

RECEIVED

Form 3160-3
(February 2005)

JAN 28 2008

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
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. NMNM03380
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. FLORANCE D LS #1R
3b. Phone No. (include area code) 505-333-3100		9. API Well No. 30-045-34581
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1925' FSL x 1820' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory BLANCO MV/S. BLANCO PC
14. Distance in miles and direction from nearest town or post office* Approximately 20 miles Southeast of Bloomfield, NM post office		11. Sec., T. R. M. or Blk. and Survey or Area (J) SEC21, T27N, R8W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1820'	16. No. of acres in lease 2400.96	17. Spacing Unit dedicated to this well S/2 MV 320, S/2 PC 330 11e6
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 874'	19. Proposed Depth 4900'	20. BLM/BIA Bond No. on file UTB-000138
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6090' GROUND ELEVATION	22. Approximate date work will start* 03/18/2008	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 01/25/2008
Title Regulatory Compliance		

Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 4/1/08
Title 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 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

HOLD C104 FOR Change in MV status to #1413
Change in PE status to #1

NMOCD

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

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

APR 04 2008

AV

NOTIFY AZTEC OCD 24 HRS PRIOR TO CASING & CE CONDITIONS OF APPROVAL

APD/ROW

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

JAN 28 2008

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 30-045-34581		² Pool Code 72319		³ Pool Name Blanco Mesavieja	
⁴ Property Code 22609		⁵ Property Name FLORANCE D LS			⁶ Well Number 1R
⁷ GRID No 5380		⁸ Operator Name XTO ENERGY INC.			⁹ Elevation 6090

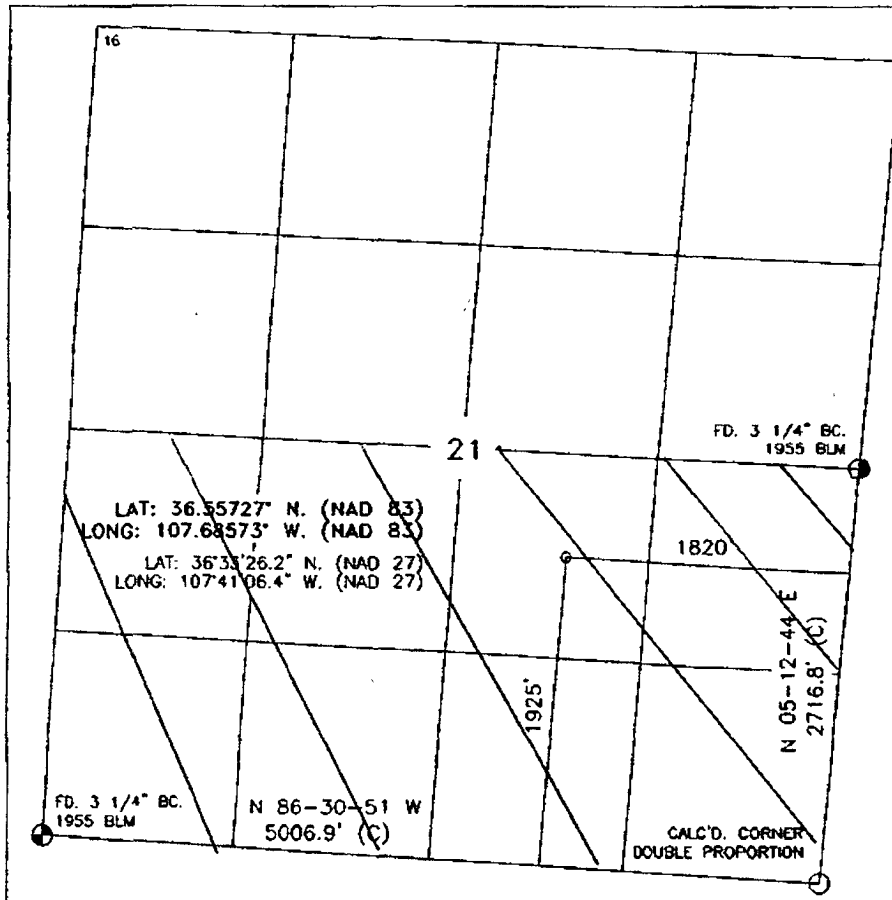
¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	21	27-N	8-W		1925	SOUTH	1820	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 5.2330					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] 5/21/07
Date
[Signature]
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.

Date of Survey
Signature and Seal of Professional Surveyor
JAN 28 2008
4
Certificate Number

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-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 30045-34581	² Pool Code 72437	³ Pool Name S. Blanco Pictured Cliff
⁴ Property Code 22609	⁵ Property Name FLORANCE D LS	⁶ Well Number 1R
⁷ OGRIID No 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 5090

¹⁰ Surface Location

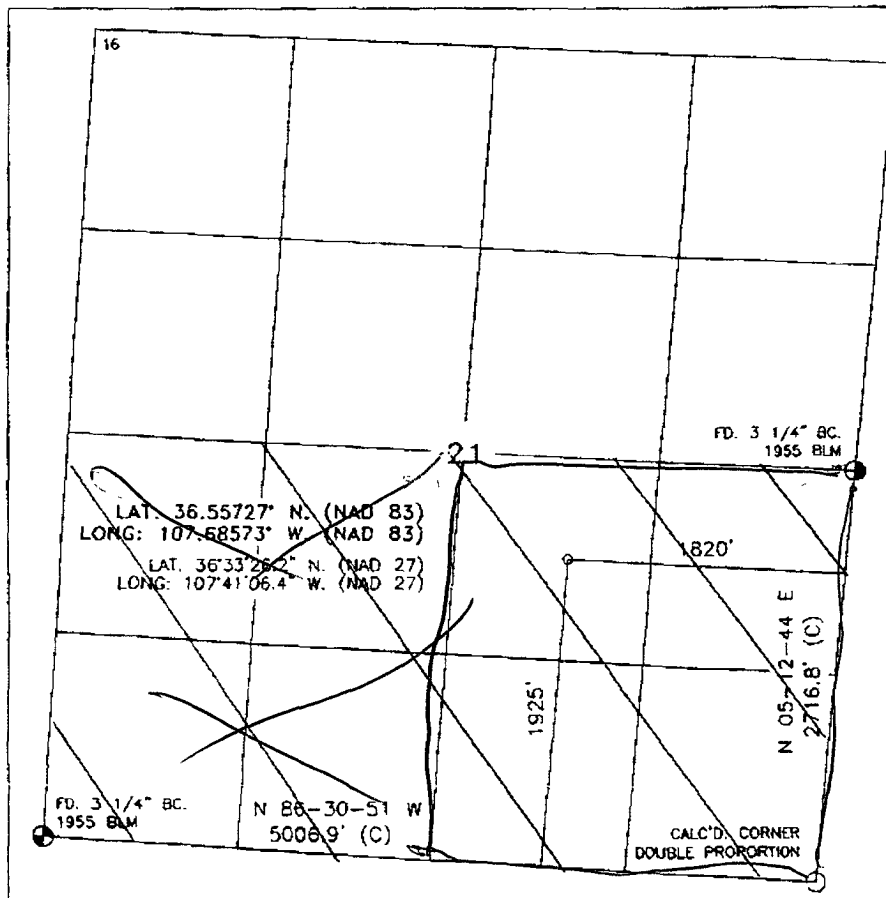
UL or lot no	Section	Township	Range	Lot 1st	Feet from line	North/South line	Feet from the	East/West line	County
J	21	27-N	8-W		1925	SOUTH	1820	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres SE 1/4 - 160 512 300	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] 3/3/07
Signature Date
[Printed Name]
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.

[Signature] 3/3/07
Date of Survey
[Signature] 3/3/07
Signature and Seal of Professional Surveyor
4
REGISTERED PROFESSIONAL LAND SURVEYOR
Certificate Number

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. 30-045-34581
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: FLORANCE D LS
8. Well Number #1R
9. OGRID Number 5380
10. Pool name or Wildcat BLANCO MV, S. BLANCO PC
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6090' GROUND ELEVATION
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> 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 _____ bbls; Construction Material _____

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> 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 J : 1925 feet from the SOUTH line and 1820 feet from the EAST line Section 21 Township 27N Range 8W NMPM NMPM County SAN JUAN
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6090' GROUND ELEVATION
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> 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 _____ 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 01/25/2008
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-333-3159

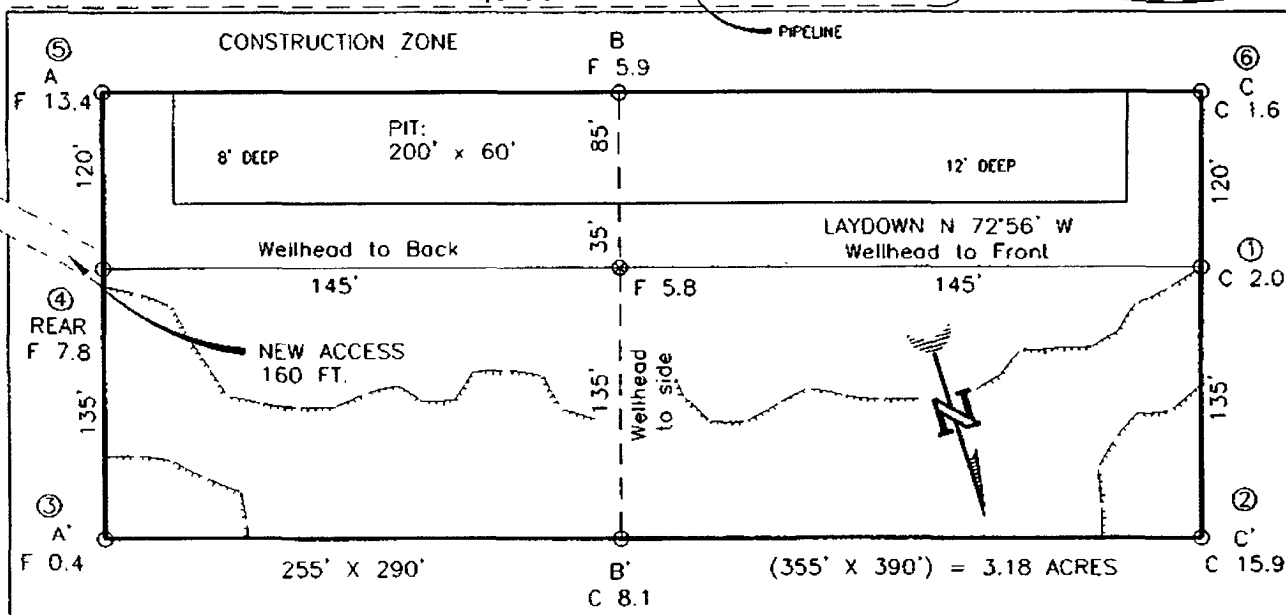
For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE APR 04 2008
Conditions of Approval, if any:

EXHIBIT D

XTO ENERGY INC.
 FLORANCE D No. 1R, 1925 FSL 1820 FEL
 SECTION 21, T27N, R8W, N.M.P.M., SAN JUAN COUNTY, N.M.
 GROUND ELEVATION: 6090' DATE: JANUARY 8, 2007

NAD 83
 LAT. = 36.55727° N
 LONG. = 107.68573° W
 NAD 27
 LAT. = 36°33'26.2" N
 LONG. = 107°41'06.4" W

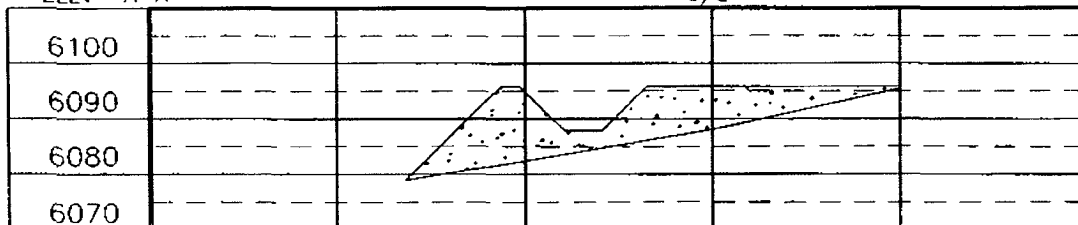


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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

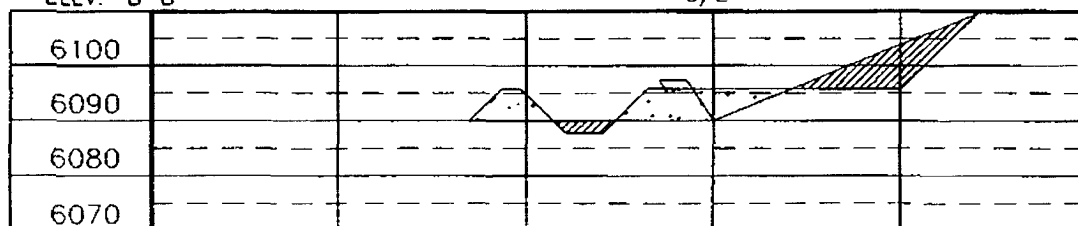
ELEV. A-A'

C/L



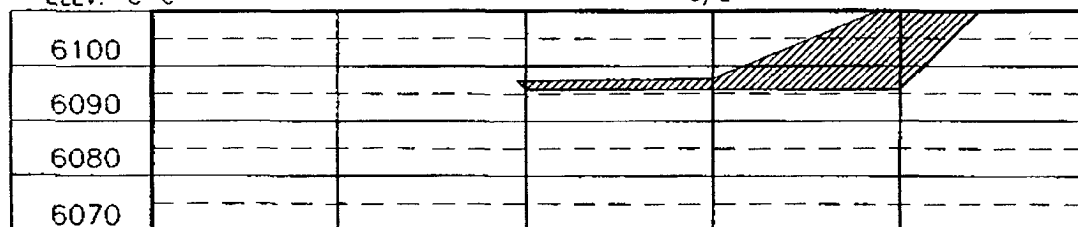
ELEV. B-B'

C/L



ELEV. C-C'

C/L



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
<p>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. 8894</p>		
<p>Drawn by: C.V. Date: 3/30/07 Title: CR663</p>		

EXHIBIT E

XTO ENERGY INC.

Florance D LS #1R

APD Data

January 25, 2008

Location: 1925' FSL x 1820' FEL Sec 21, T27N, R8W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 4900'

OBJECTIVE: Blanco Mesa Verde / South Blanco Pictured Cliffs

APPROX GR ELEV: 6090'

Est KB ELEV: 6102' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 4900'
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 ($\pm 4900'$) 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'-4900	4900'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.72	2.05	2.66

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 E

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

A. Surface: 8.625", 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 $\pm 4900'$ in 7.875" hole.

1st Stage

LEAD:

± 476 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.

Total estimated slurry volume for the 5-1/2" production casing is 1188 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 (4900') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (4900') to 3,000'.

EXHIBIT F

6. **FORMATION TOPS:**

Est. KB Elevation: 6102'

FORMATION	Sub-Sea	MD
Ojo Alamo SS	4821	1281
Kirtland Shale	4685	1417
Farmington SS	4601	1501
Fruitland Formation	4308	1794
Lower Fruitland Coal	3996	2106
Pictured Cliffs SS	3946	2156
Lewis Shale	3845	2257
Chacra SS	3031	3071
Cliffhouse SS*	2387	3715
Menefee**	2264	3838
Point Lookout SS*	1677	4425
Mancos Shale	1342	4760
TD	1202	4900

**** 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	--

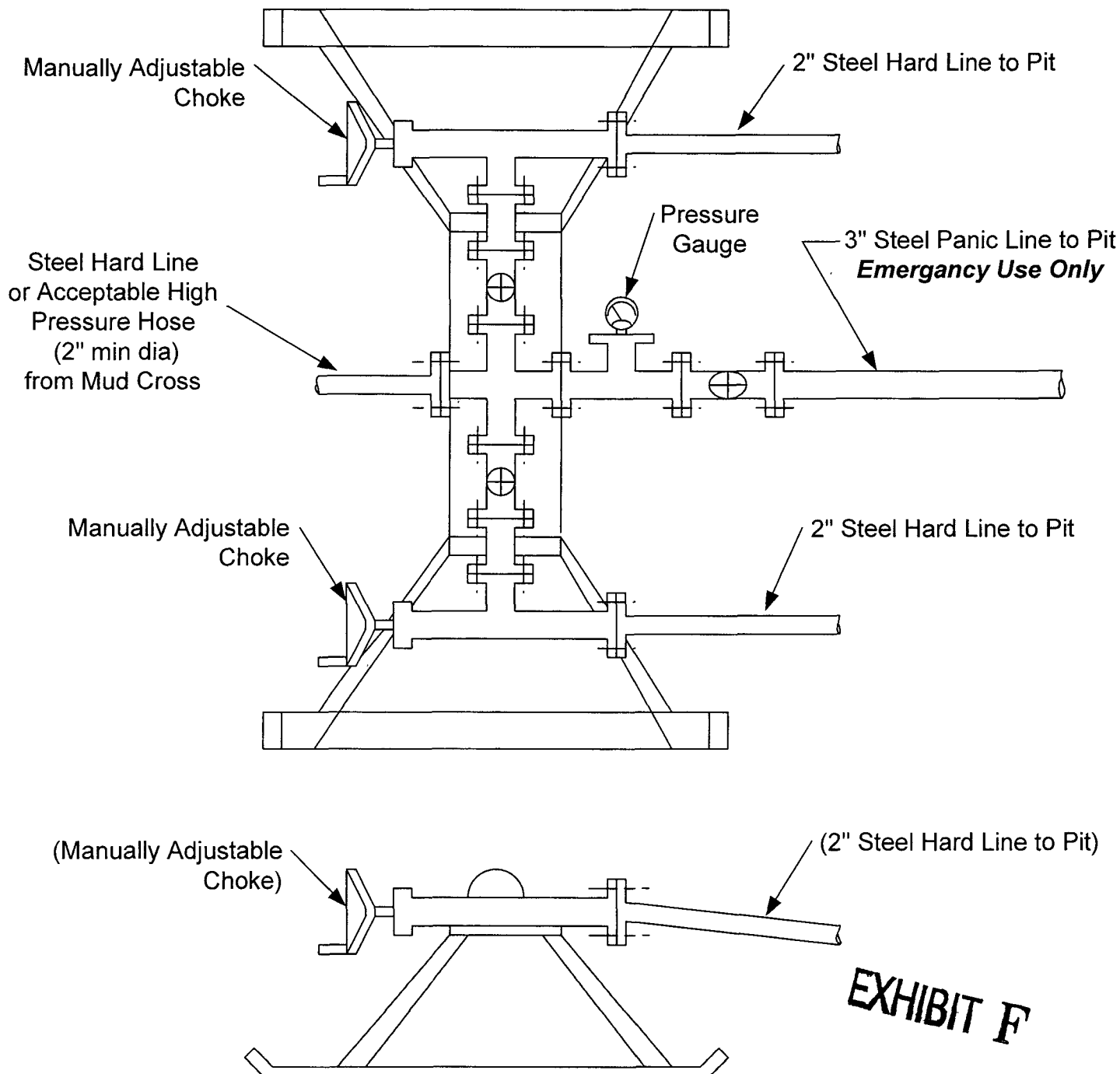
JN
1/25/08

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



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

MUD CROSS

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

EXHIBIT F

