

RECEIVED

SEP 25 2009

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010UNITED 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. NMSF 078879
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
2. Name of Operator Huntington Energy, L.L.C.		7. If Unit or CA Agreement, Name and No. Canyon Largo Unit
3a. Address 908 N.W. 71st St. Oklahoma City, OK 73116		8. Lease Name and Well No. Canyon Largo Unit #499
3b. Phone No. (include area code) (405) 840-9876		9. API Well No. 3003930810
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface Lot D, 1160' FNL & 890' FWL At proposed prod. zone		10. Field and Pool, or Exploratory Basin Dakota
14. Distance in miles and direction from nearest town or post office* 35 miles SE from Blanco		11. Sec., T. R. M. or Blk. and Survey or Area 0 Sec 24, T25N-R7W
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 890'	16. No. of acres in lease 2560.00	17. Spacing Unit dedicated to this well 320 w/2 RCVD NOV 9 '09
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 3015'	19. Proposed Depth 7400' MD	20. BLM/BIA Bond No. on file NMB000076 OIL CONS. DIV. DIST. 3
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6870' GL	22. Approximate date work will start* March 2010	23. Estimated duration approx 30 days

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 Catherine Smith	Name (Printed/Typed) Catherine Smith	Date 08/12/2009
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Title
Huntington Energy, L.L.C., agent for Burlington Resources Oil and Gas Company, LP

Approved by (Signature) D. Manley	Name (Printed/Typed) D. Manley	Date 11/6/09
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Title AFM	Office FFO
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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.

(Continued 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

*(Instructions on page 2)

NOV 13 2009

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

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".

NMOCD

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

DISTRICT II
1301 W. Grand Avenue, 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 87504-2088

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Bureau of Land Management
Farmington Field Office

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30810		² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 32660	⁵ Property Name CANYON LARGO UNIT		⁶ Well Number 499
⁷ OGRID No. 208706	⁸ Operator Name HUNTINGTON ENERGY, LLC		⁹ Elevation 6870'

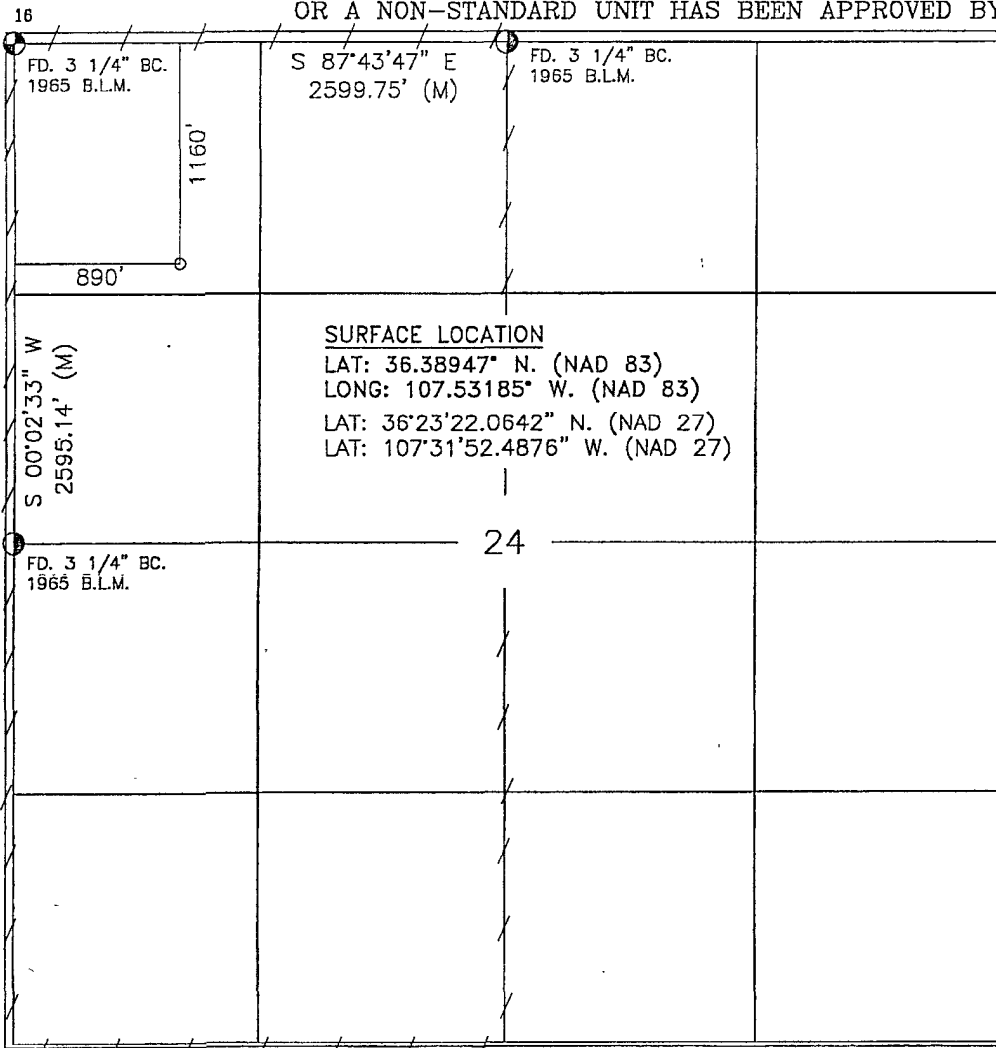
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	25-N	7-W		1160	NORTH	890	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
¹² Dedicated Acres W-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.

Catherine Smith 8/10/09
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 knowledge and belief.

JUNE 15, 2009
Date of Survey
Signature and Seal of Professional Surveyor:

8894
Certificate Number

OPERATIONS PLAN

Well Name: Canyon Largo Unit #499
Location: 1160' FNL, 890' FWL, NWNW, Lot D, Sec 24, T25N, R7W
Rio Arriba County, NM
Formation: Basin Dakota
Elevation: 6870' GL

<u>Formation Tops:</u>	<u>Measured Depth (Tops)</u>
San Jose	Surface
Fruitland	2412'
Picture Cliffs	2677'
Lewis Shale	2777'
Heurfanito Bentonite	3067'
Chacra	3527'
Cliff House	4237'
Menefee	4322'
Point Lookout	4947'
Mancos	5152'
Gallup (Niobrara)	6092'
Greenhorn	6887'
Graneros	6942'
Dakota	6982'
Encinal	7207'
Burro Canyon	7247'
Morrison	7302'
TD	7400'

Logging Program:

Mud log – 4200' to TD
Open hole logs-- PEX (interval to be determined)
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#	J-55
7 7/8"	0' – 7400'	4 ½"	11.6#	N-80

Tubing Program:

0' – 7400'	2 3/8"	4.7#	J-55
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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. Drilling Spool may or may not be employed.

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Completion Operations:

6" 3000 psi double gate BOP stack (Reference Figure #1). 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 #2).

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: 1914 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.

Additional Information:

The Dakota formations will be completed. If Dakota is non-commercial, Devils Fork Gallup will be completed.

- No abnormal temperatures or hazards are anticipated.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The west half of the Section 24 is dedicated to this well.
- This gas is dedicated.
- Anticipated pore pressure

Fruitland Coal	300 psi
Pictured Cliffs	500 psi
Mesa Verde	700 psi
Dakota	3000 psi



CEMENT TEST REPORT
Halliburton Energy Services
Farmington District Laboratory
4109 E. Main
Farmington, NM 87499

To: Randy Snyder
Halliburton Energy Services

Company:
Mud Drilled
Total Depth: 400
BHST: 90 +/- deg F
BHCT: 80 +/- deg F

Report: FLMM4071
Date: 6-Feb-04

All tests performed according to modified API RP Spec 10, 1997

Slurry: Surface

Thickening Time:
2:50 to 70 BC

Free Water:
0.00%

Settling:
0.00%

Fluid Loss:
1158

Design

100% Standard Cement
2.00% CaCl₂
.25 #/sk Flocele

Surface Cement

Density: 15.6 lb/gal
Yield: 1.18 cuft/sk
Water: 5.24 gal/sk

265 sk
312 cuft

Compressive Strength

UCA @80 deg F (BHCT)- 3000 psi

Rheology

deg F	80	
600	67	
300	42	
200	34	
100	25	
60	21	
30	18	
6	12	
3	10	
PV	26	
YP	17	

psi	time
50	1:55:00
500	4:30:00
1285	10:03:00
1628	12:00:00
2580	24:00:00

Bill Loughridge

Senior Scientist

Note: This report is for information and the content is limited to the sample described. Halliburton Energy Services makes no warranties, express or implied, as to the accuracy of the contents or results. Any user of this report agrees Halliburton shall not be liable for any loss or damage, regardless of cause, including any act or omission of Halliburton, resulting from the use hereof.



DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Minerals Management Service, Unit Operator, hereafter referred to as "Operator", under the Canyon Largo Unit Agreement, Rio Arriba County, New Mexico No.: 14-08-001-1059 approved July 22, 1952 and hereby designates:

NAME: **Huntington Energy, L.L.C.**
ADDRESS: **908 N.W. 71st St.**
Oklahoma City, OK 73116

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing and completing the unitized substances to a depth covering the top to the base of the Dakota formation for the following well:

CANYON LARGO UNIT # 499
NW/4 of Section 24, T25N, R7W
W/2 Dakota Formation
Rio Arriba County, New Mexico

It is understood that this Designation of Agent does not relieve the Operator of responsibility for compliance with the terms of the Unit Agreement and the Oil and Gas Operating Regulations. It is also understood that this Designation of Agent does not constitute an assignment of any interest under the Unit Agreement or any lease committed thereto.

In case of default on the part of the designated agent, the Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representatives.

The Operator agrees promptly to notify the oil and gas supervisor of any change in the designated agent.

This Designation of Agent is deemed to be temporary and in no manner a permanent arrangement.

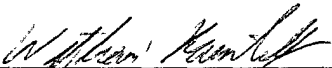
This Designation of Agent is limited to field operations only and does not cover administrative action, which shall require the specific authorization of the Operator.

This Designation of Agent shall be effective until the Canyon Largo Unit #499 has been drilled, completed and deemed commercial by the BLM. Operator shall track and submit commerciality analysis to the appropriate BLM authority. Once said well has been deemed commercial, Operator shall give Huntington Energy, L.L.C. notice thereof. Upon such notice, Huntington Energy, L.L.C shall ensure the well and related facilities, including telemetry, meet Operator's requirements, as previously provided to Huntington Energy L.L.C., and thereafter Operator will assume operations for the well the first of the month subsequent to the well being deemed commercial.

This Designation of Agent is also subject to the terms and conditions contained in Exhibit "A" attached hereto.

Burlington Resources Oil & Gas Company LP
By: BROG GP Inc., its sole General Partner,
As Canyon Largo Unit Operator

6/24/09
Date

By:  *WRM*
William Rainbolt
Attorney-in-Fact

Huntington Energy, L.L.C.

6/30/09
Date

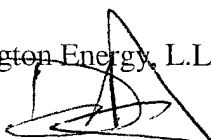
By: 
David M. Herritt, Member

EXHIBIT "A"
DESIGNATION OF AGENT

Huntington Energy, L.L.C. ("Agent") indicates its acceptance of this Designation of Agent by placing its authorized signature in the space provided below and agrees to drill and complete or plug and abandon said Canyon Largo Unit #499 as a reasonable and prudent operator in accordance with the terms and conditions of the Canyon Largo Unit Agreement and Canyon Largo Unit Operating Agreement, and also agrees to the following conditions. Agent shall:

1. Submit to Operator's representative for approval all casing programs and equipment specifications prior to the drilling of any well.
2. Notify Operator when drilling Operations are commenced.
3. Furnish Operator with complete daily driller's tour report, at Agent's expense.
4. Furnish Operator with daily reports by telephone call or facsimile at Agent's expense, as to the formation or formations penetrated during the previous day's drilling, the depth at which each formation is encountered, and the depth at which the report is made.
5. Allow representatives of Operator access to the derrick floor at all times at their sole risk and expense.
6. Notify Operator of intentions to core, drill stem test, stimulate, or run well surveys in sufficient time to enable Operator's representatives to be present; and also notify Operator in sufficient time in order that Operator may attend and witness any and all potential tests and packer leakage test.
7. Cause all cores having shows of oil and gas to be analyzed by a competent core analysis laboratory. Three preliminary and three final copies of any conventional core analysis will be furnished to Operator. Any special core analysis performed at the request of Agent will be considered proprietary information and will be paid for solely by Agent.
8. Furnish Operator three field prints and five final prints of all well surveys made during drilling or upon completion of wells.
9. Furnish Operator a representative and adequate cut of all cores and ditch samples taken during the drilling of wells.
10. Provide Operator with copies of drilling time records, hole deviation tests and all records required by the governmental agencies having jurisdiction of the wells.
11. Notify of any intention to plug and abandon wells and allow Operator forty-eight (48) hours in which to concur.

12. Furnish the Bureau of Land Management and the Oil Conservation Division of the State of New Mexico all proper and necessary reports and well data in the required numbers and time periods as specified by the Bureau of Land Management and the Oil Conservation Commission of the State of New Mexico, with a copy to Operator at the addresses hereinafter provided.
13. Provide the Commissioner of Public Lands of the State of New Mexico with copies of all reports and other well data submitted in accordance with the preceding paragraph.
14. Comply with all regulations of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) as such may be amended from time to time, and pay any costs, fees, and claims including attorneys fees and penalties imposed because of Agent's failure to comply with FOGRMA regulations.

Agent agrees to release, protect, indemnify and defend Operator and all of Operator's affiliated and subsidiary companies and the agents, servants and employees of Operator and all of its affiliated and subsidiary companies, and the insurers of each of them, and to save and hold them harmless from and against any and all claims or liability (including court costs and attorney fees) for damage or loss of property of all character; from and against any and all claims for death, or injury to persons, including, but not limited to, employees or agents of Agent resulting from or arising out of the operations conducted or caused or permitted to be conducted by Agent in connection with the wells described hereinabove; and from and against any and all claims for labor and materials and any other costs and expense in connection with Agent's operations hereunder.

Such indemnity by Agent shall apply to any loss or damage or personal injury or death:

- (i) which arises directly, indirectly or incident to the Agent's operation;
- (ii) without regard to cause or causes thereof, including, without limitation, strict liability, breach of warranty (express or implied), imperfection of materials, condition of any premises or transport to or from such premises;
- (iii) whether the claim therefore is based on common law, civil law or statute.

However, such indemnity by Agent shall not apply and may not be relied upon by Operator to the extent that any claim or liability is found by a court or other tribunal of competent jurisdiction to have been caused by the gross negligence or willful misconduct of Operator.

All notices, samples or other information required to be furnished shall be sent to:

Burlington Resources Oil & Gas Company LP
Attn: Ben Malone
P. O. Box 4289
Farmington, New Mexico 87499-4289
Telephone (505) 326-9749
Fax No. (505) 324-3829

HUNTINGTON ENERGY, L.L.C.
CANYON LARGO UNIT
RIO ARRIBA CO., NM

BOP STACK - 3000 PSI

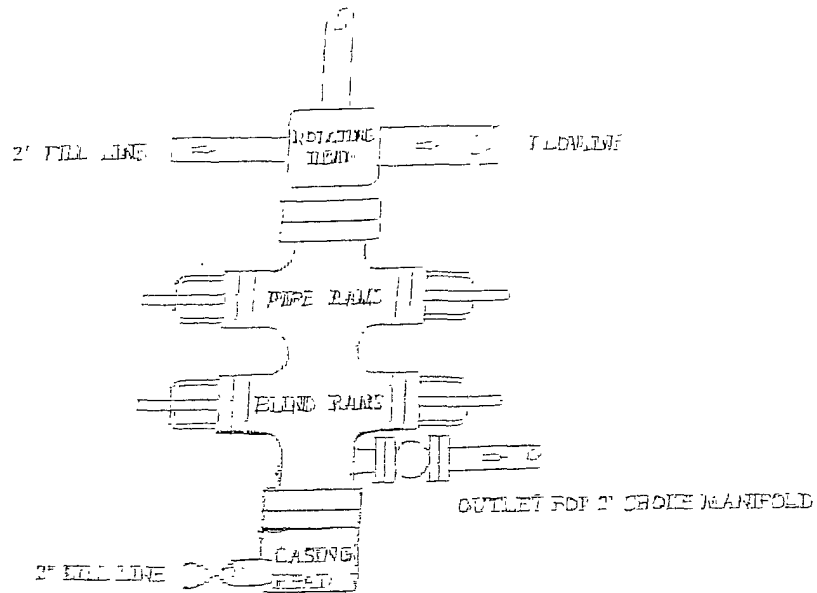


FIGURE 1

CHOKER MANIFOLD - 3000 PSI

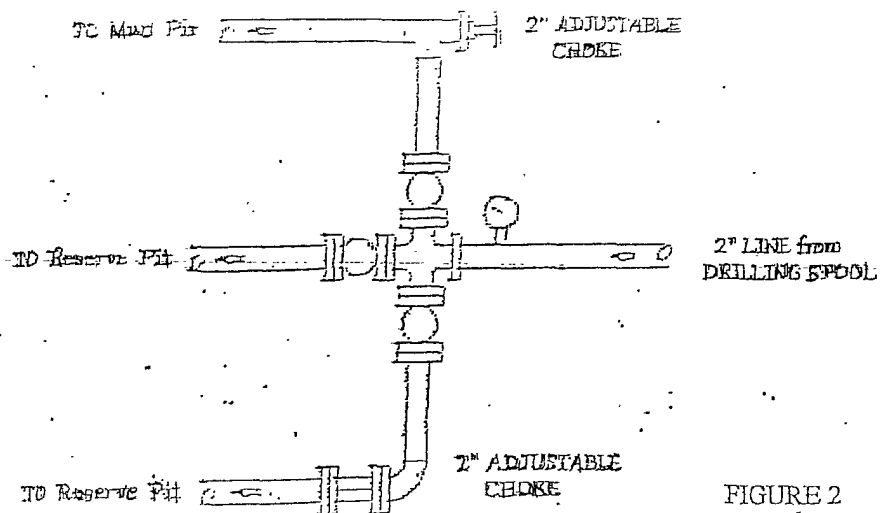


FIGURE 2