

DIST. 3

Form 3160-3
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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. NMSF 078875 |
| 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 type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Huntington Energy, L.L.C. | | 7. If Unit or CA Agreement, Name and No. Canyon Largo Unit |
| 3a. Address 6301 Waterford Blvd., Suite 400 Oklahoma City, OK 73118 | | 8. Lease Name and Well No. Canyon Largo Unit #493 |
| 3b. Phone No. (include area code) (405) 840-9876 | | 9. API Well No. 30-039-30038 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SWNESW Lot K, 1490' FSL & 1740' FWL At proposed prod. zone same | | 10. Field and Pool, or Exploratory Basin Dakota |
| 11. Sec., T. R. M. or Blk. and Survey or Area Sec29-25N-6W | | 12. County or Parish Rio Arriba |
| 13. State NM | | 14. Distance in miles and direction from nearest town or post office* 35 miles SE from Blanco, 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 2561.64 | 17. Spacing Unit dedicated to this well 320 W2 |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. | 19. Proposed Depth 7400' | 20. BLM/BIA Bond No. on file NMB000076 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6780' GR | 22. Approximate date work will start* | 23. Estimated duration |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must 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 BLM.

| | | |
|---|---|--------------------|
| 25. Signature <i>Catherine Smith</i> | Name (Printed/Typed) Catherine Smith | Date 08/16/2006 |
|---|---|--------------------|

Title
Land Associate

| | | |
|--|------------------------------------|-----------------|
| Approved by (Signature) <i>Jim Lovato</i> | Name (Printed/Typed) Jim Lovato | Date 2/23/07 |
|--|------------------------------------|-----------------|

Title
Acting AFM Manager

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) Submit application for permit + permit prior to construction. 2/28/07

NOTIFY AZTEC OGD
IN TIME TO WITNESS

NRMOCD

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".

3/2/07

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2003

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Instructions on back
Submit to Appropriate District Office.
State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87504-2088

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-------------------------------------|--|----------------------------|--|
| *API Number 30-039-30038 | | *Pool Code 71599, 17610 | *Pool Name Basin Dakota, Devils Fork Gallup |
| *Property Code 6886 32660 | *Property Name CANYON LARGO UNIT | | *Well Number 493 |
| *OGED No. 208706 | *Operator Name HUNTINGTON ENERGY, LLC | | *Elevation 6780' |

¹⁰ Surface Location

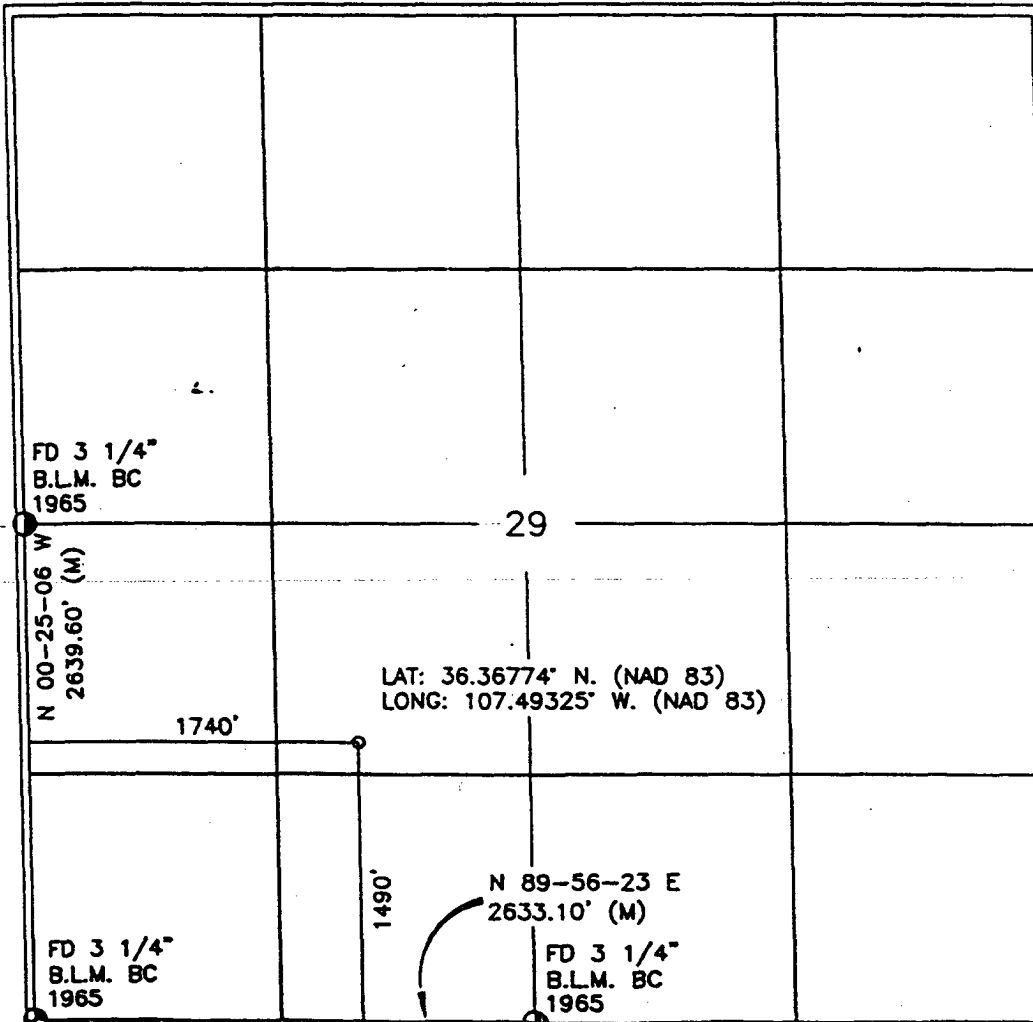
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| K 1 | 29 | 25-N | 6-W | | 1490' | SOUTH | 1740' | WEST | 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 |
|---------------------------|---------|----------|------------------|---------|---------------------|------------------|---|----------------|--------|
| | | | | | | | | | |
| *Dedicated Acres W/320 | | | *Joint or Infill | | *Consolidation Code | | *Order No. RCUD FEB28'07 OIL CONS. DIV. DIST 3 | | |

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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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 undivided 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.

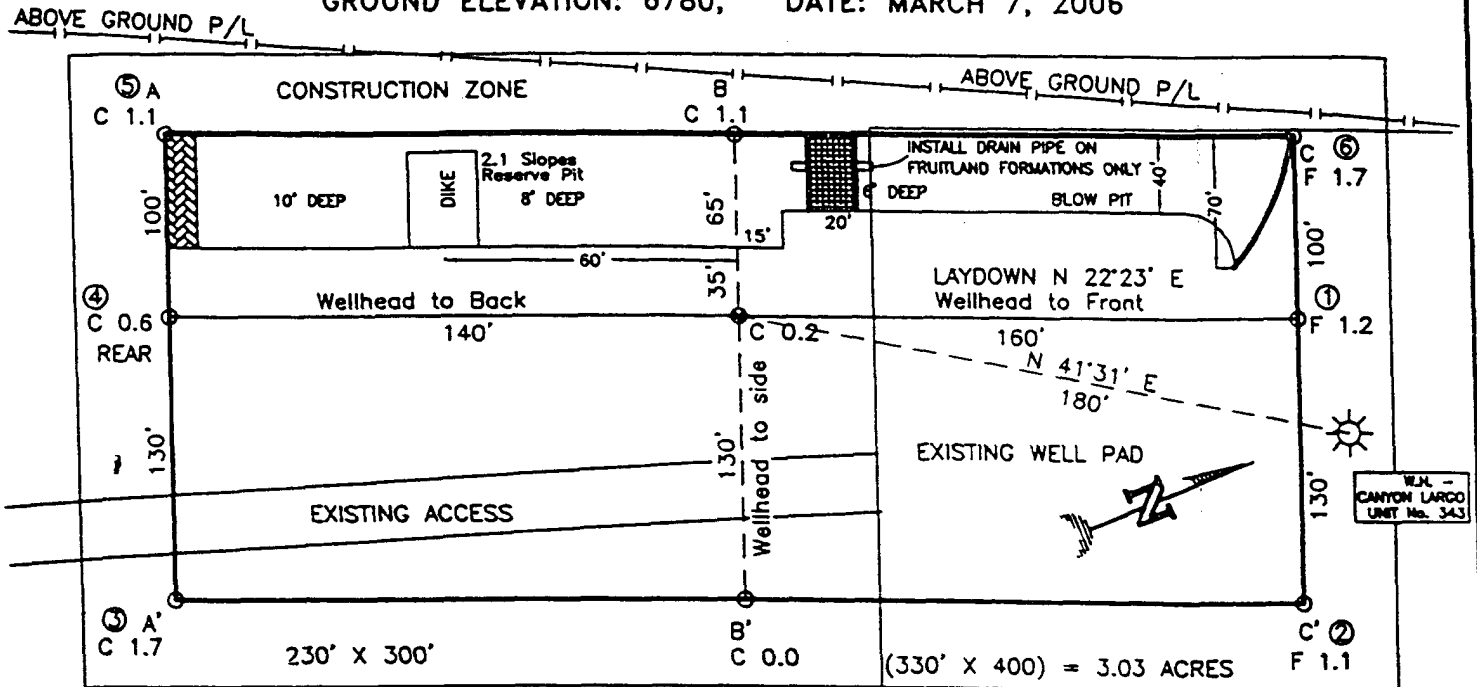
Catherine Smith 6/23/06
Signature Date
Catherine Smith
Printed Name

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 7, 2008
Date of Survey
Signature *JOHN A. VUKONICH*
REGISTERED PROFESSIONAL SURVEYOR
14831
Certificate Number

HUNTINGTON ENERGY, LLC
CANYON LARGO UNIT No. 493, 1490 FSL 1740 FWL
SECTION 29, T-25-N, R-6-W, N.M.P.M., RIO ARRIBA COUNTY, NEW MEXICO
GROUND ELEVATION: 6780, DATE: MARCH 7, 2006



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.

ELEV. A-A' C/L

| | | | | | |
|------|--|--|--|--|--|
| 6790 | | | | | |
| 6780 | | | | | |
| 6770 | | | | | |
| 6760 | | | | | |

ELEV. B-B' C/L

| | | | | | |
|------|--|--|--|--|--|
| 6790 | | | | | |
| 6780 | | | | | |
| 6770 | | | | | |
| 6760 | | | | | |

ELEV. C-C' C/L

| | | | | | |
|------|--|--|--|--|--|
| 6790 | | | | | |
| 6780 | | | | | |
| 6770 | | | | | |
| 6760 | | | | | |

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) 338-1772 • Fax (505) 326-6018
 NEW MEXICO P.L.S. No. 14831
 DAVID W. A.G. DATE: 04/20/06

OPERATIONS PLAN

Well Name: Canyon Largo Unit #493
Location: 1490' FSL, 1740' FWL, NESW Sec 29, T-25-N, R-6-W NMPM
Rio Arriba County, NM
Formation: Basin Dakota
Elevation: 6780' GL; 6796' KB

| <u>Formation Tops:</u> | <u>MD</u> | <u>TVDSS</u> |
|------------------------|-----------|--------------|
| Ojo Alamo | 1884' | 4912' |
| Kirkland | 2109' | 4687' |
| Fruitland | 2328' | 4468' |
| Pictured Cliffs | 2588' | 4208' |
| Lewis Shale | 2688' | 4108' |
| Huerfano | 2962' | 3834' |
| Chacra | 3432' | 3364' |
| Cliff House | 4140' | 2656' |
| Menefee | 4213' | 2583' |
| Point Lookout | 4817' | 1979' |
| Mancos | 5058' | 1738' |
| Niobrara | 5985' | 811' |
| Greenhorn | 6806' | -10' |
| Graneros | 6870' | -74' |
| Dakota | 6911' | -115' |
| Morrison | 7219' | -423' |
| TD | 7400' | -604' |

Logging Program:

Mud log – 5800' to TD
Open hole logs– PEX (depths per geologist)
Cased hole logs – CBL/GR – TD to 5800'
Cores & DST's – none

Mud Program:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Vis.</u> | <u>Fluid Loss</u> |
|-----------------|-------------|---------------|-------------|-------------------|
| 0 – 320' | Spud | 8.4-8.9 | 40-50 | no control |
| 320 – 7400' | 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:

| <u>Hole Size</u> | <u>Depth Interval</u> | <u>Csg. Size</u> | <u>Wt.</u> | <u>Grade</u> |
|------------------|-----------------------|------------------|------------|--------------|
| 12 ¼" | 0' – 320' | 8 5/8" | 24.0# | WC-50 |
| 7 7/8" | 0' – 7400' | 4 ½" | 11.6# | N-80 |

Tubing Program:

| | | | |
|------------|--------|------|------|
| 0' – 7400' | 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~~ and casing will be tested to 600 psi for 30 minutes. *BOP*

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 1/2" x 1 1/2" x 1 1/2" 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 1/4#/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 1/2"

Lead with 700 sx 65/35 Standard Poz w/6% gel, 1/4# 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, 1/4# 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: 1514 cu. ft. 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.