Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **NMSF-078138**

6. If Indian, Allottee or Tribe Name **N/A**

1a. Type of Work: ☑ DRILL ☐ REENTER

2004 JUL 9 AM 10 56

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

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070 FARMINGTON NM

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☐ Single Zone ☑ Multiple Zone

8. Lease Name and Well No. **Fee 7 C**

2. Name of Operator **XTO Energy Inc.**

9. API Well No. **30-045- 32455**

3a. Address **2700 Farmington Ave., Bldg K-1 Farmington, NM 87401**

3b. Phone No. *(include area code)* **(505) 324-1090**

10. Field and Pool, or Exploratory **Blanco Mesa Verde**

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface **850' FNL & 1745' FEL**

At proposed prod. zone **Same**

11. Sec., T., R., M., or Blk. and Survey or Area **B 7-30n-11w NMPM**

14. Distance in miles and direction from nearest town or post office* **2 air miles NW of Aztec 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 drig. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
845'*	**2,063.26**	**≈N2 (324.44 acres)**
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
>845'	**5,000'**	**BLM nation wide: 57 91 73**
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
5,735' ungraded	**Upon Approval**	**4 weeks**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

Comments

***475' to closest lease line & 845' to closest communitization line**

NOV 2004
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OIL CONS. DIV.
DIST. 3

APD/ROW (GulfTerra)

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

cc: BLM (& OCD), Patton

25. Signature	Name *(Printed/Typed)*	Date
	Brian Wood	**7-2-04**
Title **Consultant**	**Phone: 505 466-8120**	**FAX: 505 466-9682**
Approved by *(Signature)* D. M.	Name *(Printed/Typed)*	Date 11-17-04
Title	Office	

Application approval does not warrant or certify the 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.

NMOCD

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

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

REC'D / SAN JUAN
OCT 14 2003

Form C-102
Revised February 21, 1994
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	2 Pool Code	3 Pool Name
30-045-32455	72319	BLANCO MESA VERDE

4 Property Code	5 Property Name	6 Well Number
32284	FEE	7C

7 OGRID No.	8 Operator Name	9 Elevation
167067	XTO ENERGY INC.	5735

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
B	7	30-N	11-W		850	NORTH	1745	EAST	SAN JUAN

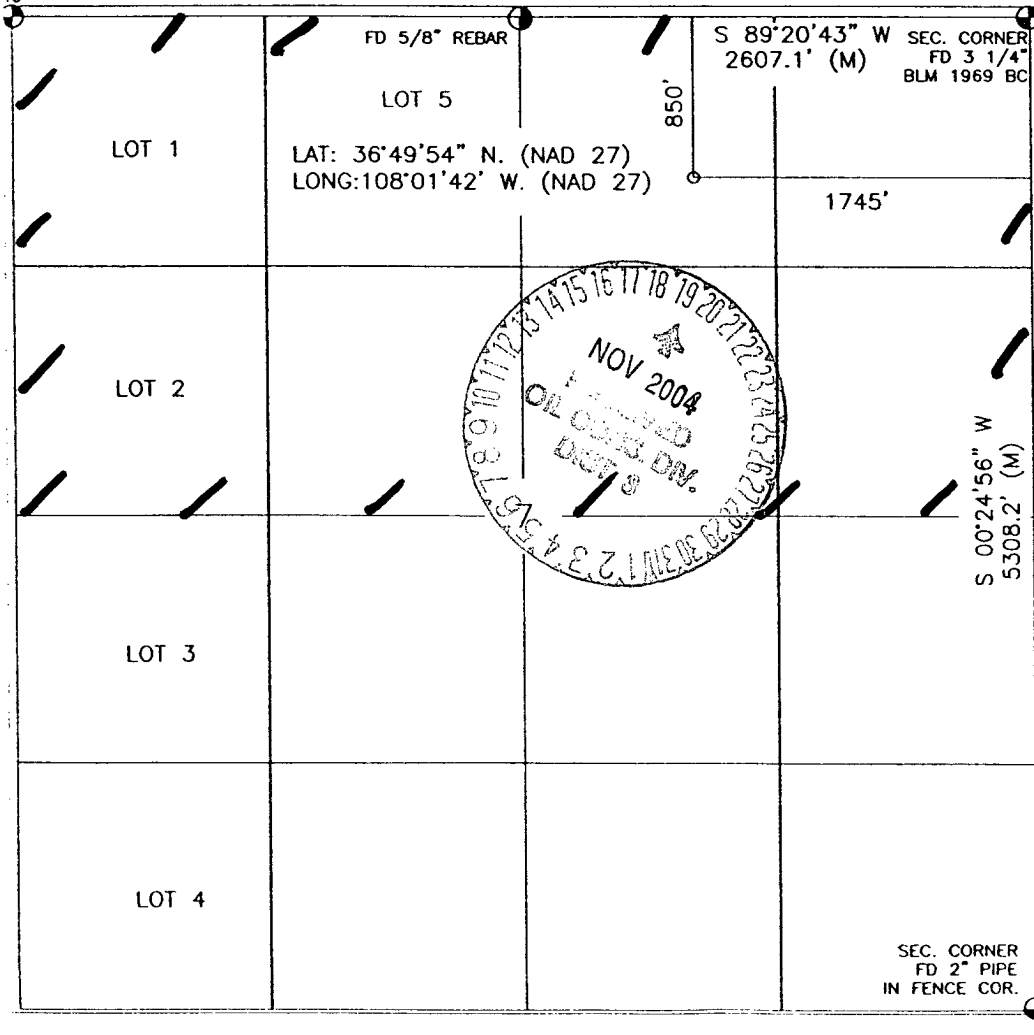
11 Bottom Hole Location If Different From Surface

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	13 Joint or Infill	14 Consolidation Code	15 Order No.
324.44		C	

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

16



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: BRIAN WOOD

Printed Name: CONSULTANT

Title: JULY 2, 2004

Date

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.

10 DAVID A. JOHNSON 03

Date of Survey

Signature and Seal of Professional Surveyor:

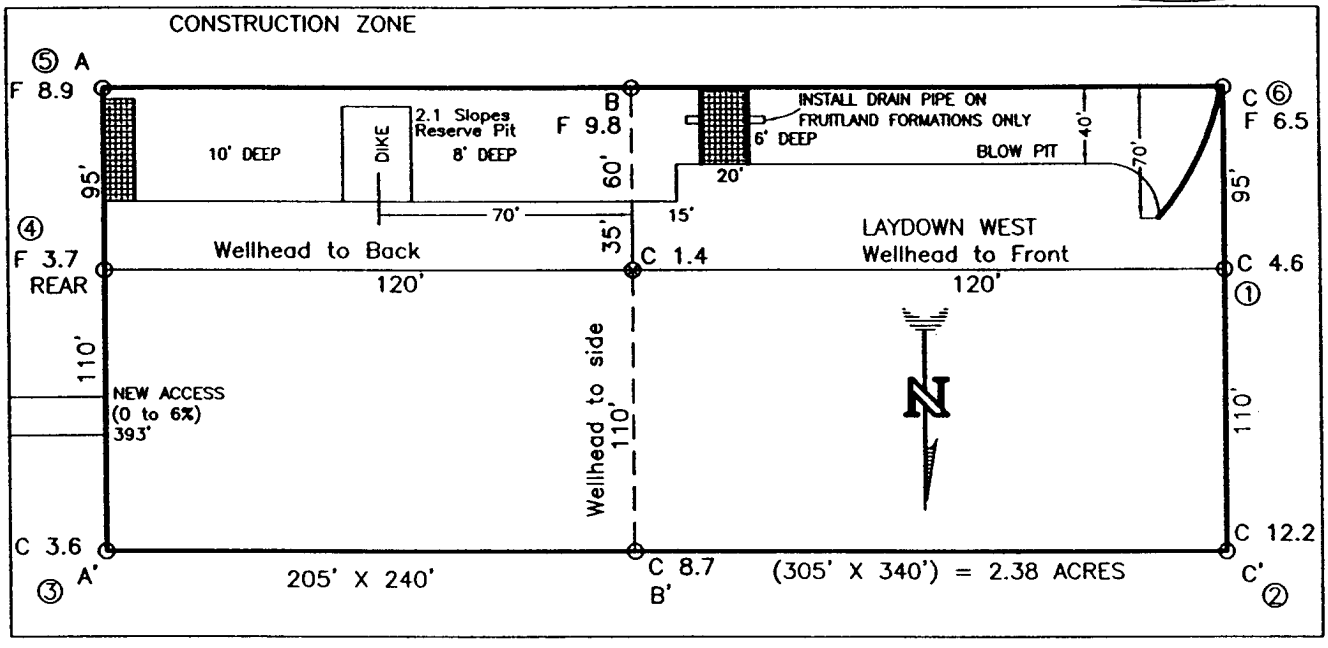
NEW MEXICO 14827 REGISTERED PROFESSIONAL SURVEYOR

14827

Certificate Number

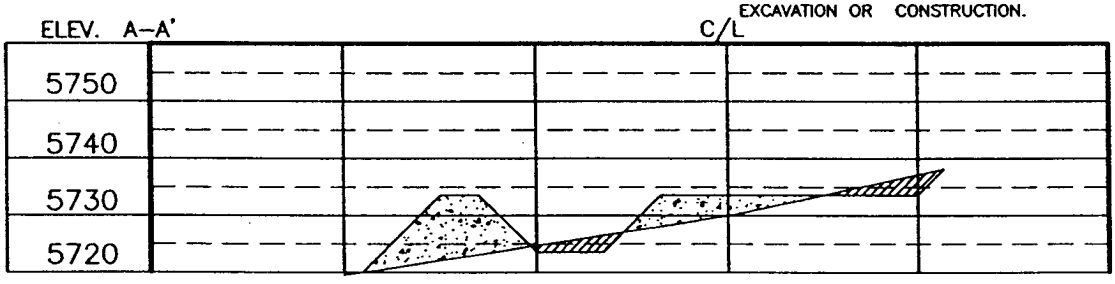
XTO ENERGY INC.
FEE No. 7C, 850 FNL 1745 FEL
SECTION 7, T30N, R11W, N.M.P.M., SAN JUAN COUNTY, N. M.
GROUND ELEVATION: 5735, DATE: SEPTEMBER 8, 2003

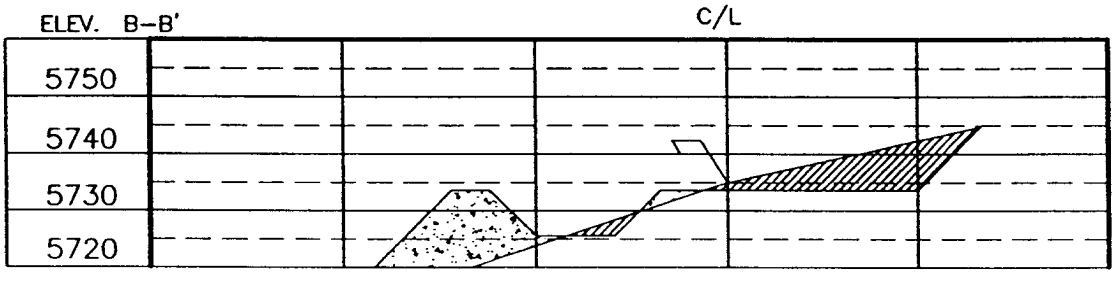
LAT. = 36°49'54" N
LONG. = 108°01'42" W
NAD 27

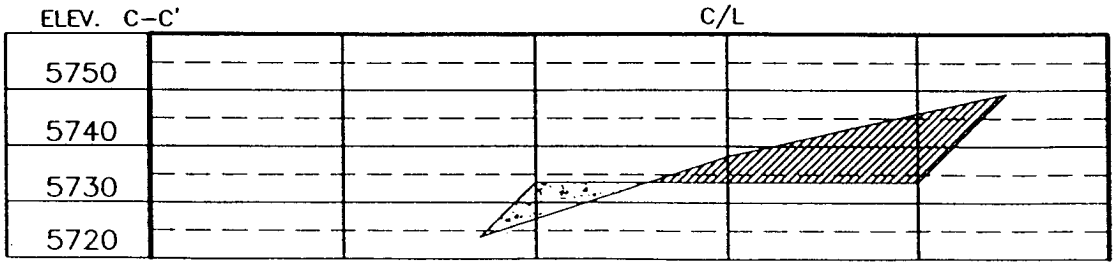


RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW – 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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.

DRAWN BY: A.G. ROW#: CR216 CADFILE: CR216CF8 DATE: 10/02/03

TERRACE RESERVE PIT DOWN SO AT LEAST HALF OF DEPTH IS IN CUT !!!!!

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 Farmington, NM 87401
Phone (505) 326-1772 Fax (505) 326-6019

XTO Energy Inc.
Fee 7 C
850' FNL & 1745' FEL
Sec. 7, T. 30 N., R. 11 W.
San Juan County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

Formation Name	GL Depth	KB Depth	Elevation
Nacimiento	000'	12'	+5,735'
Ojo Alamo Sandstone	635'	647'	+5,100'
Kirtland Shale	785'	797'	+4,950'
Fruitland Coal	1,810'	1,822'	+3,925'
Pictured Cliffs Ss	2,135'	2,147'	+3,600'
Lewis Shale	2,235'	2,247'	+3,500'
Mesa Verde Sandstone	3,835'	3,847'	+1,900'
Mancos Shale	4,735'	4,747'	+1,000'
Total Depth*	5,000'	5,012'	+735'

* all elevations reflect the ungraded ground level of 5,735'

2. NOTABLE ZONES

Gas or Oil Zones	Water Zones	Coal Zones
Fruitland	Nacimiento	Fruitland
Pictured Cliffs	Ojo Alamo	Menefee
Mesa Verde	Fruitland	

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP system to be used is not yet known. A typical 2,000 psi stack, manifold, and test

procedures are on PAGE 3.

4. CASING & CEMENT

	Surface Casing	Production Casing
Interval	0' - 250'	0' - 5,000'
Hole Diameter	12-1/4"	7-7/8"
Casing Diameter	8-5/8"	4-1/2"
Weight (pounds/foot)	24	10.5
Grade	J-55	J-55
Coupling	S T&C	S T&C
Collapse Rating (psi)	1370	4010
Burst Rating (psi)	2950	4790
Joint Strength (M-lbs)	244	132
I. D. (inches)	8.097	4.052
Drift (inches)	7.972	3.875
SF Coll	9.44	1.28
SF Burst	13.72	1.06
SF Ten	33.89	1.87
Centralizers	3	15

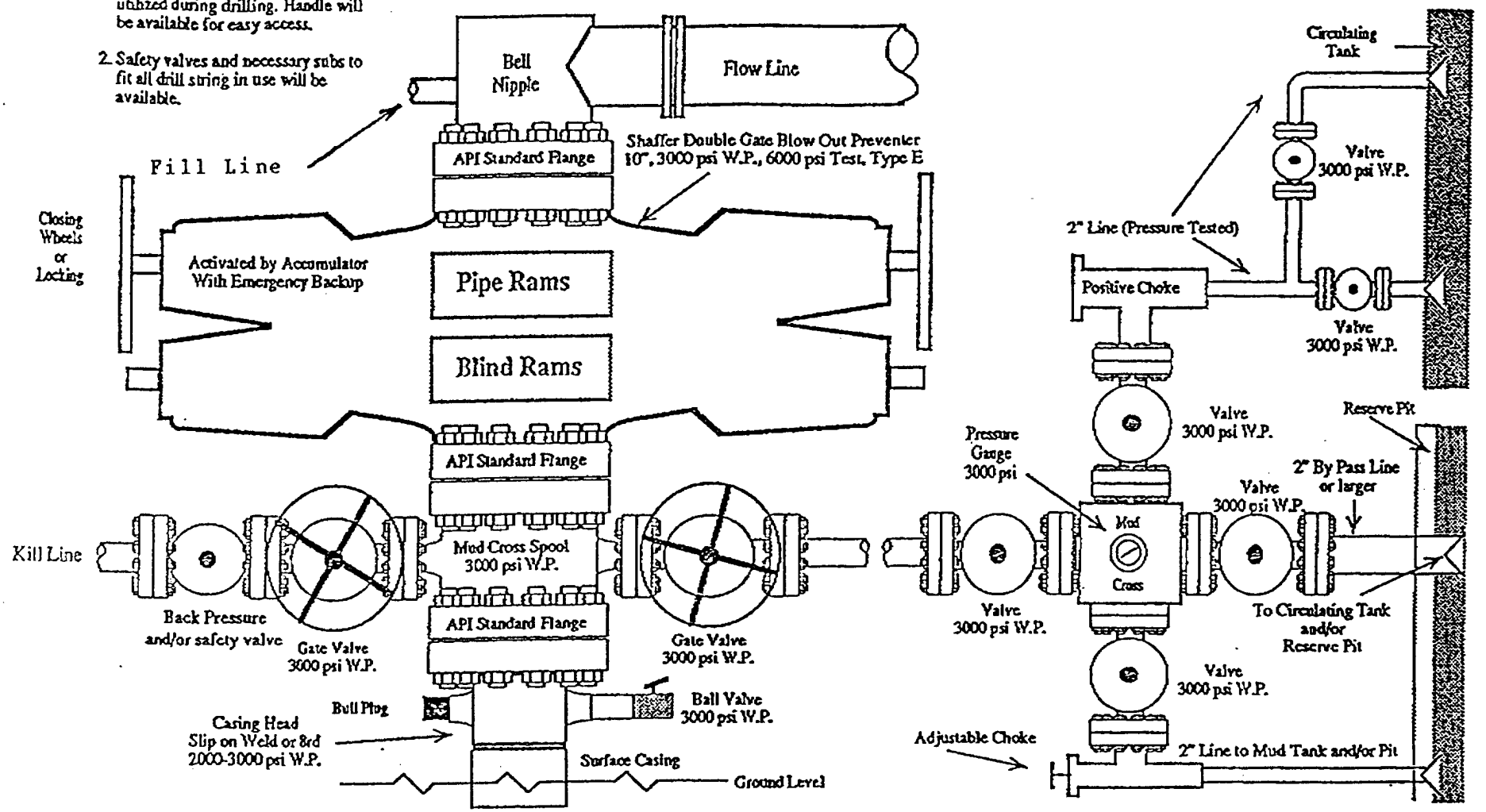
Casing head will be Larkin Fig 92 or its equivalent, 9" nominal 2,000 psi WP, (4,000 psi test) with 8-5/8" 8 rounded thread on bottom, and 11-3/4" 8 rounded thread on top.

Tubing head will be Larkin Fig 612 or its equivalent, 2000 psi WP (4,000 psi test), 4-1/2" 8 rounded female thread on bottom, and 8-5/8" rounded thread on top.

Surface casing will be cemented to surface with ≈160 sacks Type III cement with 2% $CaCl_2$ + 1/4 pound per sack cello flake mixed with 6.33 gallons of water per sack. Weight = 14.8 pounds/gallon. Density = 1.34 cubic feet/sack. Total volume = 214 cubic feet based on >100% excess.

Pressure Control Equipment

Minimum 2" Choke Line.
Minimum 2" Kill Line.
At Least One 2" Minimum Kill Line Valve.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be caried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

Production casing will cemented to surface in two stages. DV tool will be set at ≈2,500'. Total first stage volume = 740 cubic feet. Total second stage volume = 740 cubic feet. Volumes to be based on caliper log + 30% excess.

First stage lead will be ≈300 sacks 65/35 Class H with 6% gel + 1/4 pound per sack cello flake + 3% NaCl + 0.5% fluid loss additive + 0.2% dispersant mixed with 10.59 gallons of water per sack. Weight = 12.5 pounds/gallon. Yield = 2.08 cubic feet/sack.

First stage tail will be cemented with ≈100 sacks Class H + 1/4 pound per sack cello flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack.

Second stage lead will be cemented with ≈205 sacks Class H with 3% extender + 1/4 pound per sack cello flake mixed with 10.19 gallons of water per sack. Weight = 11.2 pounds per gallon. yield = 3.07 cubic feet per sack.

Second stage tail will be cemented with ≈100 sacks Class H with 1/4 pound per sack cell flake + 0.5% fluid loss additive mixed with 5.23 gallons of water per sack. Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack.

5. MUD PROGRAM

INTERVAL	MUD TYPE	WEIGHT	VISCOSITY	WATER LOSS
0' - 250'	Fresh Water-Spud	8.6-9.0	28-32	NC
250' - 2,500'	Fresh Water-Polymer	8.4-8.8	28-32	NC
2,500' - TD	LSND	8.6-9.0	45-60	8-10 cc

Fibrous material (e. g., cedar bark, cotton seed hulls) will be on site to control seepage and lost circulation. High viscosity sweeps will be used as needed for hole cleaning. Viscosity will be raised at TD for logging. Viscosity will be reduced after logging for cementing. A mud logging crew will be on site from ≈2,500' to TD.