Form 3166-3
(September 2001)

SEP 2006

2006 MAY 15 AM 6 30

RECEIVED
070 FARMINGTON NM

FORM APPROVED
OMB NO. 1004-0136
Expires: January 31,2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NO-G-0503-1731

6. If Indian, Allottee or Tribe Name: NAVAJO ALLOTMENT

7. If Unit or CA Agreement, Name and No.:

1a. Type of Work: [X] DRILL [ ] REENTER

8. Lease Name and Well No.: LABOR 1

1b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

2. Name of Operator: XTO Energy Inc.

9. API Well No.: 30-045-33746

3a. Address: San Juan Division, 2700 Farmington Ave., Build K, Suite 1, Farmington, NM 87401

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

10. Field and Pool, or Exploratory: DAKOTA

Location of well *(Report location clearly and In accordance with any State requirements.*)*

At surface: 1550' FSL, 1550' FWL, Lat: 36° 23' 00.9" N, Long: 107° 52' 09.0" W

At proposed prod. zone

11. Sec., T., R., M., or Blk. And Survey or Area: K Section 23, T25N, R10W, NMPM,

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
From US Hwy 550 at Huerfano Trading Post go West for 1.6 miles. Turn South and go 1.1 miles. Turn East and go 0.4 miles. Turn North and go 0.6 miles to locations.

12. County or Parish: San Juan

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
1550'	160	W 1/2, 320 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**
N/A	6650'	BIA Blanket Bond No. 104312789
21. Elevations (Show whether DF. RT, GR, etc.)	**22. Aproximate date work will start***	**23. Estimated Duration**
6642'	1-Jul-06	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 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 a authorized officer.

25. Signature	Name *(Printed/ Typed)*	Date
	Juan E. Betoni	4-20-06

Title: Land Consultant

Approved By *(Signature)*	Name *(Printed/ Typed)*	Date
		9/1/06
Title	**Office**	
AFM	FFO	

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 c operations thereon.

Conditions of approval, if any, are attached.

itle 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 Unite States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

* (Instructions on reverse)

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

NMOCD

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., 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 87505

Form C-102
Revised October 12, 2005
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
30-045-33746	71599	DAKOTA

[4] Property Code	[5] Property Name	[6] Well Number
35977	LABOR	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
197035 ~~167067~~	XTO ENERGY INC	6642

[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
K	23	25-N	10-W		1550	SOUTH	1550	WEST	SAN JUAN

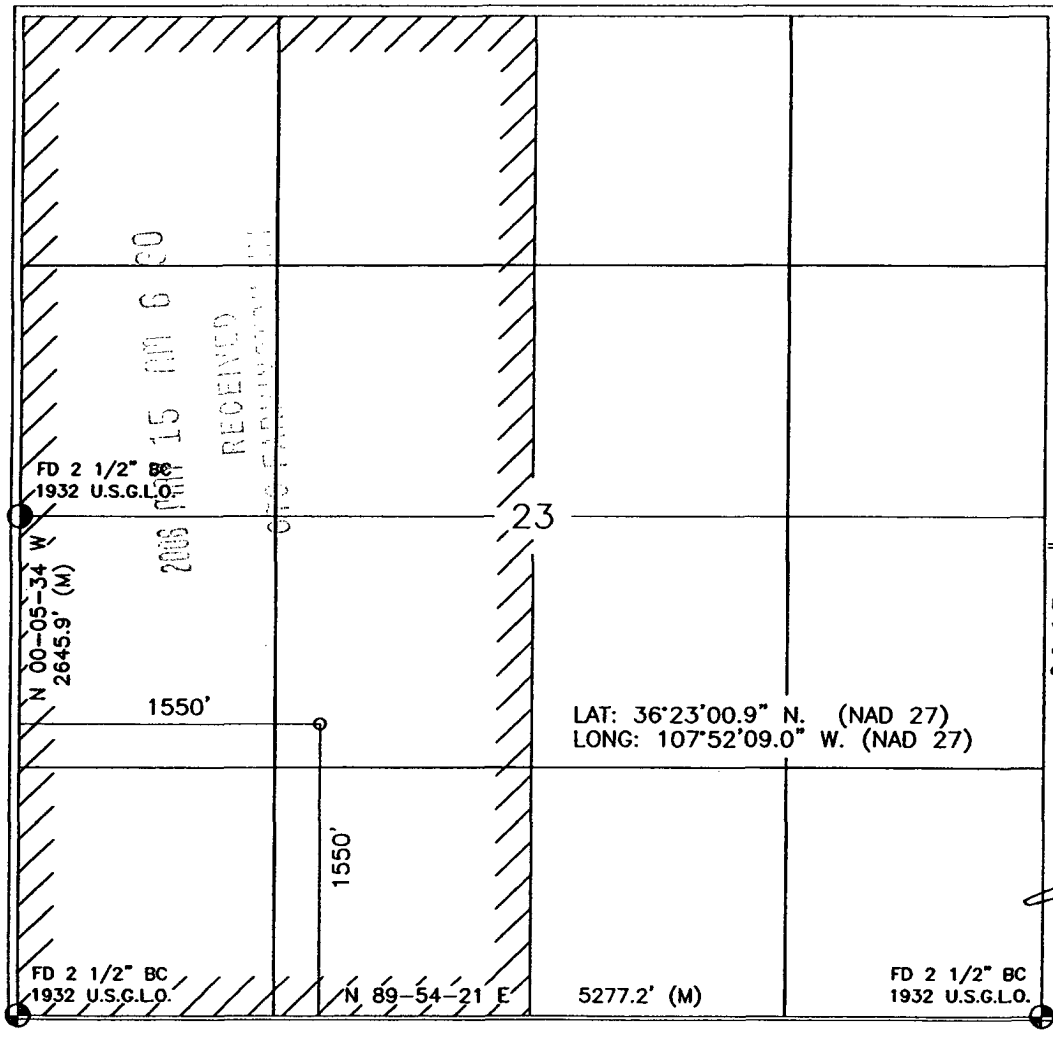
[11] Bottom Hole Location If Different From Surface

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.
W1/2, 320 AC ±			

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, 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.

Signature — Date: 05-01-06

S. M. LIBBY
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 belief.

SEPT 12, 2005
Date of Survey

Signature and Seal of Professional Surveyor:

JOHN A. VUKONICH
NEW MEXICO
14831
REGISTERED PROFESSIONAL SURVEYOR

14831
Certificate Number

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-045-33746

5. Indicate Type of Lease, **Navajo Indian Allotment** STATE ☐ FEE ☐

6. State Oil & Gas Lease No. **NO-G-0503-1731**

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name **Labor 1**

1. Type of Well: Oil Well ☐ Gas Well X Other

8. Well Number

2. Name of Operator XTO Energy Inc.

9. OGRID Number

3. Address of Operator San Juan Division, 2700 Farmington Ave., Build K, Suite 1, Farmington, NM 87401

10. Pool name or Wildcat **Dakota**

4. Well Location
Unit Letter K : 1550 feet from the FSL line and 1550 feet from the FWL line
Section 23 Township 25 North, Range 10 West, NMPM, San Juan County, New Mexico.

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Drill Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >~~1000~~ 200'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material Synthetic

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER: Pit	X			OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy intends to install a pit on location for drilling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE Kyla Vaughan TITLE Regulatory Compliance DATE 5/5/06

Kyla Vaughan

Type or print name E-mail address: Telephone No.

For State Use Only

APPROVED BY: TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE SEP 05 2006

Conditions of Approval (if any):

Exhibit D

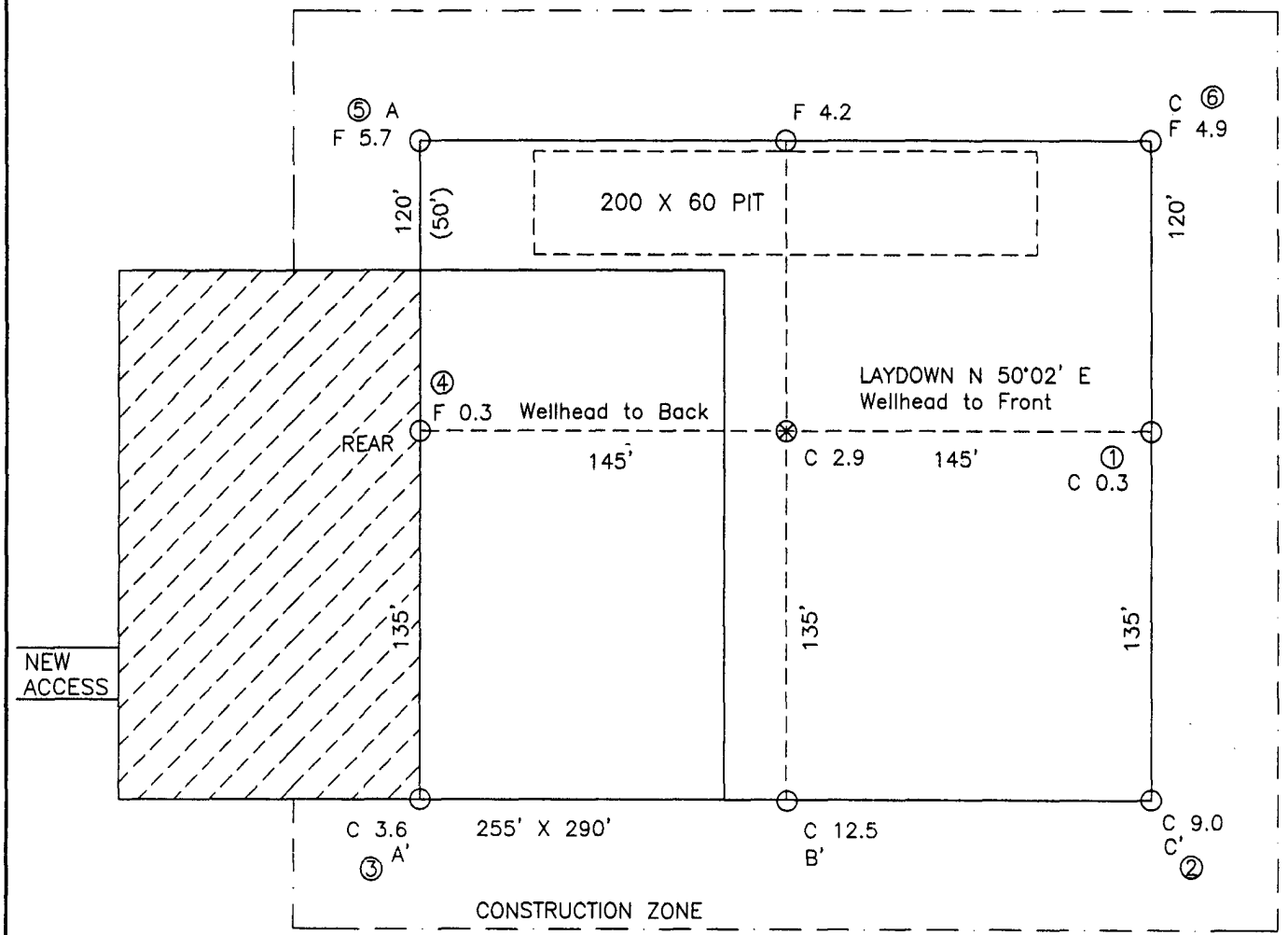
XTO ENERGY INC.

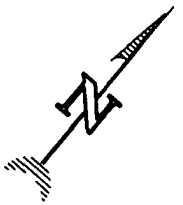
LABOR No. 1, 1550 FSL 1550 FWL

SECTION 23, T-25-N, R-10-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO

GROUND ELEVATION: 6642, DATE: SEPTEMBER 21, 2005

LAT. = 36°23'00.9" N.
LONG. = 107°52'09.0" W
NAD 27





DRAWING NOT TO SCALE

AREA OF DISTRUBANCE:
PAD = 255' x 290' = 1.7 ACRES
CONSTRUCTION ZONE 985' x 50' = 1.1 ACRES
TOTAL DISTURBANCE = 2.8 ACRES

Exhibit E

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.
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.

REVISION:	DATE:	REVISED BY:

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 • Farmington, NM 87401
Phone (505) 326-1772 • Fax (505) 326-6019
NEW MEXICO P.L.S. No. 14831

DRAWN BY: B.L.	CADFILE: CR455PL8
ROW#: CR455	DATE: 12/19/05

XTO ENERGY INC.

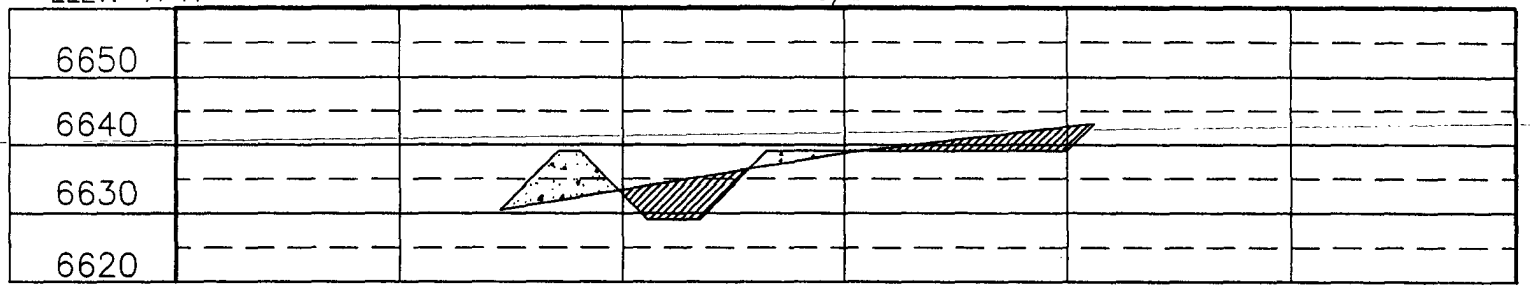
LABOR No. 1, 1550 FSL 1550 FWL

SECTION 23, T-25-N, R-10-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO

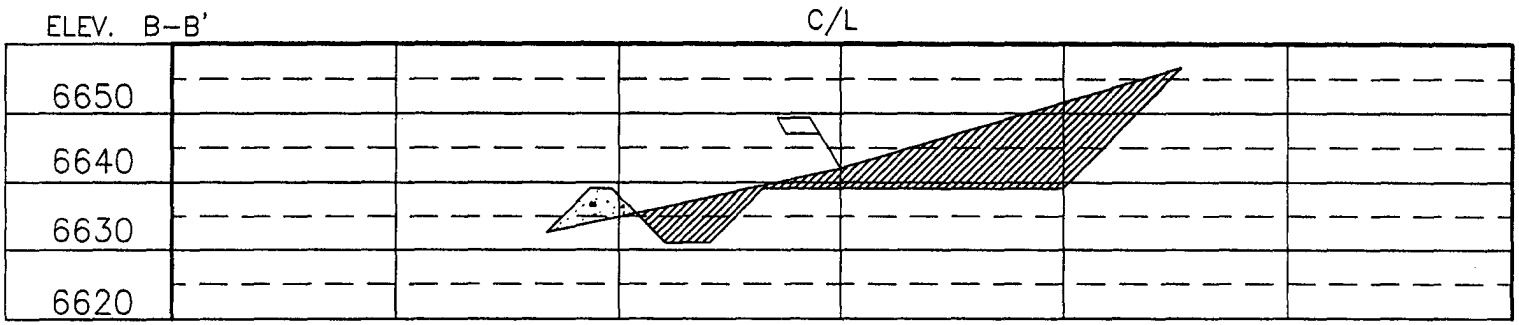
GROUND ELEVATION: 6642, DATE: SEPTEMBER 21, 2005

LATITUDE: 36°23'00.9 N (NAD 27) LONGITUDE: 107°52'09.0" W (NAD 27)

ELEV. A–A'



ELEV. B–B'



ELEV. C–C'

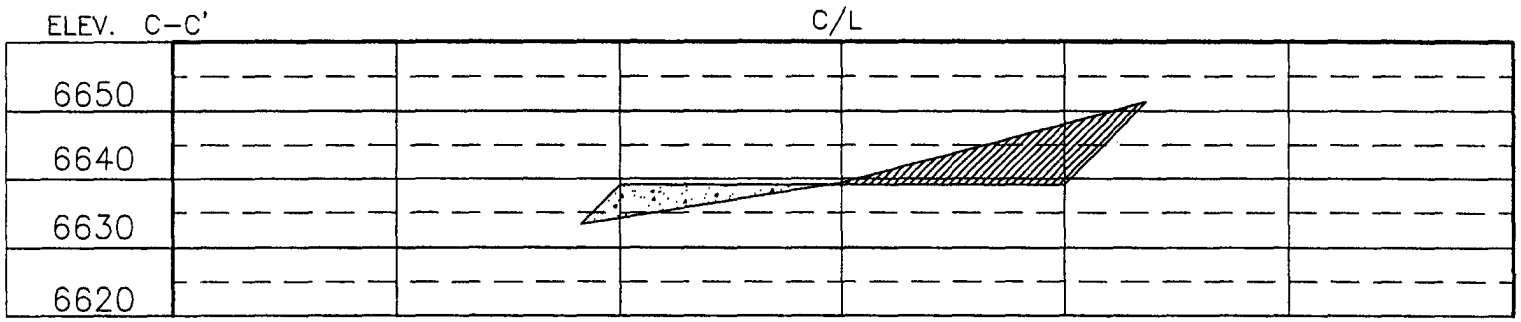


Exhibit E

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REVISION:	DATE:	REVISED BY:

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 • Farmington, NM 87401
Phone (505) 326-1772 • Fax (505) 326-6019
NEW MEXICO L.S. 14831

DRAWN BY: B.L.	CADFILE: CR455CF8
ROW#: CR455	DATE: 12/19/05

Exhibit F

XTO ENERGY INC.

Labor #1
APD Data
April 11, 2006

Location: 1550' FSL x 1550' FWL Sec 23, T25N, R10W **County**: San Juan **State**: New Mexico

GREATEST PROJECTED TD: 6650' OBJECTIVE: Basin Dakota
APPROX GR ELEV: 6642' Est KB ELEV: 6654' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6650
HOLE SIZE	12.25"	7.875"	7.875"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND / Gel Chemical
WEIGHT	8.6-9.0	8.4-8.8	8.6- 9.20
VISCOSITY	28-32	28-32	45-60
WATER LOSS	NC	NC	8-10

Remarks: Use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing purposes.

2. CASING PROGRAM:

Surface Casing: 8.625" casing to be set at ±360' in a 12-1/4" hole filled with 9.20 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'-360'	360'	24.0#	J-55	ST&C	1370	2950	244	8.097	7.972	7.950	17.13	28.24

Production Casing: 5.5" casing to be set at TD (±6650') in 7-7/8" hole filled with 9.20 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'-6650	6650'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.27	1.51	1.96

3. 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.
B. Tubing Head: Larkin Fig 612 (or equivalent), 6.456" nominal, 2,000 psig WP (4,000 psig test), 5-1/2" 8rnd female thread on bottom (or slip-on, weld-on), 8-5/8" 8rnd thread on top.

4. CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):

A. Surface: 8.625", 24.0#, J-55, ST&C casing to be set at ±360' in 12-1/4" hole.

214 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft^3/sk, & 6.70 gal wtr/sk.

Total slurry volume is 297 ft^3, 100% excess of calculated annular volume to 360'.

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at ±6650' in 7.875" hole. DV Tool set @ ±4000'

1st Stage

LEAD:
±205 sx of Premium Lite HS (Type III/Poz/Gel) with 2% salt, 1/4 pps cello, 0.2% dispersant, 0.5% fluid loss & 2% LCM mixed at 12.5 ppg, 2.01 ft^3/sk, 10.55 gal wtr/sx.

TAIL:
150 sx Type III with 5% bonding additive, 1/4 pps cello, 2% LCM, 0.3% dispersant & 0.2% fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2nd Stage

LEAD:
±331 sx of Type III with 8% gel, 1/4 pps cello & 2% LCM mixed at 11.9 ppg, 2.54 ft^3/sk, 15.00 gal wtr/sx.

TAIL:
100 sx Type III neat mixed at 14.5 ppg, 1.39 cuft/sx, 6.3 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 1623 ft^3.

Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined from the caliper logs plus 40%. It will be attempted to circulate cement to the surface.

5. LOGGING PROGRAM:

A. Mud Logger: The mud logger will come on at 2,900' and will remain on the hole until TD. The mud will be logged in 10' intervals.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (6650') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6650') to 3,000'.

6. FORMATION TOPS:

Est. KB Elevation: 6654'

FORMATION	Sub-Sea Elev.	WELL DEPTH	FORMATION	Sub-Sea Elev.	WELL DEPTH
Ojo Alamo SS	5839	815	Gallup Ss**	1662	4,992
Kirtland Shale	5725	929	Greenhorn Ls	567	6,087
Farmington SS			Graneros Sh	512	6,142
Fruitland Formation	5440	1,214	1ST Dakota Ss*	472	6,182
Lower Fruitland Coal	4992	1,662	2ND Dakota Ss*	447	6,207
Pictured Cliffs SS	4975	1,679	3RD Dakota Ss*	410	6,244
Lewis Shale	4740	1,914	4TH Dakota Ss*	343	6,311
Chacra SS	4165	2,489	5TH Dakota Ss*	300	6,354
Cliffhouse SS	3466	3,188	6TH Dakota Ss*	269	6,385
Menefee	3422	3,232	Burro Canyon Ss*	226	6,428
Point Lookout SS	2498	4,156	Morrison Fm*	200	6,454
Mancos Shale	2287	4,367	***Total Depth***	4	***6,650***

* *Primary Objective* ** *Secondary Objective*

**** Maximum anticipated BHP should be <2,000 psig (<0.30 psi/ft) *****

7. COMPANY PERSONNEL:

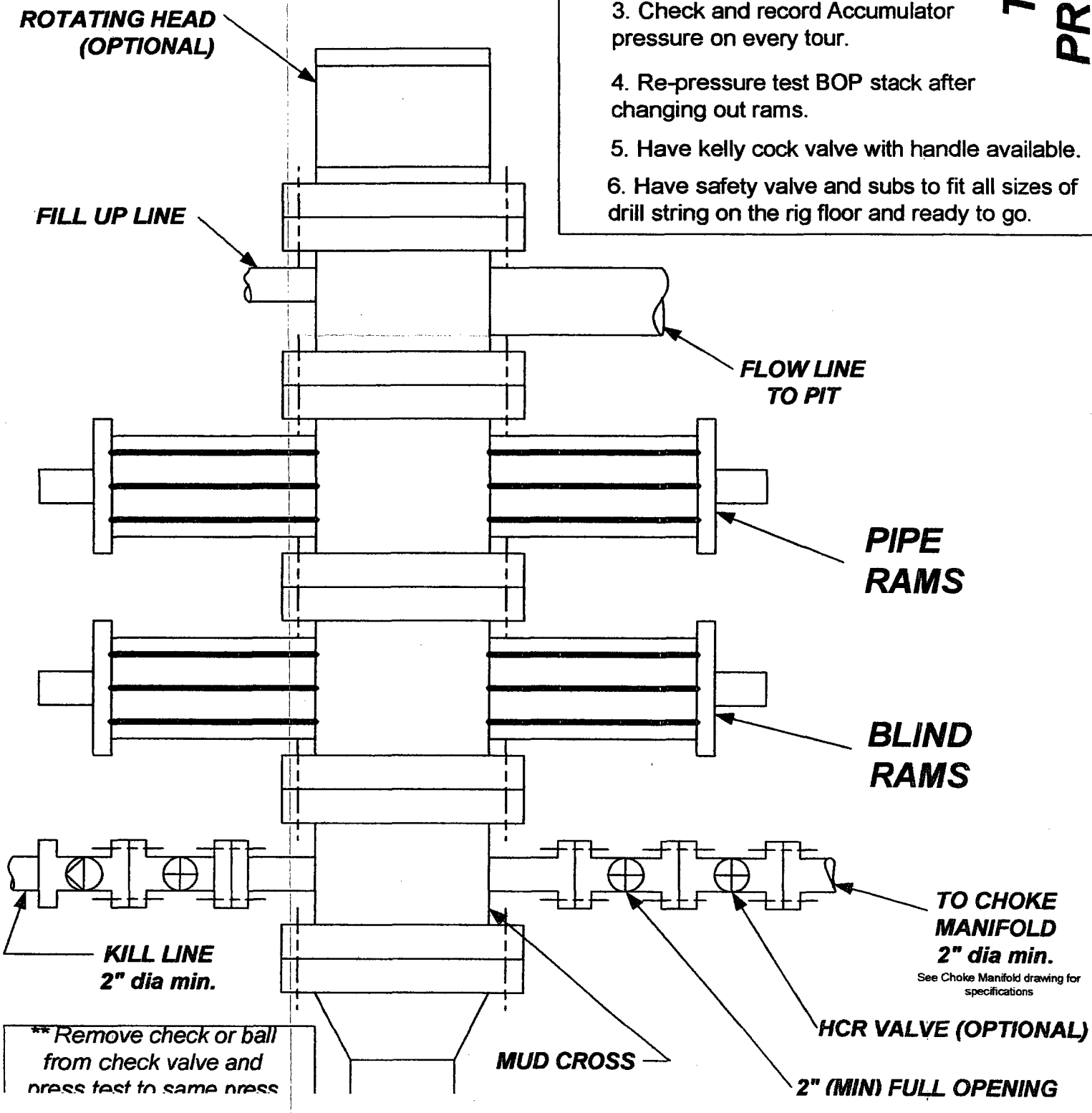
Name	Title	Office Phone	Home Phone
John Egelston	Drilling Engineer	505-564-6734	505-330-6902
Jerry Lacy	Drilling Superintendent	505-566-7917	505-320-6543
Red Meek	Project Geologist	817-885-2800	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWE
4/11/06

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

TESTING PROCEDURE

1. Test BOP after installation:
   Pressure test BOP to 200-300 psig (low pressure) for 10 min.
   Test BOP to Working Press or to 70% internal yield of surf csg (10 min) or which ever is less.
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 on the rig floor and ready to go.



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

TESTING PROCEDURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke monifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.