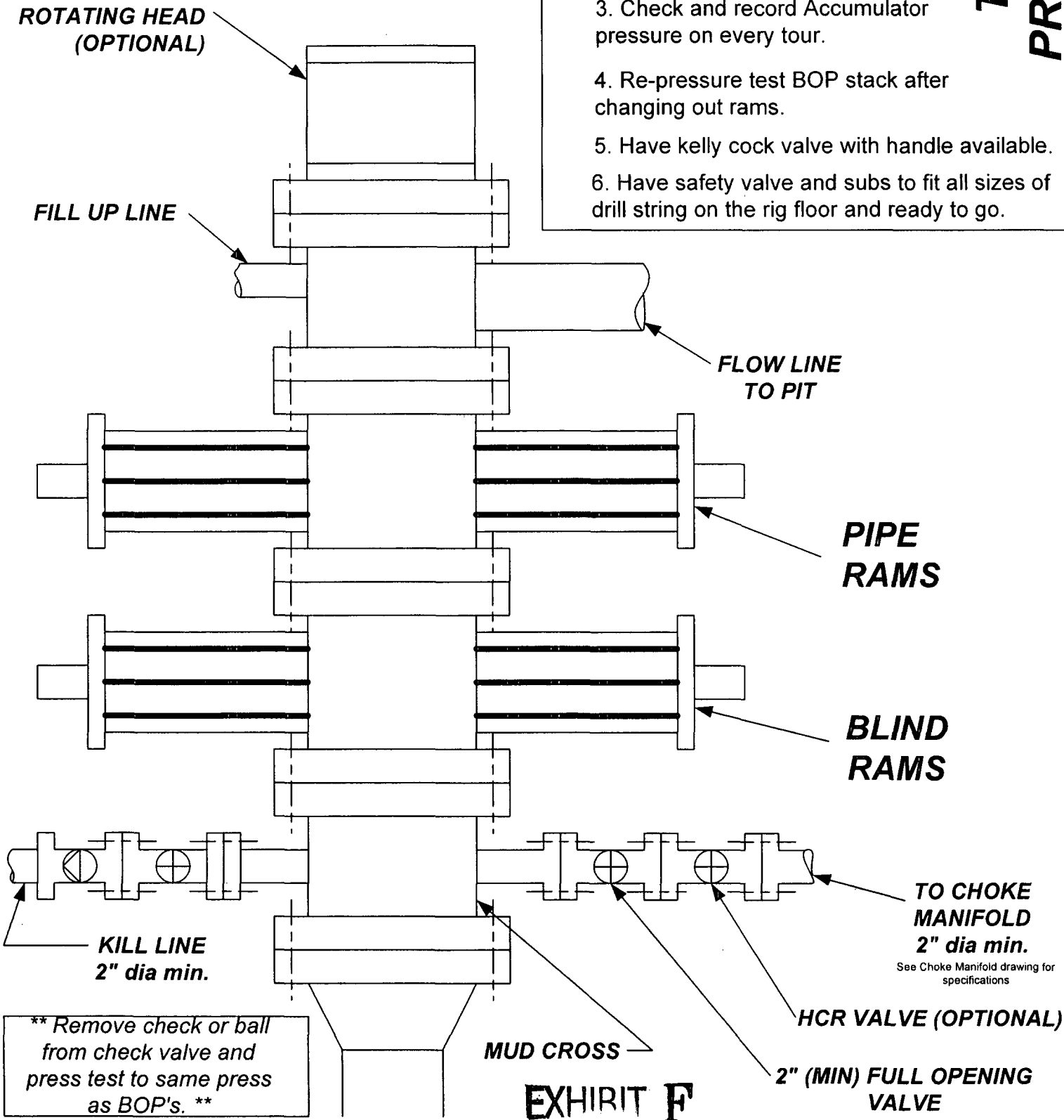
HCR VALVE (OPTIONAL)

2" (MIN) FULL OPENING
VALVE

** Remove check or ball
from check valve and
press test to same press
as BOP's. **

MUD CROSS

EXHIBIT F



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

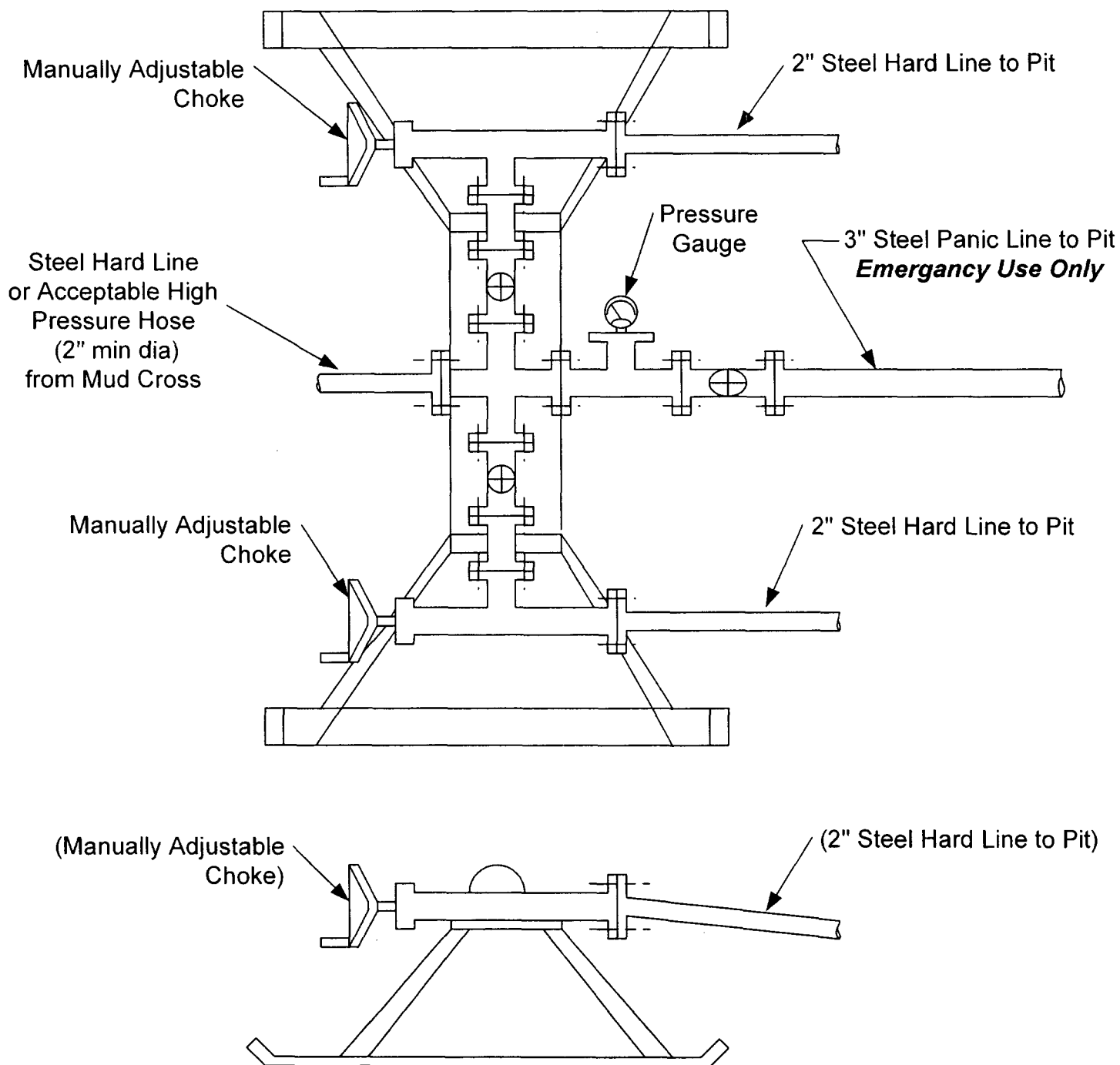


EXHIBIT F