

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <del>NMNM-35634</del> NMNM-0-35634
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 N/A
2. Name of Operator XTO ENERGY INC		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 2700 FARMINGTON AVE., BLDG. K-1 FARMINGTON, NM 87401	3b. Phone No. (include area code) (505) 324-1090	8. Lease Name and Well No. H B McGRADY B 2
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 985 FSL & 665 FEL At proposed prod. zone SAME		9. API Well No. 30-045-32696
11. Sec., T. R. M. or Blk. and Survey or Area P 24-27N-12W NMPM		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office* 12 AIR MILES SSW OF BLOOMFIELD		12. County or Parish SAN JUAN
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 665'		13. State NM
16. No. of acres in lease 1,120	17. Spacing Unit dedicated to this well S2 320' AC	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 231' (XTO's B 1)
19. Proposed Depth 2,000'	20. BLM/BIA Bond No. on file BLM NATIONWIDE 57 91 73	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,059' GL
22. Approximate date work will start* 05/01/2005	23. Estimated duration 2 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.

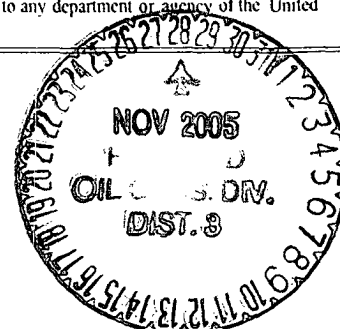
25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 11/13/2004
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by 	Name (Printed/Typed) AFM	Date 11/24/05
Title OFFICE		

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.

\*(Instructions on page 2)

NMOCD



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

[illegible]



XTO Energy Inc.  
H B McGrady B 2  
985' FSL & 665' FEL  
Sec. 24, T. 27 N., R. 12 W.  
San Juan County, New Mexico

PAGE 1

## Drilling Program

### 1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Sub sea Elevat</u>
Nacimiento Formation	000'	5'	+6,059'
Ojo Alamo Sandstone	484'	489'	+5,575'
Fruitland Coal	884'	889'	+5,175'
Pictured Cliffs Ss	1,589'	1,594'	+4,470'
Lewis Shale	1,909'	1,914'	+4,150'
Total Depth (TD)*	2,000'	2,005'	+4,059'

\* all elevations reflect the ungraded ground level of 6,059'

### 2. NOTABLE ZONES

#### Gas & Oil Zones

Fruitland  
Pictured Cliffs

#### Water Zones

Nacimiento  
Ojo Alamo  
Fruitland

#### Coal Zone

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 and manifold are on Page 3. BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 2,000 psi system. A 2,000 psi double ram hydraulic BOP will be used. Accumulator system capacity will be

XTO Energy Inc.  
H B McGrady B 2  
985' FSL & 665' FEL  
Sec. 24, T. 27 N., R. 12 W.  
San Juan County, New Mexico

PAGE 2

sufficient to close all BOPE with a 50% safety factor. Fill, kill, and choke manifold lines will be 2" screw connections. Accessories will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 2000 psi choke manifold with 2" adjustable choke with screw connections, and pressure gauge. BOPs will be tested every 24 hours. Tests will be recorded on an I. A. D. C. log.

#### 4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>GL Setting Depth</u>
8-3/4"	7"	20	K-55	New	S T & C	160'
6-1/4"	4-1/2"	10.5	K-55	New	S T & C	2,000'

Surface casing will be cemented to the surface with  $\approx 50$  cubic feet ( $\approx 43$  sacks) Class B + 1/4 lb/sk cello-flake + 2%  $\text{CaCl}_2$ . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume:  $\geq 100\%$  excess. A guide shoe and insert float will be used. W. O. C. = 12 hours. Surface casing will be tested to 1,500 psi for 30 minutes.

Production casing will be cemented to the surface. Total cement:  $\geq \overset{467}{367}$  cubic feet. Volumes are calculated at  $>100\%$  excess. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. W. O. C. 12 hours. Test to 2,000 psi.

Lead cement will be  $\approx 200$  sacks Class B light cement (65% cement/35% Poz with 6% gel) with 5 #/sack gilsonite + 1/4 #/sack Flocele. Yield = 1.99 cu ft/sk. Weight = 12.4 #/gal.

Tail cement will be  $\approx 50$  sacks 50/50 Class B Poz with 2% gel + 1/4#/sack Flocele + 0.5% Halad-9. Yield = 1.38 cubic feet/sack. Weight = 13.5 #/gallon.

Cement equipment will include a guide shoe, float collar, and  $\approx 9$  centralizers.

XTO Energy Inc.  
H B McGrady B 2  
985' FSL & 665' FEL  
Sec. 24, T. 27 N., R. 12 W.  
San Juan County, New Mexico

PAGE 4

5. MUD PROGRAM

<u>RANGE</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>
0' - 160'	Fresh-Spud	8.4
160' - TD	LSND	8.6

Lost circulation and absorption material will be on location.

6. CORING, TESTING, & LOGGING

No cores or drill stem tests are planned. Open hole logs will include GR, Neutron-Density, and Induction. The Neutron Density will be run from TD to 500'. The other logs will be run from TD to the base of the surface casing.

7. DOWN HOLE CONDITIONS

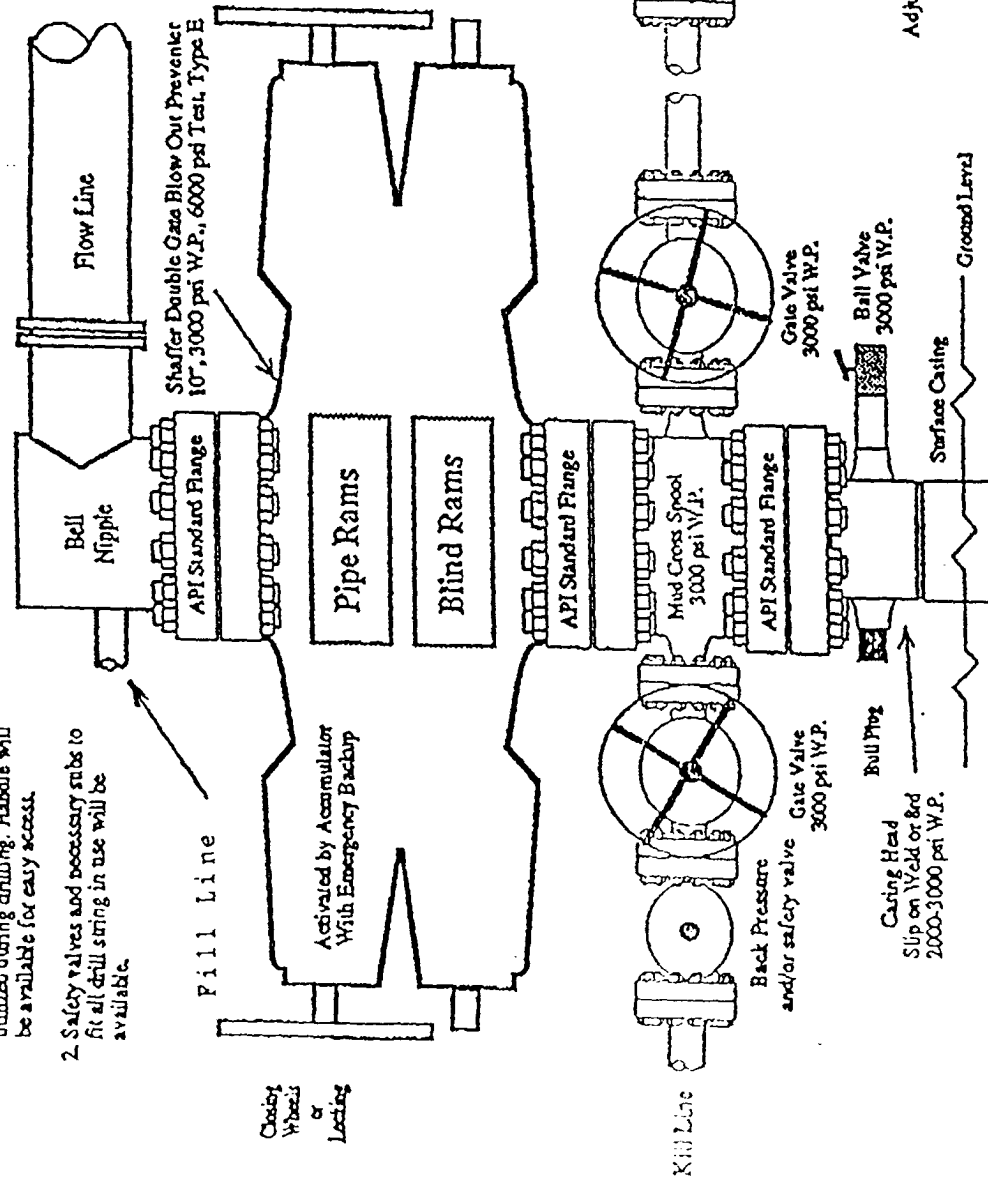
No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be  $\leq 200$  psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take about 1 week to drill and about 1 week to complete the well.

# Pressure Control Equipment

- Notes:
1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
  2. Safety valves and necessary subs to fit all drill string in use will be available.



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 carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

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

