

RECEIVED

Form 2140-3
(July 1992) 8 2002

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995Bureau of Land Management
Durango, Colorado

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

XTO Energy Inc.

3. ADDRESS AND TELEPHONE NO.

2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

At surface

1900' FSL & 1690' FEL Sec 34, T32N, R14W

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Please see Attached Surface Use Program

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 745'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT. 900'

16. NO. OF ACRES IN LEASE

4852.49

17. NO. OF ACRES ASSIGNED
TO THIS WELL

SE/4 160 acres

19. PROPOSED DEPTH

3,050'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

5,947' GL

22. APPROX. DATE WORK WILL START*

Winter 2003

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------------|-----------------|---------------|------------------------|
| 12/-1/4" | 8-5/8" J-55 | 24.0# | 350' 220' | 140 sx Type III |
| 7-7/8" | 4-1/2" J-55 | 10.5# | 3,150' | 465 sx Premium Lite HS |

Venting / Flaring approved for 30 days
per NTL-4A**SEE ATTACHED
CONDITIONS OF APPROVAL**Set 8-5/8", 24.0#, J-55 STC surface csg @ 220'. Cmt w/approx 140 sx Type III cmt w/additives
Attempt to circ cmt to surface.

Install & test BOP equipment as required. Drill 7-7/8" hole to approx 3,150'.

Set 4-1/2", 10.5#, J-55, STC production csg @ 3,150' TVD. Cmt w/approx 465 sx Premium Lite High
Strength cmt w/additives. Final cmt volumes will be obtained fr/caliper log + 30% excess. Attempt
to circ cmt to surface.

Approval of this agreement does not
warrant or certify that the operator
thereof and other holders of operating
rights hold legal or equitable title
to those rights in the subject lease
which are committed hereto...

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposals to deepen, give data on present productive zone and proposed new productive zone. If proposals to drill or
deepen directionally, give pertinent data on subsurface locations and measurements and give flowout prevention program, if any.

24.

SIGNED

JWPatterson

TITLE Drilling Engineer

DATE 10/3/02

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED FOR A PERIOD
NOT TO EXCEED 1 YEAR.

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:

APPROVED BY

Brian W. Davis

Acting Field Office Manager

TITLE

DATE

MAY 13 2003

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---|---|---|---------------------------------|
| WELL LOCATION AND ACREAGE DATA | | WELL NAME | |
| ¹ API Number 30-045-31689 | ² Pool Code 86720 | ³ Pool Name UTE DOME DAKOTA | |
| ⁴ Property Code 22645 | ⁵ Property Name UTE INDIANS "A" | | ⁶ Well Number 37 |
| ⁷ OGRID No. 167067 | ⁸ Operator Name XTO ENERGY INC. | | ⁹ Elevation 5947' |

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 | 34 | 32-N | 14-W | | 1900' | SOUTH | 1690' | EAST | SAN JUAN |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot ldn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---------|----------|-------------------------------|---------|----------------------------------|------------------|-------------------------|----------------|--------|
| ¹² Dedicated Acres 160 SE / 4 | | | 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.

Signature JWP Patton
Printed Name JERREY W PATTON
Title DRILLING ENGINEER
Date 8-7-02

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plot 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.

and correct to the best of my belief.

11-1 BOY A. RUSH
NEW MEXICO
Date of Survey
Signature and Seal of Professional Surveyor
REGISTERED PROFESSIONAL LAND SURVEYOR
8894
Certificate Number

XTO Energy Inc.
Ute Indians A #37
Proposed Drilling Procedure
October 4, 2002

Surface Location: 1900' FSL & 1690' FEL of Sec 34, T32N, R14W **County:** San Juan **State:** New Mexico

PROJECTED TOTAL VERTICAL DEPTH: ±3,050'
GR ELEV: 5,947'

OBJECTIVE: Dakota & Morrison
EST KB ELEV: 5,959' (12' AGL)

1. GENERALIZED DRILLING PROCEDURE:

- A. MIRT. Drill a 12-1/4" hole to 220', run and cement 8-5/8", 24.0#, J-55, STC casing. Circulate cement to surface.
- B. NU wellhead and BOP equipment. Test stack, wellhead, choke manifold and casing to 250/1500 psig.
- C. Drill an 7-7/8" hole to approximately ±3,050'.
- D. Log well as prescribed by geological department.
- E. Run 4-1/2", 10.5#, J-55, STC production casing. Attempt to circulate cement to surface. RDRT and prepare well for completion.

2. MUD PROGRAM:

| INTERVAL | 0' to 220' | 220' to 3,050' | Logging @ TD |
|------------|-------------|----------------|----------------|
| HOLE SIZE | 12-1/4" | 7-7/8" | 7-7/8" |
| MUD TYPE | FW/Gel/Lime | FW/Polymer/LCM | FW/Polymer/LCM |
| WEIGHT | 8.6-9.0 | 8.4-8.8 | 8.8-9.1 |
| VISCOSITY | 28-32 | 28-32 | 80-100 |
| WATER LOSS | NC | NC | 10-12 |

Remarks: Raise viscosity at TD for logging. Reduce viscosity after logging for cementing purposes.

3. CASING PROGRAM:

Surface Casing: 8-5/8" casing to be set at $\pm 220'$ in 8.8 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'- 220' ^{360'} | 220' ^{360'} | 24.0# | J-55 | STC | 1370 | 2950 | 244 | 8.097 | 7.972 | 5.99 | 1.71 | 18.1 |

Optimum makeup torque for 24.0#, J-55, STC casing is 2,440 ft-lbs (Min - 1,830 ft-lbs, Max - 3,050 ft-lbs).

Production Casing: 4-1/2" casing to be set at TD in ± 9.1 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'-TD | 3,050' | 10.5# | J-55 | STC | 4010 | 4790 | 132 | 4.095 | 3.927 | 1.33 | 2.20 | 3.76 |

Optimum makeup torque for 10.5#, J-55, STC casing is 1,320 ft-lbs (Min - 990 ft-lbs, Max - 1,650 ft-lbs).

4. WELLHEAD:

- A. 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.

5. CEMENT PROGRAM:

- A. Surface: 8-5/8", 24.0#, J-55, STC casing to be set at $\pm 220'$.

circulate cement

Lead: 140 sx of Type III cement containing 2% CaCl₂, ¼ pps celloflake, mixed at 14.8 ppg, 1.32 ft³/sk, & 6.30 gal wtr/sk.

Total slurry volume is 185 ft³, 100% excess of calculated annular volume to 220'.

- B. Production: 4-1/2", 10.5#, J-55, STC casing to be set at $\pm 3,050'$.

Lead: 465* sx of Premium Lite High Strength cement containing 2% KCl, ¼ pps celloflake, 0.2% dispersant, 0.5% fluid loss & 2% Phenoseal (LCM) mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sk.

Total estimated slurry volume for the 4-1/2" production casing is 935 ft³.

* This volume includes 30% excess over the gauge hole volume. Actual cement volume will be based on log caliper volume plus 30% excess to circulate cement to the surface.

- Note: The slurry mixture may change slightly based upon final design, but our plan is to circulate cement to surface from TD.

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Test BOP after installation:

Pressure test BOP to 200-300
psig (low pressure) for 5 min.

Test BOP to Working Press or
to 70% internal yield of surf csg
(10 min).

2. Test operation of (both) rams on every trip.

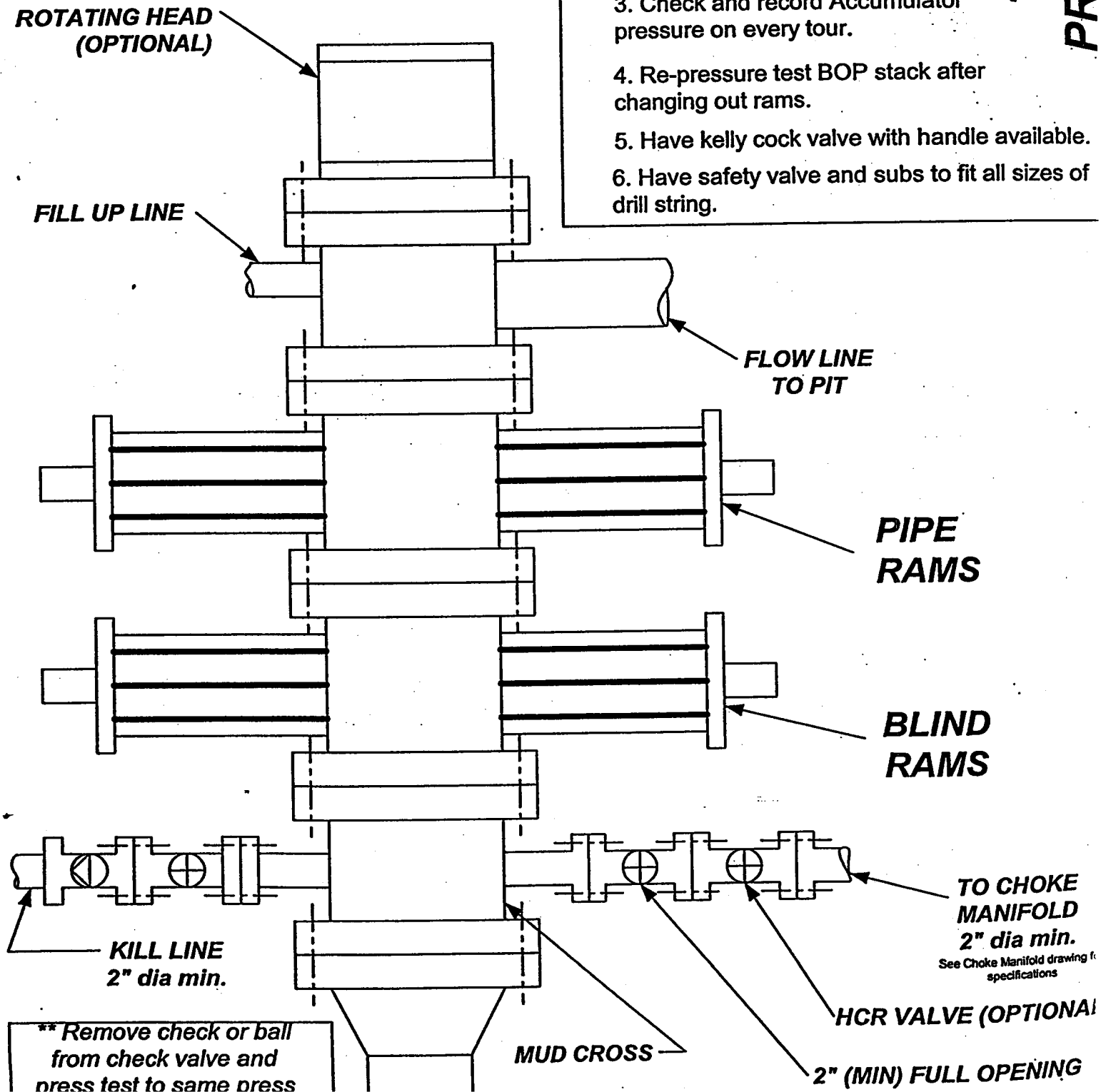
3. Check and record Accumulator pressure on every tour.

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.

TESTING PROCEDURE



XTO Energy Inc.
Tribal Lease: 14-20-604-62
Well: Ute Indians A #37
Location: 1900' FSL & 1690' FEL
Sec. 34, T. 32 N., R. 14 W.
San Juan County, New Mexico

Conditions of Approval - Drilling Plan:

1. **Surface casing must be set to 350' not 220'.**
 2. All drilling locations must be built as drilled, not constructed back to back prior to drilling.
 3. No additional zones will be commingled without UMU Tribal and BLM approval.
 4. Stabilized Bottom hole pressures must be taken from each perforated zone.
 5. Notify this office during working hours **at least 72 hours** prior to:
 - a. spudding the well*
 - b. running casing strings and cementing
 - c. BOP tests
 - d. Drill Stem testing
- * at this time provide phone numbers for the rig and your field representative (mobile and office) to facilitate the scheduling of BLM Technicians to witness the above operations.
6. All BOP tests will be performed with a test plug in place. BOP will be tested to full stack working pressure and annular preventer to 50% maximum stack working pressure. All accumulators will be function tested as per Onshore Order #2. All 2M or greater systems require **adjustable** chokes as per Onshore Order #2.
 7. If a BLM Inspector is not present during the initial BOP test, please provide chart record.

Continued on page 2.

8. Cementing of the 8-5/8" Surface Casing: If cement does not circulate or cement circulates but falls back in the annular beyond visual sight, a temperature survey or other preferred method may be employed to determine the amount of fall back.

Cementing of the 4-1/2" Production Casing: A cement bond log will be run prior to perforating. A 360 degree cement evaluation log is recommended, but the conventional bond log would be acceptable. Whether or not the cement circulates to the surface, a cement bond log will be run prior to perforating for completion.

9. Submit copies of all logs to the BLM office in both paper and in Log ASCII Standard (LAS) format.

10. If any operations are to start over the weekend, notify this office by noon Friday. If any problems arise after hours or on weekends, call BLM personnel using the home phone numbers listed on the following 'INFORMATIONAL NOTICE - APD's'.

11. If commingling becomes a permanent part of the well completion and a change in production performance indicates that one particular zone's capacity becomes altered due to a drop in bottom hole pressure, a drop in fluid capacity, an inflow of water, or an inflow of either oil or gas, the BLM will have the authority to request sufficient testing to determine what particular zone and to what degree that zone is contributing to the decrease in production or change in fluids. The operator is on notice that after a three to five year period you could be requested to retest the producing zones if the BLM believes there is a significant change in one or more commingled zones. Should an unexpected change take place within a short period of time following the initial completion, it is required to provide a reason for that change and the technical data to support the cause of such change.