

RECEIVED

OCT 4 2007

Bureau of Land Management
Farmington Field Office

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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/12759
1b Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" 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	3b Phone No. (include area code) 505-333-3100	8 Lease Name and Well No CANYON SWD #1
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface 845' FSL x 1945' FWL At proposed prod zone same		9 API Well No. 30-045-34454
10 Field and Pool, or Exploratory MESAVERDE SWD		11 Sec., T. R. M. or Blk and Survey or Area (N) Sec 35, T26N, R11W
14 Distance in miles and direction from nearest town or post office* Approximately 18 miles South of Bloomfield, NM post office		12 County or Parish San Juan
13 State NM		
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any) 845'	16 No. of acres in lease 160	17 Spacing Unit dedicated to this well N/A
18 Distance from proposed location* to nearest well, drilling, completed, or applied for, on this lease, ft 101'	19 Proposed Depth 4200'	20 BLM/BIA Bond No on file UTB-000138
21 Elevations (Show whether DF, KDB, RT, GL, etc) 6329' Ground Elevation	22 Approximate date work will start* 12/01/2007	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

- | | |
|--|--|
| 1 Well plat certified by a registered surveyor | 4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2 A Drilling Plan | 5 Operator certification |
| 3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office) | 6 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 10/03/2007
Title Regulatory Compliance		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 4/14/08
Title AFM		
Office FEO		

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

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

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

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

APR 21 2008

NMOC

AV

APD/ROW

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

Hold permission to inject pending SWD order from NM OCD

RECEIVED
OCT 4 2007
Bureau of Land Management
Farmington Field Office

DISTRICT I
1825 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 30-045-34454		2 Pool Code 96160 (SWD)		3 MESA VERDE	
4 Property Code 37115		5 Property Name CANYON SWD		6 Well Number 1	
7 Record No. 5380		8 Operator Name XTO ENERGY INC.		9 Elevation 6329	

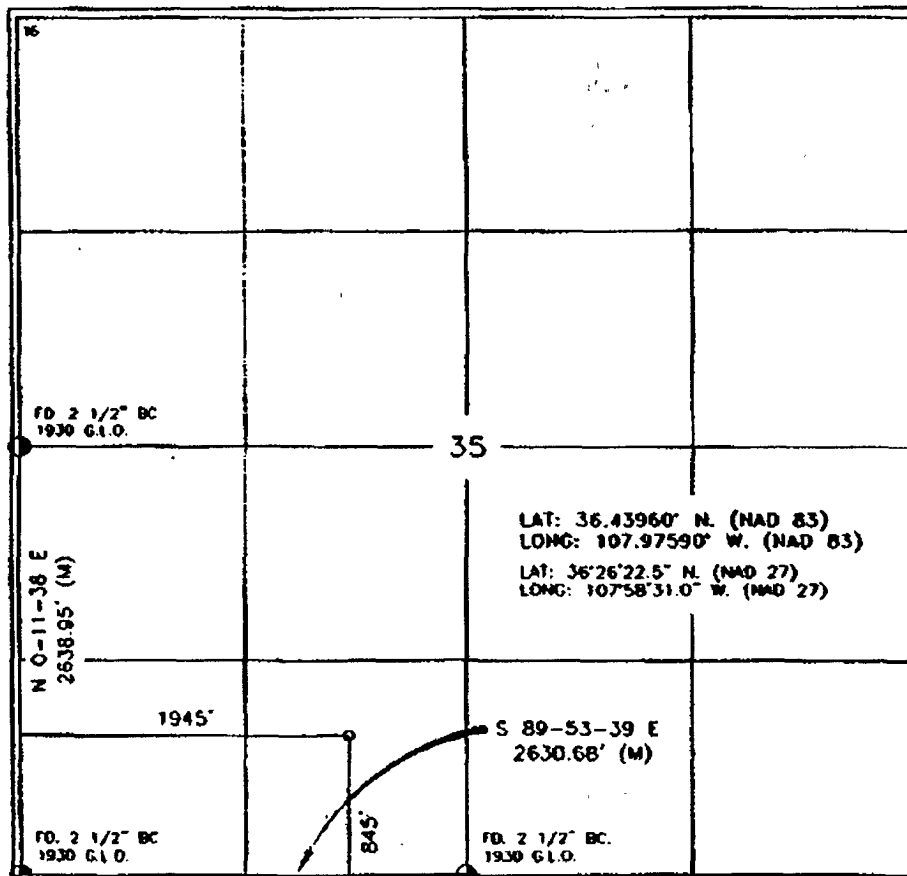
10 Surface Location

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
N	35	26-N	11-W		845	SOUTH	1945	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres N/A			13 Joint or Infit		14 Consolidation Code		15 Driller 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 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.

Kyle Vaughan 5/25/07
Signature Date
Kyle Vaughan
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.

NEW MEXICO
SURVEYOR
DATE OF SURVEY
5/25/07
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. <u>30-045-34454</u>
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: <u>CANYON SWD</u>
8. Well Number <u>#1</u>
9. OGRID Number <u>5380</u>
10. Pool name or Wildcat <u>BLANCO MESAVERDE</u>

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 <u>XTO Energy Inc.</u>
3. Address of Operator <u>382 CR 3100</u> <u>AZTEC, NM 87410</u> <u>505-333-3100</u>
4. Well Location Unit Letter <u>N</u> <u>845</u> feet from the <u>SOUTH</u> line and <u>1945</u> feet from the <u>WEST</u> line Section <u>35</u> Township <u>26N</u> Range <u>11W</u> NMPM <u>NMPM</u> County <u>SAN JUAN</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>6329' GROUND ELEVATION</u>
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>>1000</u>
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u>8000</u> 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 install 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 NMOC guidelines ☒ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Kyla Vaughan TITLE Regulatory Compliance Tech DATE 10/03/07
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 21 2008
Conditions of Approval, if any:

EXHIBIT C

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
XTO Energy, Inc.

3a. Address
382 CR 3100 AZTEC, NM 87410

3b. Phone No. (include area code)
505-333-3100

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
845' FSL x 1945' FWL in Sec 35, T26N, R11W

5. Lease Serial No.

NMNM/12759

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA/Agreement, Name and/or No.

N/A

8. Well Name and No.

Canyon SWD #1

9. API Well No.

30-045-34454

10. Field and Pool, or Exploratory Area

MeneFee/Pt. Lookout Disposal

11. County or Parish, State

San Juan, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other revised drlg prog |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Please see attached drilling plan. These changes were at the request of Chip Harraden.

RCVD APR 16 '08

OIL CONS. DIV.

DIST. 3

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Kyla Vaughan

Title Regulatory Compliance

Signature

Kyla Vaughan

Date

04/08/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice 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.

Title

AFM

Date

4/14/08

Office

FPO

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)

NMOCD

XTO ENERGY INC.

Canyon SWD #1

APD Data

April 8, 2008

Location: 845' FSL x 1945' FWL Sec 35, T28N, R11W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 4200'
APPROX GR ELEV: 6329'

OBJECTIVE: Menefee/Pt. Lookout Disposal
Est KB ELEV: 6341' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 1200'	1200' to 2500'	2500' to 4200'
HOLE SIZE	12.25"	8.75"	8.75"
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: 9.625" casing to be set at $\pm 1200'$ 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'-1200'	1200'	36.0#	J-55	ST&C	2020	3520	394	8.921	8.765	3.520	6.13	9.12

Production Casing: 7" casing to be set at TD ($\pm 4200'$) in 8.75" 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'-4200	4200'	23.0#	J-55	ST&C	3270	4360	284	6.366	6.241	1.63	2.17	2.94

3. WELLHEAD:

- Casing Head: Larkin Fig 92 (or equivalent), 9" nominal, 2,000 psig WP (4,000 psig test) with 9-5/8" 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.

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

A. Surface: 9.625", 36.0#, J-55, ST&C casing to be set at $\pm 1200'$ in 12-1/4" hole.

541 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 752 ft³, 100% excess of calculated annular volume to 1200'.

B. Production: 7", 23.0#, J-55 (or K-55), ST&C casing to be set at $\pm 4200'$ in 8.75" hole. DV Tool set @ $\pm 2950'$

1st Stage

LEAD:

± 55 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.

2nd Stage

LEAD:

± 201 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 ^{7.0"}~~5-1/2"~~ production casing is 912 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 (4200') to the bottom of the surface csg. Run Neutron/Lithodensity/Pc/GR/Cal from TD (4200') to 3,000'.

6. FORMATION TOPS:

Est. KB Elevation: 6341'

FORMATION	Sub-Sea	MD
Ojo Alamo SS	5841	500
Kirtland Shale	5733	608
Farmington SS		
Fruitland Formation	5396	945
Lower Fruitland Coal	4900	1441
Pictured Cliffs SS	4881	1,460
Lewis Shale	4610	1,731
Chacra SS	4010	2,331
Cliffhouse SS	3346	2,995
Menefee*	3320	3,021
Point Lookout SS*	2383	3,958
Mancos Shale	2186	4,155
TD	2141	4,200

* Primary Objective

** Secondary Objective

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

Note: Selected sands within the Menefee (below 3021') and the Point Lookout SS are the injection targets for this SWD well.

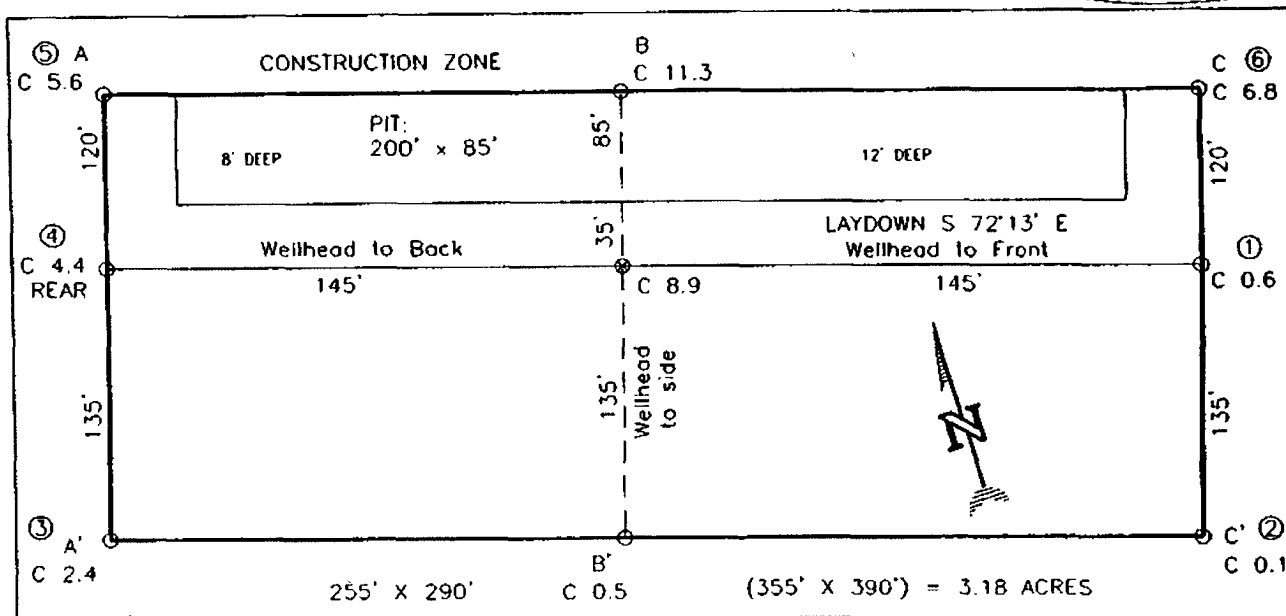
7. COMPANY PERSONNEL:

Name	Title	Office Phone	Home Phone
Justin Niederhofer	Drilling Engineer	505-566-7946	505-320-0158
Jerry Lacy	Drilling Superintendent	505-566-7917	505-320-6543
John Klutsch	Project Geologist	817-885-2800	--

JWE
4/8/08

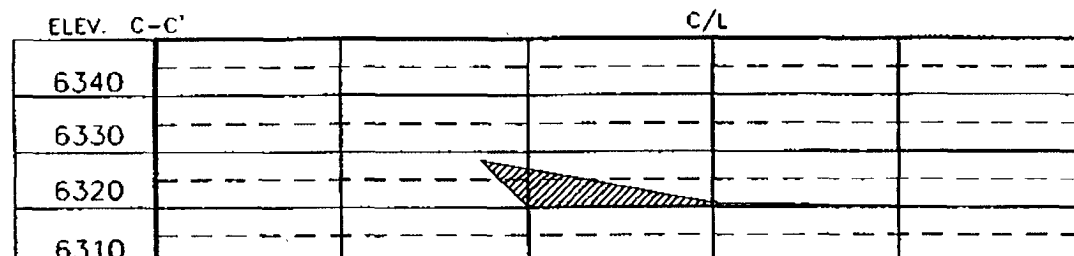
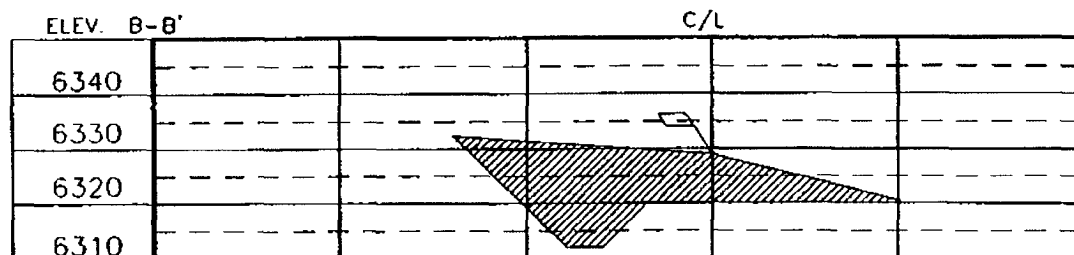
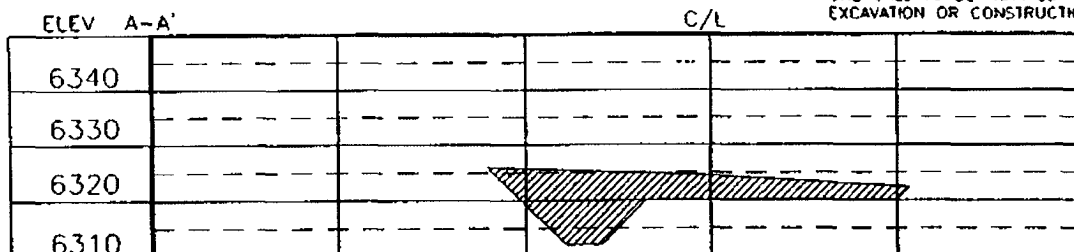
XTO ENERGY INC.
 CANYON SWD No. 1, 845 FSL 1945 FWL
 SECTION 35, T26N, R11W, N.M.P.M., SAN JUAN COUNTY, N.M.
 GROUND ELEVATION: 6329' DATE: JANUARY 5, 2007

NAD 83
 LAT. = 36.43960° N
 LONG. = 107.97590° W
 NAD 27
 LAT. = 36°26'22.5" N
 LONG. = 107°58'31.0" 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.

DATE	REVISION	DAGGETT ENTERPRISES, INC. Surveying and Oil Field Services P. O. Box 15068 Farmingington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO L.S. No. 8894	DATE: 2/28/07
			DATE: 2/28/07

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

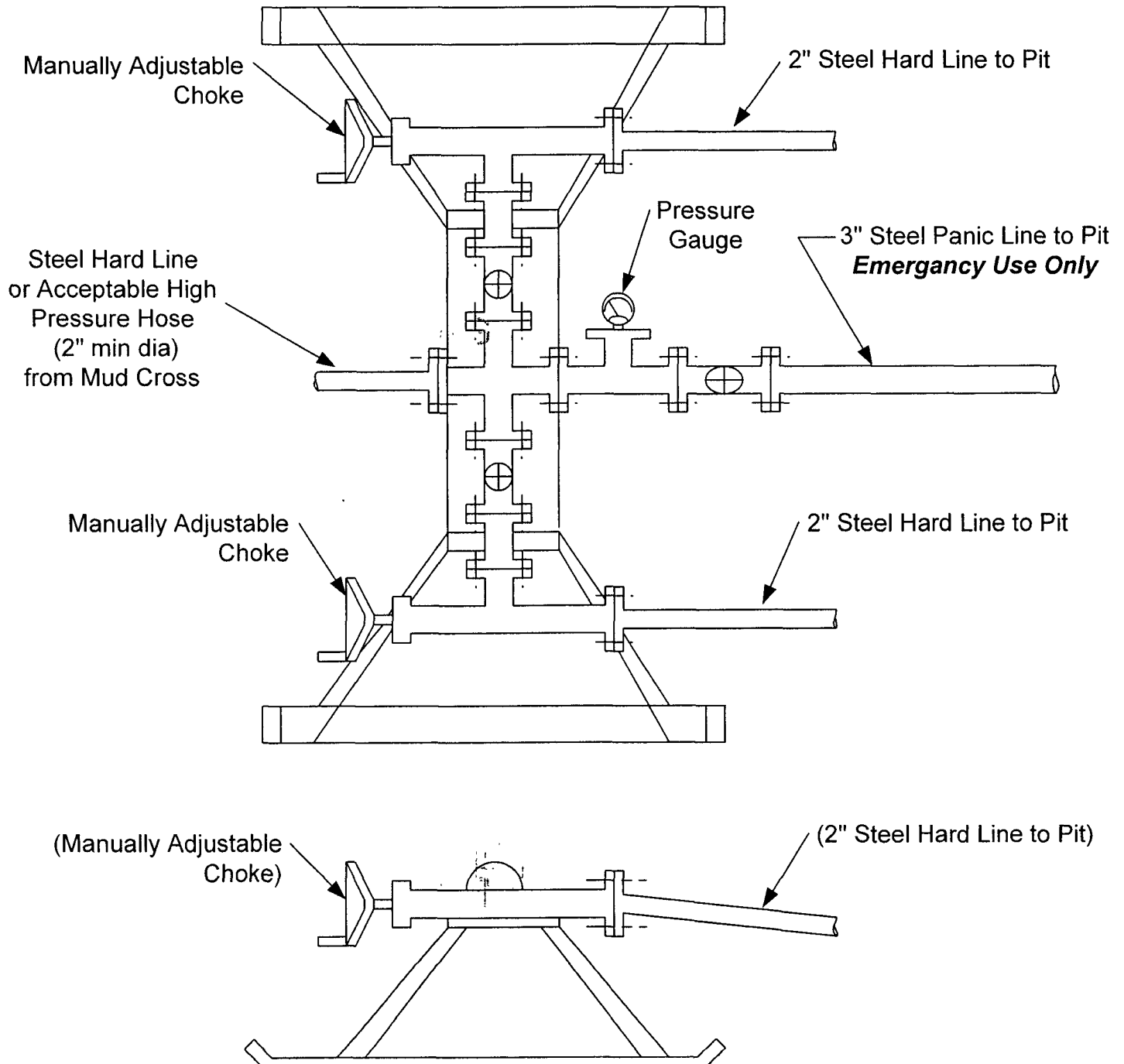


EXHIBIT F

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.

