

RCVD FEB 15 '08

OIL CONS. DIV.

DIST. 3

Form 3160-3
(February 2005)

RECEIVED

JAN 15 2008

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR Bureau of Land Management
BUREAU OF LAND MANAGEMENT Farmington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 03039
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 382 CR 3100 AZTEC, NM 87410		8. Lease Name and Well No. unit HUERFANO #310
3b. Phone No. (include area code) 505-333-3100		9. API Well No. 30-045-34562
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 850' FSL x 1720' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory BASIN DK/WC BASIN MC
14. Distance in miles and direction from nearest town or post office* Approximately 23 miles Southeast of Bloomfield, NM post office		11. Sec, T, R, M. or Blk and Survey or Area (O) SEC 9, T25N, R9W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 850'	16. No of acres in lease 2080	17. Spacing Unit dedicated to this well E/2 DK 320 - SE/4 MC 160
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3516'	19. Proposed Depth 6900'	20. BLM/BIA Bond No. on file UTB-000138
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6608' GROUND ELEVATION	22. Approximate date work will start* 02/25/2008	23. Estimated duration 2 weeks

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>Kyla Vaughan</i>	Name (Printed/Typed) Kyla Vaughan	Date 01/14/2008
Title Regulatory Compliance		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 2/14/08
Title AFM	Office FFO	

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 USC Section 1001 and Title 43 USC 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)

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

SEE ATTACHED FOR
CONDITIONS OF APPROVALNOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

APD/ROW

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

FEB 18 2008 NMOC

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, NM 88240

DISTRICT II
1301 W Grand Ave., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 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 October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30.045.34502	² Pool Code 97232	³ Pool Name Basin Manos
⁴ Property Code	⁵ Property Name HUERFANO	⁶ Well Number 310
⁷ OGRID No 5380	⁸ Operator Name XTO ENERGY INC	⁹ Elevation 6608

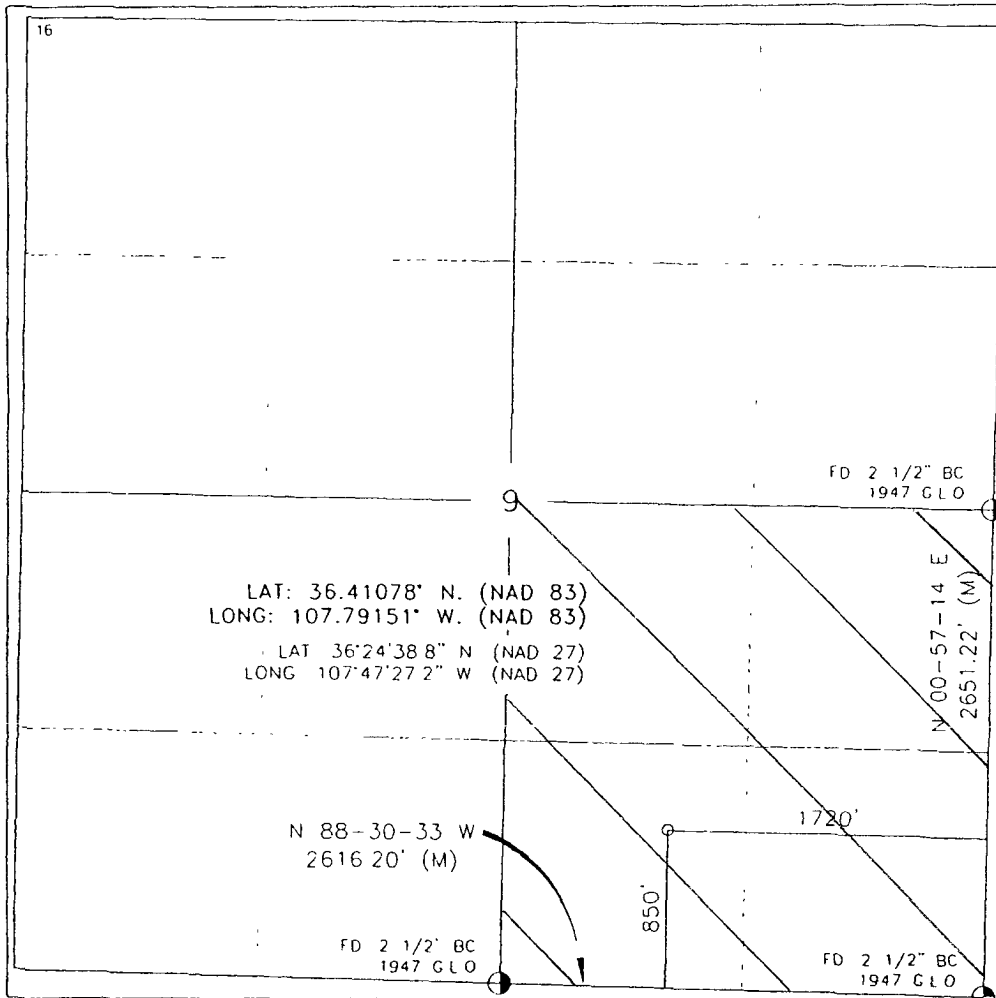
¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	9	25-N	9-W		850	SOUTH	1720	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 SE/4 160			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.

Signature: John Date: 9/28/07

Printed Name: John

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.

Date of Survey: AUGUST 22 2007

Signature and Seal of Professional Surveyor: [Signature]

Certificate Number: 09105-07

DISTRICT I
1625 N French Dr, Hobbs, NM 88240

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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 October 12, 2005

Submitted to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

JAN 15 2008

Bureau of Land Management
Farmington Field Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30.045.34502	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 36992	⁵ Property Name HUERFANO unit	⁶ Well Number 310
⁷ OGRID No 5380	⁸ Operator Name XTO ENERGY INC	⁹ Elevation 6608

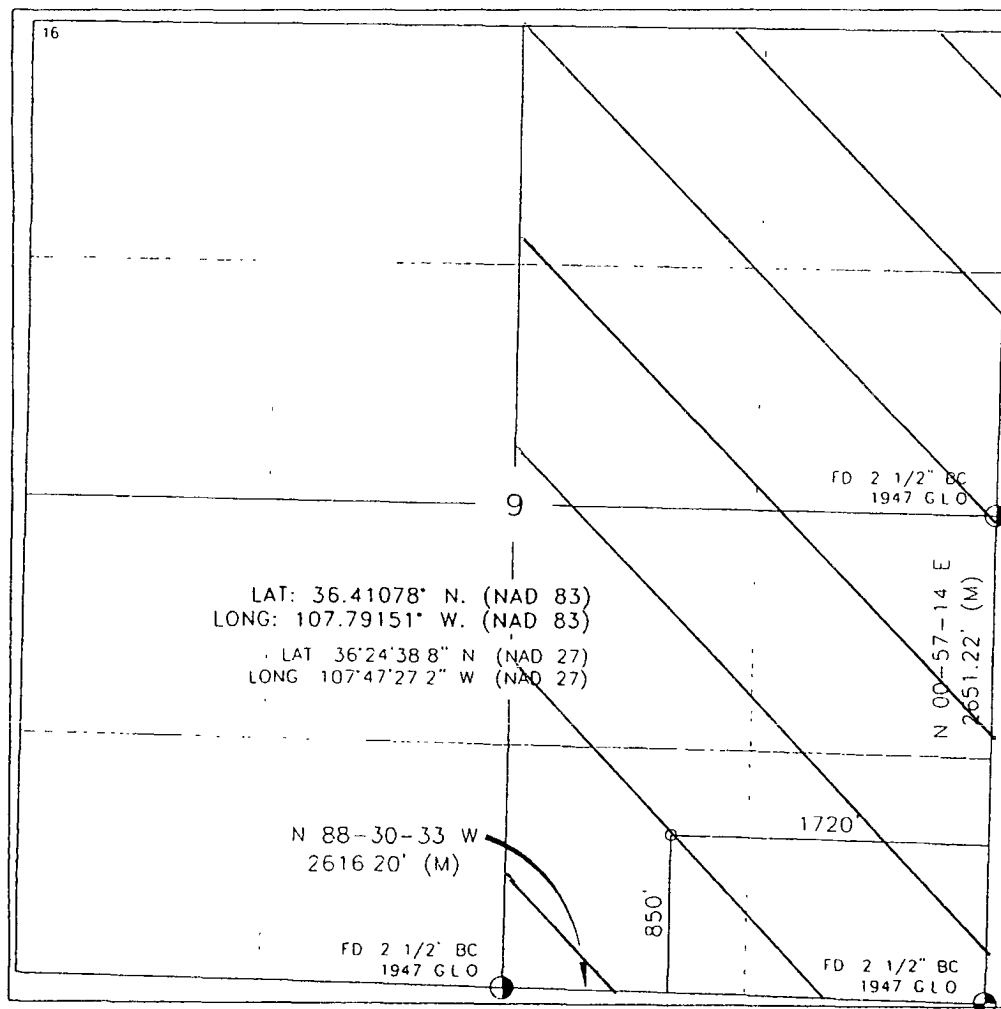
¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	9	25-N	9-W		850	SOUTH	1720	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 2 1/2 320	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

Signature: S. Johnson Date: 9/28/07

Printed Name: S. Johnson

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

Date of Survey: AUGUST 22 2007

Signature and Seal of Professional Surveyor: [Signature]

Certificate Number: 8804

Professional Land Surveyor Seal: ROY A. RUSH, NEW MEXICO, 8804, 09-105-07

Submit 3 Copies To Appropriate District Office

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO.

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

FEDERAL LEASE

7. Lease Name or Unit Agreement Name:

HUERFANO

8. Well Number

#310

9. OGRID Number

5380

10. Pool name or Wildcat

BASIN DAKOTA/WC BASIN MC

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

XTO Energy Inc.

3. Address of Operator

382 CR 3100 AZTEC, NM 87410 505-333-3100

4. Well Location

Unit Letter O: 850 feet from the SOUTH line and 1720 feet from the EAST line

Section 9 Township 25N Range 9W NMPM NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

6608' GROUND ELEVATION

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type DRILL Depth to Groundwater >100 Distance from nearest fresh water well >1000 Distance from nearest surface water >1000

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 8000 bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: PIT ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy plans to construct a lined pit on location for drilling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Kyla Vaughan TITLE Regulatory Compliance DATE 01/11/2008

Type or print name Kyla Vaughan

E-mail address: kyla_vaughan@xtoenergy.com

Telephone No. 505-333-3159

For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE FEB 18 2008

Conditions of Approval, if any:

EXHIBIT D



CHACO GATHERING SYSTEM

DWG. NO. 009A737.0-014-01

LINE XTO ENERGY, INC. - HUERFANO No. 310

WO NO.

RW NO. 0770299

DATE 10/22/07

SCALE 1" = 1000'

SURVEYED 9/28/07

FROM 0+00 = 183+76.22 ON CHACO LATERAL 6A-9

(9A737.0-1, R/W No.)

COUNTY SAN JUAN

STATE NEW MEXICO

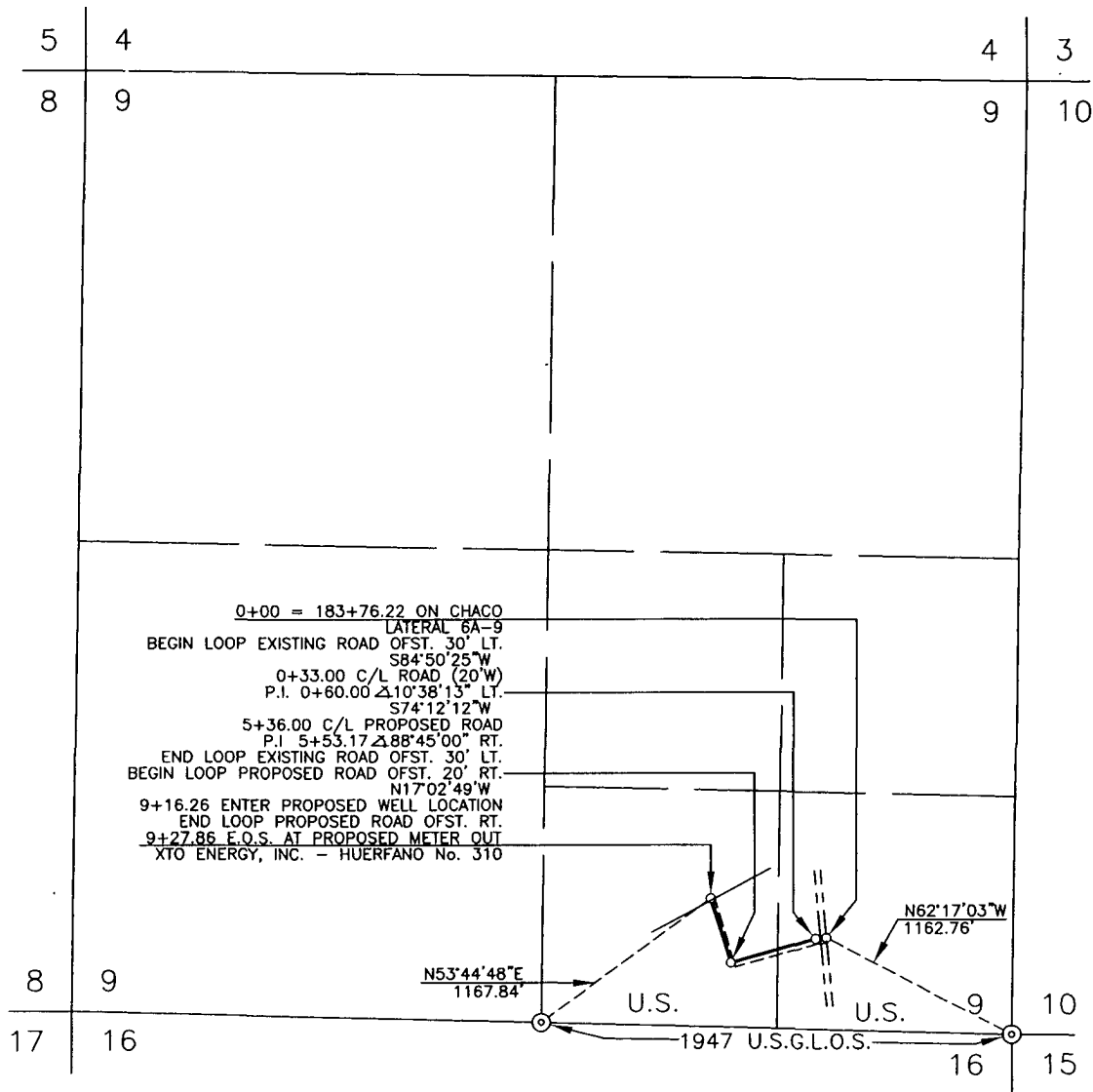
SECTION 9

TOWNSHIP 25-N

RANGE 09-W, N.M.P.M.



T-25-N, R-09-W, N.M.P.M.
BASIS OF BEARING: GPS OBSERVATIONS



DWN. BY HS

CONSTR. COMMENCED

APPL. DWG.

SLACK CHAIN

CKD. BY AD/MD

CONSTR. COMPLETED

DATE

PIPE SIZE

4.50

PRINT RECORD

PIPE DATA

METER STA. NO.

1 PRELIM-PROD 10/31/07
7 SJ DISTRIB 11/02/07

NOTE: WELL FLAG
SURVEY LOOPS EXISTING AND PROPOSED ROADS
LOCATION NOT BUILT

SUBDIVISION

OWNER

LESSEE

METER(S)

RODS

ACRE(S)

ALL SEC. 9

UNITED STATES

BRUCE STERLING

56.234

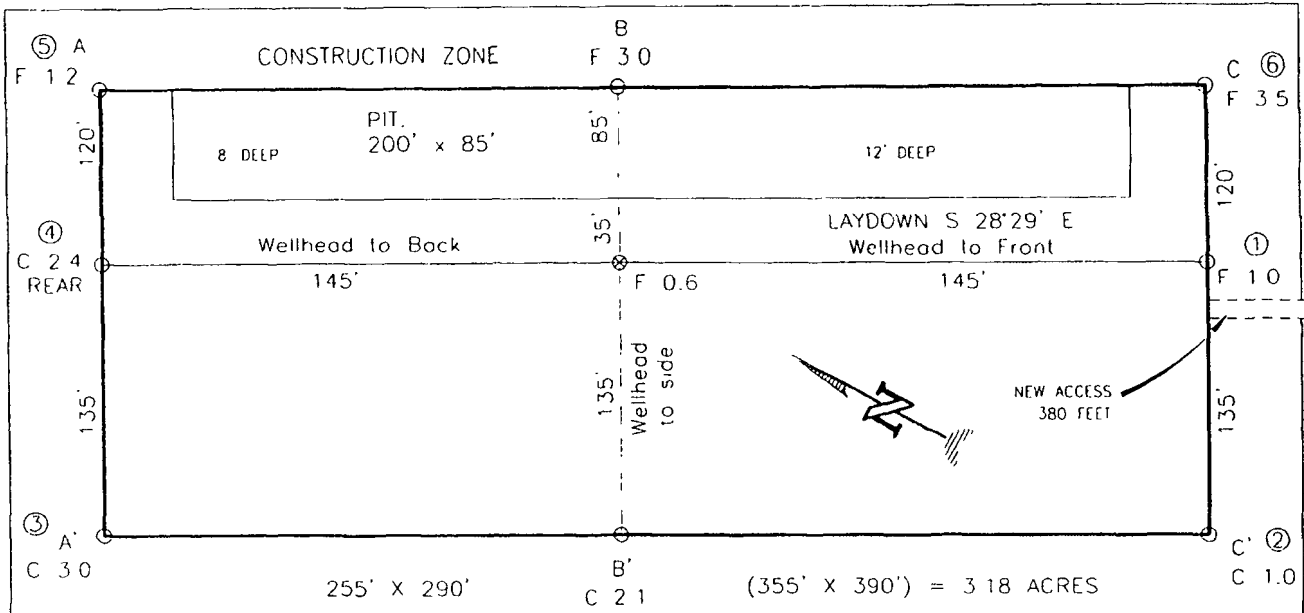
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EXHIBIT C

009A737.0-014-01 FM24 (Rev 1/99)

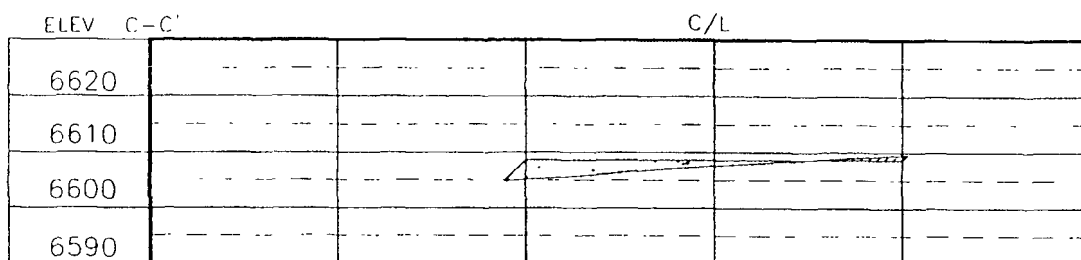
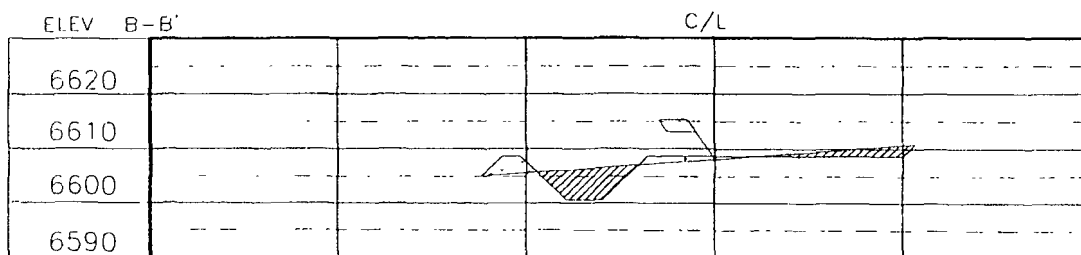
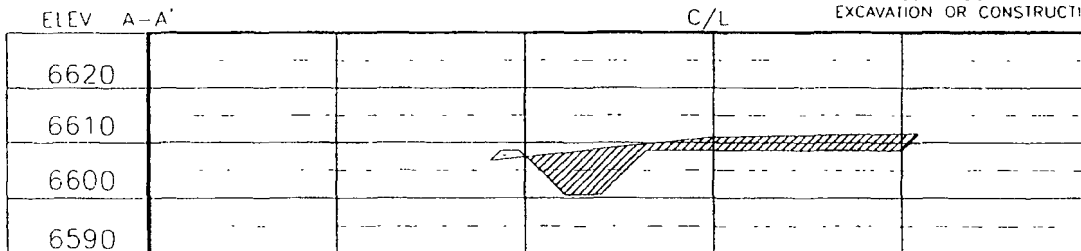
XTO ENERGY INC.
 HUERFANO No. 310, 850 FSL 1720 FEL
 SECTION 9, T25N, R9W, N.M.P.M., SAN JUAN COUNTY, N.M.
 GROUND ELEVATION: 6608' DATE: AUGUST 2, 2007

NAD 83
 LAT. = 36.41078° N
 LONG. = 107.79151° W
 NAD 27
 LAT. = 36°24'38.8" N
 LONG. = 107°47'27.2" 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

REVISION	DATE	REVISION BY
Daggett Enterprises, Inc. Surveying and Oil Field Services P O Box 510 Farmington, NM 87499 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO L.S. No. 8894		
DRAWN BY: C.V.	CADFILE: CR615-CF8	DATE: 8/30/07
ROW# CR615		




EXHIBIT E

XTO ENERGY INC.

Huerfano #310

APD Data

January 11, 2008

Location: 850' FSL x 1720' FEL Sec 9, T25N, R9W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 6900'

APPROX GR ELEV: 6608'

OBJECTIVE: Basin Dakota / Basin Mancos

Est KB ELEV: 6620' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6900'
HOLE SIZE	12.25"	7.875"	7.875"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND / Gel Chemical
WEIGHT	8.6-9.0	8.4-8.8	8.6- 9.20
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. 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 $\pm 360'$ in a 12.25" 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'-360'	360'	24.0#	J-55	ST&C	1370	2950	244	8.097	7.972	7.950	17.13	28.24

Production Casing: 5.5" casing to be set at TD ($\pm 6900'$) 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'-6900	6900'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.22	1.46	1.89

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 $\pm 360'$ in 12-1/4" hole.

214 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 297 ft³, 100% excess of calculated annular volume to 360'.

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at $\pm 6900'$ in 7.875" hole. DV Tool set @ $\pm 4300'$

1st Stage

LEAD:

± 199 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:

150 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.

2nd Stage

LEAD:

± 360 sx of Type III or equivalent cement with 8% gel & LCM mixed at 11.9 ppg, 2.54 ft³/sk, 15.00 gal wtr/sx.

TAIL:

100 sx Type III neat mixed at 14.5 ppg, 1.39 cuft/sx, 6.3 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 1683 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: None.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (6900') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6900') to 3,000'.

EXHIBIT F

6. **FORMATION TOPS:**

Est. KB Elevation: 6620'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Ojo Alamo SS	5520	1100	Gallup	1213	5407
Kirtland Shale	5349	1271	Greenhorn	283	6337
Farmington SS			Graneros	233	6387
Fruitland Formation	5090	1530	Dakota 1*	210	6410
Lower Fruitland Coal			Dakota 2*	158	6462
Pictured Cliffs SS	4650	1970	Dakota 3*	121	6499
Lewis Shale	4477	2143	Dakota 4*	61	6559
Chacra SS	3792	2828	Dakota 5*	18	6602
Cliffhouse SS*	3096	3524	Dakota 6*	-16	6636
Menefee**	3056	3546	Burro Canyon	-60	6680
Point Lookout SS*	2234	4386	Morrison*	-99	6719
Mancos Shale	1921	4699	TD	-280	6900

* 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
Justin Niederhofer	Drilling Engineer	505-333-3199	505-320-0158
Jerry Lacy	Drilling Superintendent	505-333-3177	505-320-6543
John Klutsch	Project Geologist	817-885-2800	--

JN

1/11/08

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

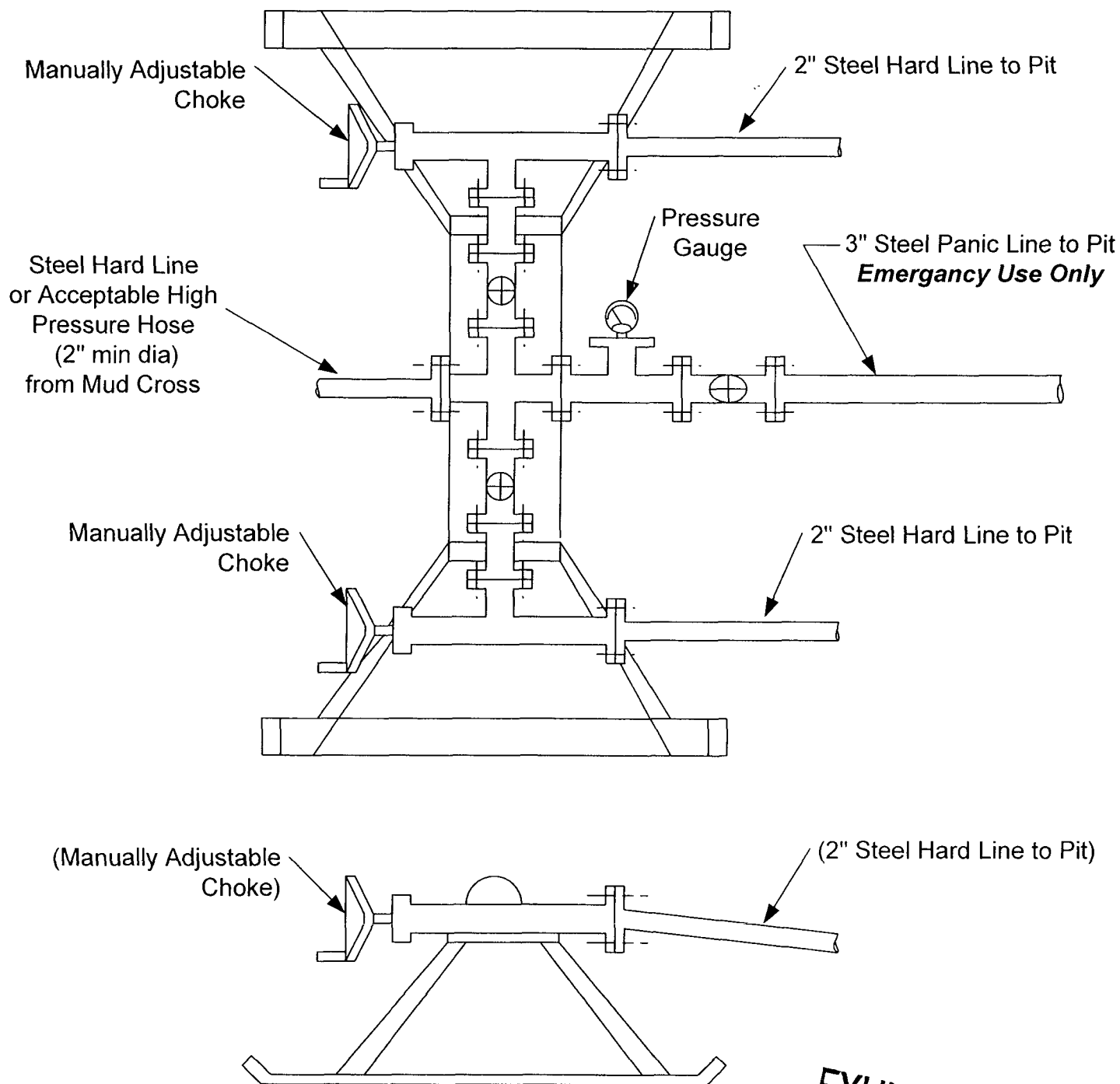


EXHIBIT F

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.

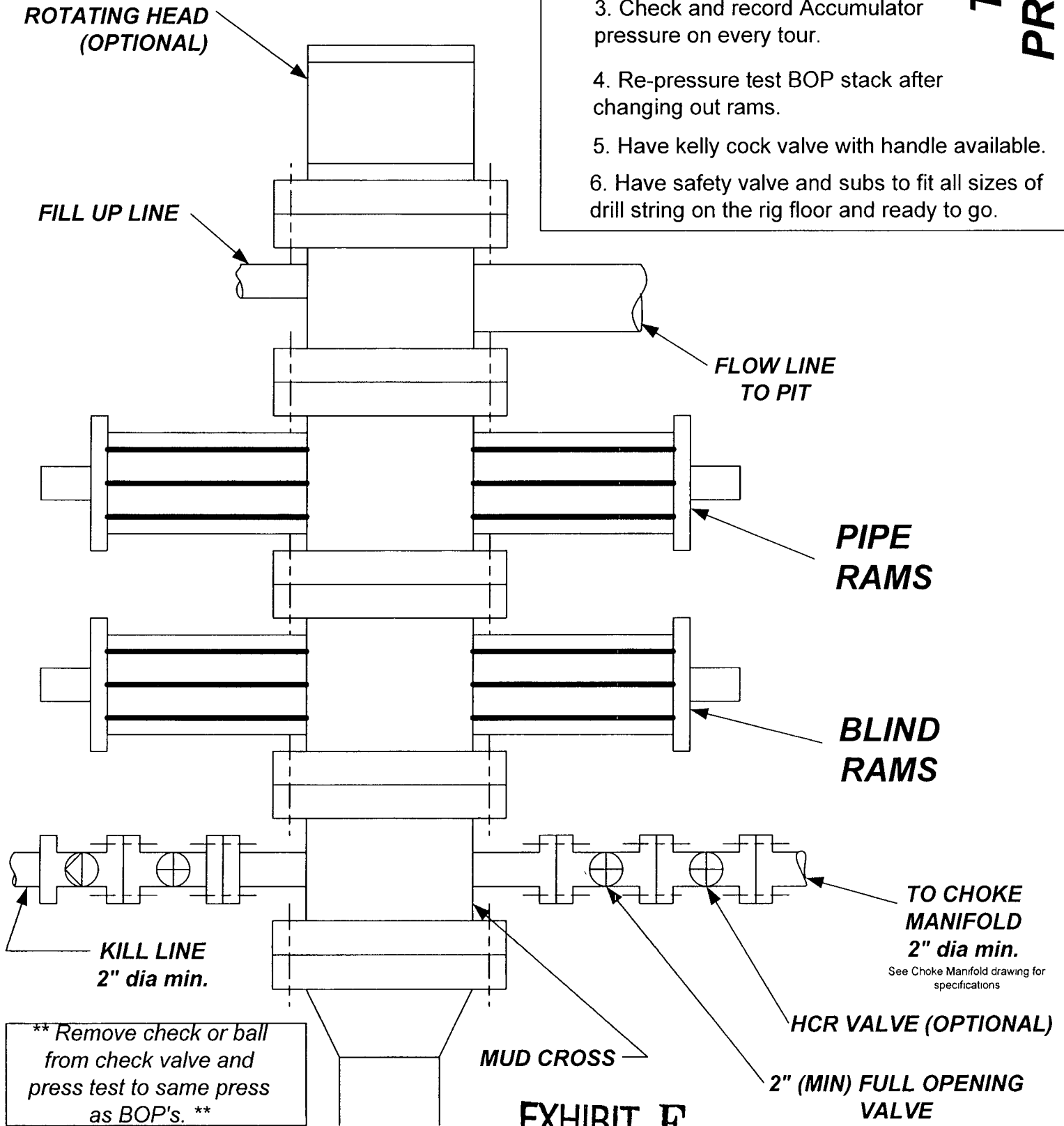


EXHIBIT F