

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.5. Lease Serial No.
NMLC063875

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 27. If Unit or CA/Agreement, Name and/or No.
891000303X

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other8. Well Name and No.
POKER LAKE UNIT 27 BD 105H

2. Name of Operator

XTO PERMIAN OPERATING LLC

Contact: KELLY KARDOS

E-Mail: kelly_kardos@xtoenergy.com

9. API Well No.

30-015-46261-00-X1

3a. Address

6401 HOLIDAY HILL ROAD BLDG 5
MIDLAND, TX 79707

3b. Phone No. (include area code)

Ph: 432-620-4374

10. Field and Pool or Exploratory Area

PURPLE SAGE-WOLFCAMP (GAS)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 27 T25S R30E SWNE 2510FNL 1978FEL
32.101585 N Lat, 103.866814 W Lon

11. County or Parish, State

EDDY COUNTY, NM

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Change to Original A |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | PD |

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 recompleat 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 recompleat 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.

XTO Permian Operating, LLC, requests permission to drill 8-3/4" intermediate hole size and set 7-5/8" Flush Joint casing per the attached drilling program.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #524419 verified by the BLM Well Information System
For XTO PERMIAN OPERATING LLC, sent to the Carlsbad
Committed to AFMSS for processing by PRISCILLA PEREZ on 08/06/2020 (20PP3693SE)

Name (Printed/Typed) KELLY KARDOS

Title REGULATORY COORDINATOR

Signature (Electronic Submission)

Date 08/06/2020

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JENNIFER SANCHEZ

Title PETROLEUM ENGINEER

Date 08/06/2020

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.

Office Carlsbad

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 REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Accepted - KMS NMOCD

Revisions to Operator-Submitted EC Data for Sundry Notice #524419

| | Operator Submitted | BLM Revised (AFMSS) |
|--------------------------------|--|--|
| Sundry Type: | APDCH NOI | APDCH NOI |
| Lease: | NMLC063875A | NMLC063875 |
| Agreement: | NMNM71016X | 891000303X (NMNM71016X) |
| Operator: | XTO PERMIAN OPERATING, LLC 6401 HOLIDAY HILL RD BLDG 5 MIDLAND, TX 79707 Ph: 432-620-4374 | XTO PERMIAN OPERATING LLC 6401 HOLIDAY HILL ROAD BLDG 5 MIDLAND, TX 79707 Ph: 432.683 2277 |
| Admin Contact: | KELLY KARDOS REGULATORY COORDINATOR E-Mail: kelly_kardos@xtoenergy.com Ph: 432-620-4374 | KELLY KARDOS REGULATORY COORDINATOR E-Mail: kelly_kardos@xtoenergy.com Ph: 432-620-4374 |
| Tech Contact: | KELLY KARDOS REGULATORY COORDINATOR E-Mail: kelly_kardos@xtoenergy.com Ph: 432-620-4374 | KELLY KARDOS REGULATORY COORDINATOR E-Mail: kelly_kardos@xtoenergy.com Ph: 432-620-4374 |
| Location: State: County: | NM EDDY | NM EDDY |
| Field/Pool: | PURPLE SAGE WOLFCAMP | PURPLE SAGE-WOLFCAMP (GAS) |
| Well/Facility: | POKER LAKE UNIT 27 BD 105H Sec 27 T25S R30E Mer NMP SWNE 2510FNL 1978FEL | POKER LAKE UNIT 27 BD 105H Sec 27 T25S R30E SWNE 2510FNL 1978FEL 32.101585 N Lat, 103.866814 W Lon |

Kardos, Kelly

From: j1sanchez@blm.gov
Sent: Thursday, August 6, 2020 2:50 PM
To: Kardos, Kelly
Cc: j1sanchez@blm.gov
Subject: Well POKER LAKE UNIT 27 BD 105H
Attachments: EC524419.pdf

Categories: External Sender

External Email - Think Before You Click

COAs from EC#519629 still stand. 7-5/8" Intermediate casing shall be kept fluid filled while running into hole to meet BLM minimum collapse requirements.

The sundry for Change to Original APD you submitted has been approved by the BLM. Your original Electronic Commerce (EC) transmission was assigned ID 524419. Please be sure to open and save all attachments to this message, since they contain important information.

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

| | |
|------------------------------|---|
| OPERATOR'S NAME: | XTO Permian Operating, LLC |
| LEASE NO.: | NMLC-0063875A |
| WELL NAME & NO.: | Poker Lake Unit 27 BD 105H |
| SURFACE HOLE FOOTAGE: | 2510' FNL & 1978' FEL |
| BOTTOM HOLE FOOTAGE: | 0200' FSL & 1980' FEL Sec. 34, T. 25 S., R 30 E. |
| LOCATION: | Section 27, T. 25 S., R 30 E., NMPM |
| COUNTY: | Eddy County, New Mexico |

COA

| | | | |
|----------------------|---|--|--|
| H2S | <input checked="" type="radio"/> Yes | <input type="radio"/> No | |
| Potash | <input checked="" type="radio"/> None | <input type="radio"/> Secretary | <input type="radio"/> R-111-P |
| Cave/Karst Potential | <input checked="" type="radio"/> Low | <input type="radio"/> Medium | <input type="radio"/> High |
| Cave/Karst Potential | <input type="radio"/> Critical | | |
| Variance | <input type="radio"/> None | <input checked="" type="radio"/> Flex Hose | <input type="radio"/> Other |
| Wellhead | <input type="radio"/> Conventional | <input type="radio"/> Multibowl | <input checked="" type="radio"/> Both |
| Other | <input type="checkbox"/> 4 String Area | <input type="checkbox"/> Capitan Reef | <input type="checkbox"/> WIPP |
| Other | <input type="checkbox"/> Fluid Filled | <input type="checkbox"/> Cement Squeeze | <input type="checkbox"/> Pilot Hole |
| Special Requirements | <input type="checkbox"/> Water Disposal | <input type="checkbox"/> COM | <input checked="" type="checkbox"/> Unit |

Possibility of water flows in the Salado and Castile.

Possibility of lost circulation in the Red beds, Rustler, and Delaware.

Abnormal pressures may be encountered in the 3rd Bone Spring and all subsequent formations.

A. HYDROGEN SULFIDE

- Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**

B. CASING

1. The **11-3/4** inch surface casing shall be set at approximately **1160** feet (a minimum of 70 feet (Eddy County) into the Rustler Anhydrite and above the salt) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum of **8 hours** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **7-5/8** inch intermediate casing is:
 - Cement as proposed. Report Echo meter results on subsequent sundry.
3. The minimum required fill of cement behind the **5-1/2 X 5** inch production casing is:
 - Cement should tie-back at least **200 feet** into previous casing string. Operator shall provide method of verification.

C. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).
2. Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
 - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.

BOP Break Testing Variance

- Shell testing is not approved for any portion of the hole with a MASP of 5000 psi or greater.
- While in transfer between wells, the BOPE shall be secured by the hydraulic carrier or cradle.
- Any well control event while drilling require notification to the BLM Petroleum Engineer prior to the commencement of any BOP Break Testing operations.
- A full BOP test is required prior to drilling the first deep intermediate hole section. If any subsequent hole interval is deeper than the first, a full BOP test will be required.

D. SPECIAL REQUIREMENTS

Unit Wells

The well sign for a unit well shall include the unit number in addition to the surface and bottom hole lease numbers. This also applies to participating area numbers. If a participating area has not been established, the operator can use the general unit designation, but will replace the unit number with the participating area number when the sign is replaced.

Commercial Well Determination

A commercial well determination shall be submitted after production has been established for at least six months.

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
 - b. When the operator proposes to set surface casing with Spudder Rig
 - Notify the BLM when moving in and removing the Spudder Rig.
 - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
 - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
2. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
3. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
4. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
5. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
6. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
 - d. The results of the test shall be reported to the appropriate BLM office.

- e. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
- f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.
- g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

JAM 06222020

Poker Lake Unit 27 BD 105H

Projected TD: 18953' MD / 11146' TVD
SHL: 2510' FNL & 1978' FEL , Section 27, T25S, R30E
BHL: 200' FSL & 1980' FEL , Section 34, T25S, R30E

Eddy County, NM

Casing Design

The surface fresh water sands will be protected by setting 11-3/4" casing @ 1240' (50' above the salt) and circulating cement back to surface. The 7-5/8" intermediate casing will be set at 10312' and bring TOC back to surface. A 6-3/4 inch curve and lateral hole will be drilled to MD/TD and 5-1/2" x 5-0" casing will be set at TD and cemented back 300' into the 7-5/8" casing shoe.

| Hole Size | Depth | OD Csg | Weight | Collar | Grade | New/Used | SF Burst | SF Collapse | SF Tension |
|-----------|-----------------|---------|--------|------------|---------|----------|----------|-------------|------------|
| 14-3/4" | 0' – 1240' | 11-3/4" | 54 | BTC | J-55 | New | 1.34 | 3.69 | 12.69 |
| 8-3/4" | 0' – 4000' | 7-5/8" | 29.7 | Liberty FJ | CYP-110 | New | 2.31 | 2.80 | 1.82 |
| 8-3/4" | 4000' – 10312' | 7-5/8" | 29.7 | Liberty FJ | HCL-80 | New | 1.68 | 2.13 | 2.17 |
| 6-3/4" | 0' – 10212' | 5-1/2" | 23 | Freedom | P-110 | New | 1.21 | 2.42 | 2.39 |
| 6-3/4" | 10212' - 18953' | 5-0" | 18 | Freedom | P-110 | New | 1.16 | 2.06 | 8.25 |

XTO requests to not utilize centralizers in the curve and lateral

7-5/8" Collapse analyzed using 50% evacuation based on regional experience.

5-1/2" Tension calculated using vertical hanging weight plus the lateral weight multiplied by a friction factor of 0.35

Test on Casing will be limited to 70% burst of the casing or 1500 psi, whichever is less

Request to use 5" BTC Float equipment for the the production casing

WELLHEAD:

Permanent Wellhead – Multibowl System

A. Starting Head: 13-5/8" 10M top flange x 11-3/4" SOW bottom

B. Tubing Head: 13-5/8" 10M bottom flange x 7-1/16" 15M top flange

Wellhead will be installed by manufacturer's representatives.

Manufacturer will monitor welding process to ensure appropriate temperature of seal.

Operator will test the 7-5/8" casing per Onshore Order 2.

Wellhead manufacturer representative may not be present for BOP test plug installation

Cement Program

Surface Casing:

Lead: 430 sxs Halcem-C + 2% CaCl (mixed at 12.8 ppg, 1.87 ft3/sx, 10.13 gal/sx water)

Tail: 190 sxs Halcem-C + 2% CaCl (mixed at 14.8 ppg, 1.35 ft3/sx, 6.39 gal/sx water)

Compressives: 12-hr = 900 psi 24 hr = 1500 psi

TOC: Surface

Intermediate Casing:

1st Stage

Optional Lead: 340 sxs NeoCem (mixed at 10.5 ppg, 2.77 ft3/sx, 15.59 gal/sx water)

TOC: Surface

Tail: 360 sxs Halcem - Class C (mixed at 14.8 ppg, 1.35 ft3/sx, 6.39 gal/sx water)

Compressives: 12-hr = 900 psi 24 hr = 1150 psi

TOC: Brushy Canyon (6375')

2nd Stage

Tail: 600 sxs Halcem-Class C (mixed at 14.8 ppg, 1.33 ft3/sx, 5.29 gal/sx water)

Compressives: 12-hr = 900 psi 24 hr = 1150 psi

TOC: Surface

XTO requests to pump a two stage cement job on the 7-5/8" intermediate casing string with the first stage being pumped conventionally with the calculated top of cement at the Brushy Canyon (6375') and the second stage performed as a bradenhead squeeze with planned cement from the Brushy Canyon to surface. If cement is not visually confirmed to circulate to surface, the final cement top after the second stage job will be verified by Echo-meter. If necessary, a top out consisting of 1,500 sack of Class C cement + 3% Salt + 1% PreMag-M + 6% Bentonite Gel (2.30 yld, 12.91 ppg) will be executed as a contingency. If cement is still unable to circulate to surface, another Echo-meter run will be performed for cement top verification.

XTO will include the Echo-meter verified fluid top and the volume of displacement fluid above the cement slurry in the annulus in all post-drill sundries on wells utilizing this cement program.

XTO will report to the BLM the volume of fluid (limited to 5 bbls) used to flush intermediate casing valves following backside cementing procedures.

XTO requests to pump an Optional Lead if well conditions dictate in an attempt to bring cement to surface on the first stage. If cement is brought to surface, the BLM will be notified and the second stage bradenhead squeeze and subsequent TOC verification will be negated.

In the event cement is not circulated to surface on the first stage, whether intentionally or unintentionally, XTO requests the option to conduct the bradenhead squeeze and TOC verification offline as per standard approval from BLM when unplanned remediation is needed and batch drilling is approved. In the event the bradenhead is conducted, we will ensure first stage cement job is cemented properly and the well is static with floats holding and no pressure on the csg annulus as with all other casing strings where batch drilling operations occur before moving off the rig. The TA cap will also be installed per GE procedure and pressure inside the casing will be monitored via the valve on the TA cap as per standard batch drilling ops.

Production Casing:

Lead: 20 sxs VersaCem (mixed at 11.5 ppg, 2.69 ft3/sx, 15.00 gal/sx water)

Tail: 810 sxs VersaCem (mixed at 13.2 ppg, 1.51 ft3/sx, 7.20 gal/sx water)

Compressives: 12-hr = 800 psi 24 hr = 1500psi

TOC: 300' inside previous shoe

Mud Circulation Program

| INTERVAL | Hole Size | Mud Type | MW (ppg) | Viscosity (sec/qt) | Fluid Loss (cc) |
|------------------|-----------|---|-------------|-----------------------|--------------------|
| 0' - 1240' | 14-3/4" | FW / Native | 8.4-8.8 | 35-40 | NC |
| 1240' - 10312' | 8-3/4" | Brine / Cut Brine / Direct Emulsion | 8.5-9.7 | 30-32 | NC |
| 10312' to 18953' | 6-3/4" | Cut Brine / WBM / OBM | 10.8-11.8 | 32-36 | NC |

DRILLING PLAN: BLM COMPLIANCE
(Supplement to BLM 3160-3)

XTO Energy Inc.
Poker Lake Unit 27 Brushy Draw 105H
Projected TD: 18953' MD / 11146' TVD
SHL: 2510' FNL & 1978' FEL , Section 27, T25S, R30E
BHL: 200' FSL & 1980' FEL , Section 34, T25S, R30E
Eddy County, NM

1. Geologic Name of Surface Formation

A. Permian

2. Estimated Tops of Geological Markers & Depths of Anticipated Fresh Water, Oil or Gas

| Formation | Well Depth (TVD) | Water/Oil/Gas |
|--------------------|------------------|---------------|
| Rustler | 895' | Water |
| Top of Salt | 1290' | Water |
| Base of Salt | 3692' | Water |
| Delaware | 3910' | Water |
| Brushy Canyon | 6375' | Water/Oil/Gas |
| Bone Spring | 7700' | Water |
| 1st Bone Spring Ss | 8642' | Water/Oil/Gas |
| 2nd Bone Spring Ss | 9494' | Water/Oil/Gas |
| 3rd Bone Spring Ss | 10631' | Water/Oil/Gas |
| Wolfcamp | 11021' | Water/Oil/Gas |
| Wolfcamp X | 11050' | Water/Oil/Gas |
| Wolfcamp Y | 11133' | Water/Oil/Gas |
| Target/Land Curve | 11146' | Water/Oil/Gas |

*** Hydrocarbons @ Brushy Canyon

*** Groundwater depth 40' (per NM State Engineers Office).

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 11-3/4" casing @ 1240' (50' above the salt) and circulating cement back to surface. The 7-5/8" intermediate casing will be set at 10312' and bring TOC back to surface. A 6-3/4 inch curve and lateral hole will be drilled to MD/TD and 5-1/2" x 5-0" casing will be set at TD and cemented back 300' into the 7-5/8" casing shoe.

3. Casing Design

| Hole Size | Depth | OD Csg | Weight | Collar | Grade | New/Used | SF Burst | SF Collapse | SF Tension |
|-----------|-----------------|---------|--------|------------|---------|----------|----------|-------------|------------|
| 14-3/4" | 0' – 1240' | 11-3/4" | 54 | BTC | J-55 | New | 1.34 | 3.69 | 12.69 |
| 8-3/4" | 0' – 4000' | 7-5/8" | 29.7 | Liberty FJ | CYP-110 | New | 2.31 | 2.80 | 1.82 |
| 8-3/4" | 4000' – 10312' | 7-5/8" | 29.7 | Liberty FJ | HCL-80 | New | 1.68 | 2.13 | 2.17 |
| 6-3/4" | 0' – 10212' | 5-1/2" | 23 | Freedom | P-110 | New | 1.21 | 2.42 | 2.39 |
| 6-3/4" | 10212' - 18953' | 5-0" | 18 | Freedom | P-110 | New | 1.16 | 2.06 | 8.25 |

· XTO requests to not utilize centralizers in the curve and lateral

· 7-5/8" Collapse analyzed using 50% evacuation based on regional experience

· 5-1/2" Tension calculated using vertical hanging weight plus the lateral weight multiplied by a friction factor of 0.35

· Test on Casing will be limited to 70% burst of the casing or 1500 psi, whichever is less

· Request to use 5" BTC Float equipment for the the production casing

Wellhead:

Permanent Wellhead – Multibowl System

A. Starting Head: 13-5/8" 10M top flange x 11-3/4" SOW bottom

B. Tubing Head: 13-5/8" 10M bottom flange x 7-1/16" 15M top flange

· Wellhead will be installed by manufacturer's representatives.

- Manufacturer will monitor welding process to ensure appropriate temperature of seal.
- Operator will test the 7-5/8" casing per BLM Onshore Order 2
- Wellhead Manufacturer representative will not be present for BOP test plug installation

4. Cement Program

Surface Casing: 11-3/4", 54 New J-55, BTC casing to be set at +/- 1240'

Lead: 430 sxs Halcem-C + 2% CaCl (mixed at 12.8 ppg, 1.87 ft3/sx, 10.13 gal/sx water)

Tail: 190 sxs Halcem-C + 2% CaCl (mixed at 14.8 ppg, 1.35 ft3/sx, 6.39 gal/sx water)

Compressives: 12-hr = 900 psi 24 hr = 1500 psi
TOC: Surface

Intermediate Casing: 7-5/8", 29.7 New casing to be set at +/- 10312'

1st Stage

Optional Lead: 340 sxs NeoCem (mixed at 10.5 ppg, 2.77 ft3/sx, 15.59 gal/sx water)

TOC: Surface

Tail: 360 sxs Halcem - Class C (mixed at 14.8 ppg, 1.35 ft3/sx, 6.39 gal/sx water)

Compressives: 12-hr = 900 psi 24 hr = 1150psi
TOC: Brushy Canyon (6375')

2nd Stage

Tail: 600 sxs Halcem-Class C (mixed at 14.8 ppg, 1.33 ft3/sx, 5.29 gal/sx water)

Compressives: 12-hr = 900 psi 24 hr = 1150 psi
TOC: Surface

XTO requests to pump a two stage cement job on the 7-5/8" intermediate casing string with the first stage being pumped conventionally with the calculated top of cement at the Brush Canyon (6375') and the second stage performed as a bradenhead squeeze with planned cement from the Brushy Canyon to surface. If cement is not visually confirmed to circulate to surface, the final cement top after the second stage job will be verified by Echo-meter. If necessary, a top out consisting of 1,500 sack of Class C cement + 3% Salt + 1% PreMag-M + 6% Bentonite Gel (2.30 yld, 12.91 ppg) will be executed as a contingency. If cement is still unable to circulate to surface, another Echo-meter run will be performed for cement top verification.

XTO will include the Echo-meter verified fluid top and the volume of displacement fluid above the cement slurry in the annulus in all post-drill sundries on wells utilizing this cement program.

XTO will report to the BLM the volume of fluid (limited to 5 bbls) used to flush intermediate casing valves following backside cementing procedures.

XTO requests to pump an Optional Lead if well conditions dictate in an attempt to bring cement to surface on the first stage. If cement is brought to surface, the BLM will be notified and the second stage bradenhead squeeze and subsequent TOC verification will be negated.

In the event cement is not circulated to surface on the first stage, whether intentionally or unintentionally, XTO requests the option to conduct the bradenhead squeeze and TOC verification offline as per standard approval from BLM when unplanned remediation is needed and batch drilling is approved. In the event the bradenhead is conducted, we will ensure first stage cement job is cemented properly and the well is static with floats holding and no pressure on the csg annulus as with all other casing strings where batch drilling operations occur before moving off the rig. The TA cap will also be installed per GE

Production Casing: 5-0", 18 New casing to be set at +/- 18953'

Lead: 20 sxs VersaCem (mixed at 11.5 ppg, 2.69 ft3/sx, 15.00 gal/sx water)

Tail: 810 sxs VersaCem (mixed at 13.2 ppg, 1.51 ft3/sx, 7.20 gal/sx water)

Compressives 12-hr = 800 psi 24 hr = 1500 psi

TOC: 300' inside previous shoe

5. Pressure Control Equipment

Once the permanent WH is installed on the 11-3/4" casing, the blow out preventer equipment (BOP) will consist of a 13-5/8" minimum 5M Hydril and a 13-5/8" minimum 5M 3-Ram BOP. MASP should not exceed 4097 psi. In any instance where 10M BOP is required by BLM, XTO requests a variance to utilize 5M annular with 10M ram preventers (a common BOP configuration, which allows use of 10M rams in unlikely event that pressures exceed 5M). Also a variance is requested to test the 5M annular to 70% of working pressure at 3500 psi.

All BOP testing will be done by an independent service company. Annular pressure tests will be limited to 70% of the working pressure. When nipping up on the 11-3/4", 5M bradenhead and flange, the BOP test will be limited to 5000 psi. All BOP tests will include a low pressure test as per BLM regulations. The 5M BOP diagrams are attached. Blind rams will be functioned

tested each trip, pipe rams will be functioned tested each day.

A variance is requested to allow use of a flex hose as the choke line from the BOP to the Choke Manifold. If this hose is used, a copy of the manufacturer's certification and pressure test chart will be kept on the rig. Attached is an example of a certification and pressure test chart. The manufacturer does not require anchors.

XTO requests a variance to be able to batch drill this well if necessary. In doing so, XTO will set each casing string and ensure that the well is cemented properly and the well is static. With floats holding, no pressure on the csg annulus, and the installation of a 10K TA cap as per GE recommendations, XTO will contact the BLM on each rig skid on the pad. Once surface and intermediate strings are all completed, XTO will begin drilling the production hole on each of the wells.

A variance is requested to **ONLY** test broken pressure seals on the BOP equipment when moving from wellhead to wellhead which is in compliance with API Standard 53. API standard 53 states, that for pad drilling operation, moving from one wellhead to another within 21 days, pressure testing is required for pressure-containing and pressure-controlling connections when the integrity of a pressure seal is broken. Based on discussions with the BLM on February 27th 2020, we will request permission to **ONLY** retest broken pressure seals if the following conditions are met: 1. After a full BOP test is conducted on the first well on the pad (First well will be the deepest Intermediate) 2. When skidding to drill an intermediate section does not penetrate into the Wolfcamp 3. Full BOP test will be required prior to drilling the production hole.

A variance is requested to cement offline for the surface and intermediate casing strings according to attached offline cementing supporting documentation.

6. Proposed Mud Circulation System

| INTERVAL | Hole Size | Mud Type | MW (ppg) | Viscosity (sec/qt) | Fluid Loss (cc) |
|------------------|-----------|--|-------------|-----------------------|--------------------|
| 0' - 1240' | 14-3/4" | FW / Native | 8.4-8.8 | 35-40 | NC |
| 1240' - 10312' | 8-3/4" | Brine / Cut Brine / Direct Emulsion | 8.5-9.7 | 30-32 | NC |
| 10312' to 18953' | 6-3/4" | Cut Brine / WBM / OBM | 10.8-11.8 | 32-36 | NC |

The necessary mud products for weight addition and fluid loss control will be on location at all times. Spud with fresh water/native mud and set 11-3/4" surface casing, isolating the fresh water aquifer. Drill out from under 11-3/4" surface casing with a brine/oil direct emulsion mud system. Use fibrous materials as needed to control seepage and lost circulation. Pump viscous sweeps as needed for hole cleaning. Pump speed will be recorded on a daily drilling report after mudding up. A Pason or Totco will be used to detect changes in loss or gain of mud volume. A mud test will be performed every 24 hours to determine: density, viscosity, strength, filtration and pH as necessary. Use available solids controls equipment to help keep mud weight down after mud up. Rig up solids control equipment to operate as a closed loop system.

7. Auxiliary Well Control and Monitoring Equipment

- A. A Kelly cock will be in the drill string at all times.
- B. A full opening drill pipe stabbing valve having appropriate connections will be on the rig floor at all times.
- C. H2S monitors will be on location when drilling below the 11-3/4" casing.

8. Logging, Coring and Testing Program

Mud Logger: Mud Logging Unit (2 man) below intermediate casing.

Open hole logging will not be done on this well.

9. Abnormal Pressures and Temperatures / Potential Hazards

None Anticipated. BHT of 160 to 180 F is anticipated. No H2S is expected but monitors will be in place to detect any H2S occurrences. Should these circumstances be encountered the operator and drilling contractor are prepared to take all necessary steps to ensure safety of all personnel and environment. Lost circulation could occur but is not expected to be a

serious problem in this area and hole seepage will be compensated for by additions of small amounts of LCM in the drilling fluid. The maximum anticipated bottom hole pressure for this well is 6549 psi.

10. Anticipated Starting Date and Duration of Operations

Road and location construction will begin after Santa Fe and BLM have approved the APD. Anticipated spud date will be as