RCVD FEB28'07
OIL CONS. DIV.
DIST. 3

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: **NMSF-080382A**

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

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

8. Lease Name and Well No.: **SCHWERDTFEGER 8 2 E**

9. API Well No.: **30-045-~~30400~~ 32230**

1a. Type of work: [✓] DRILL [ ] REENTER

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

2. Name of Operator: **XTO ENERGY INC**

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: **BASIN DAKOTA**

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

At surface: **935' FNL & 1845' FEL**

At proposed prod. zone: **SAME**

11. Sec., T. R. M. or Blk. and Survey or Area: **B 8-27N-11W NMPM**

14. Distance in miles and direction from nearest town or post office*: **10 AIR MILES SSW OF BLOOMFIELD**

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): **1,227'**

16. No. of acres in lease: **2,081.12**

17. Spacing Unit dedicated to this well: **E2**

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: **165' (XTO's 8-1)**

19. Proposed Depth: **6,860'**

20. BLM/BIA Bond No. on file: **BLM NATIONWIDE 57 91 73**

21. Elevations (Show whether DF, KDB, RT, GL, etc.): **6,136' GL**

22. Approximate date work will start*: **07/01/2006**

23. Estimated duration: **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.

25. Signature: [signature] Name *(Printed/Typed)*: **BRIAN WOOD** Date: **02/02/2006**

Title: **CONSULTANT** **PHONE: (505) 466-8120** **FAX: (505) 466-9682**

Approved by *(Signature)*: [signature] Name *(Printed/Typed)*: Date: **2/23/07**

Title: Acting AFM Minerals 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)

NOTIFY AZTEC OCD 24hrs IN TIME TO WITNESS CSG & Cement

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

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

RECEIVED
070 FARMINGTON NM
2006 FEB 6 AM 11 53

NMOCD

3/2/07

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

RCVD FEB28'07
OIL CONS. DIV.
DIST. 3

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
30-045-32230	71599	BASIN DAKOTA

⁴ Property Code	⁵ Property Name	⁶ Well Number
30340	SCHWERDTFEGER 8	2E

⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
~~167067~~ 5380	XTO Energy Inc.	6136

¹⁰ Surface Location

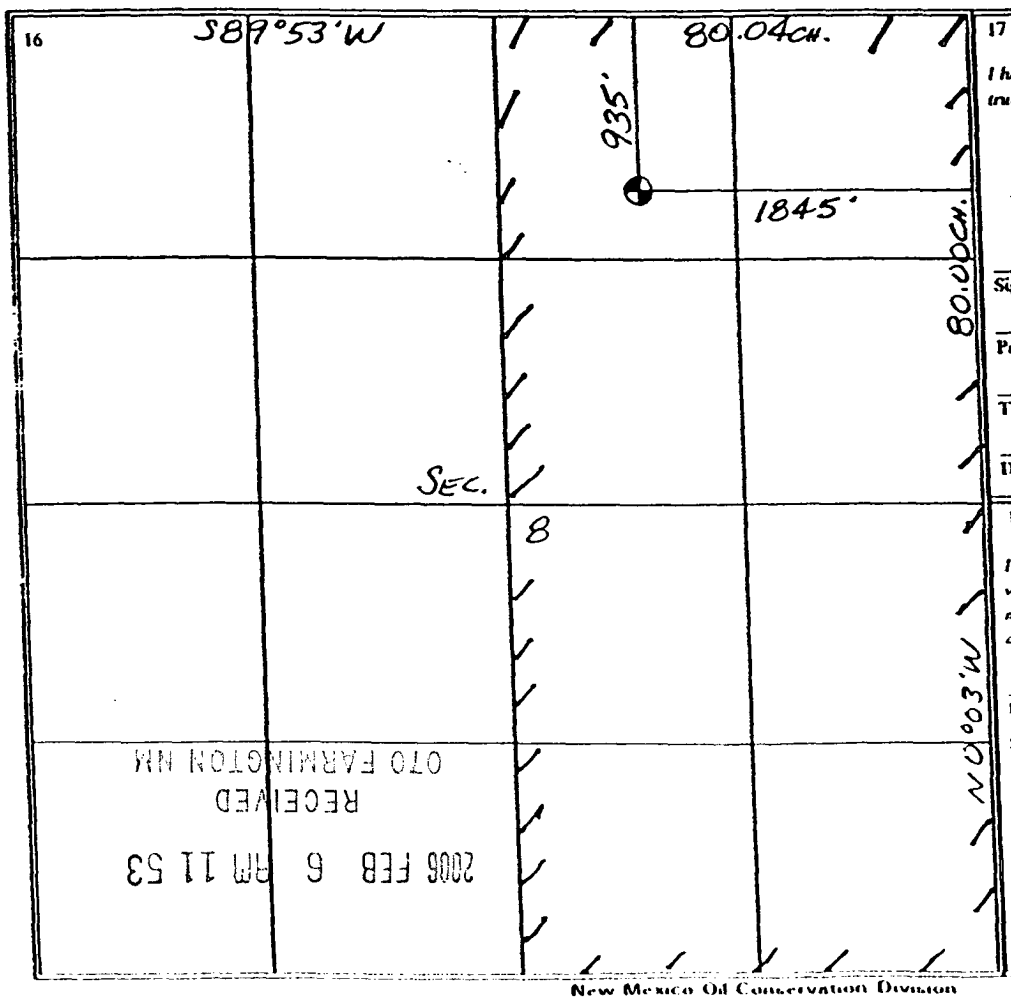
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	8	27 N	11 W		935	North	1845	East	San Juan

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.

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

BRIAN WOOD
Printed Name

CONSULTANT
Title

FEB. 2, 2006
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.

16 Sep. 2000
Date of Survey

Signature and Seal of Professional Surveyor

William [illegible] Mahnke II

Certificate Number 8466

New Mexico Oil Conservation Division

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-~~30400~~ 32230

5. Indicate Type of Lease STATE ☐ FEE ☐

6. ~~State~~ Oil & Gas Lease No. NMSF-080382A

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: SCHWERDTFEGER 8

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

8. Well Number 2 E

2. Name of Operator XTO ENERGY INC.

9. OGRID Number 167067

3. Address of Operator 2700 FARMINGTON AVE., BLDG. K-1, FARMINGTON, NM 87401

10. Pool name or Wildcat BASIN DAKOTA

4. Well Location
Unit Letter B : 935 feet from the NORTH line and 1845 feet from the EAST line
Section 8 Township 27N Range 11W NMPM County SAN JUAN

11. Elevation (*Show whether DR, RKB, RT, GR, etc.*) 6,136' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type DRILLING Depth to Groundwater >600' Distance from nearest fresh water well >3,000' Distance from nearest surface water >1,000'

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

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: DRILLING PIT ☒		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.

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 ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE _____ TITLE CONSULTANT DATE 2-2-06

Type or print name BRIAN WOOD E-mail address: brian@permitswest.com Telephone No. (505) 466-8120

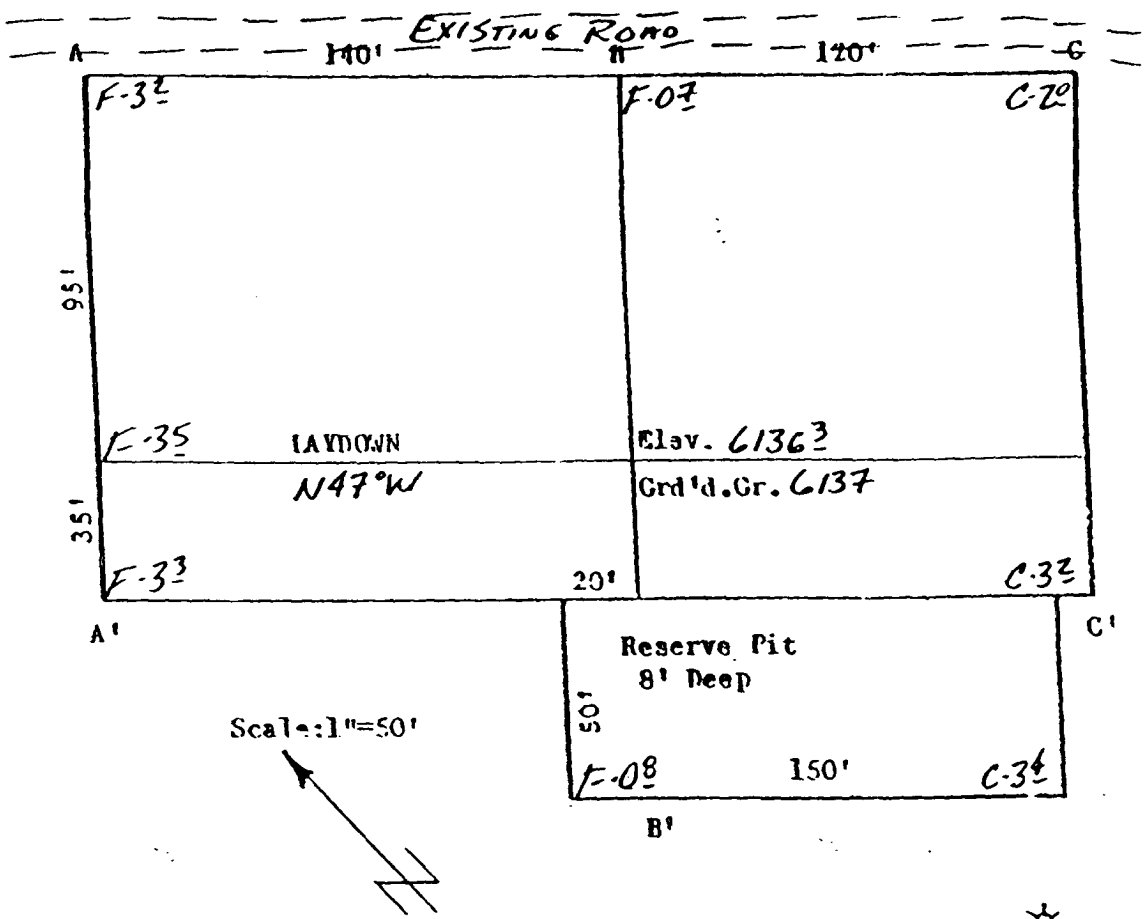
For State Use Only

APPROVED BY: _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE 2/28/07

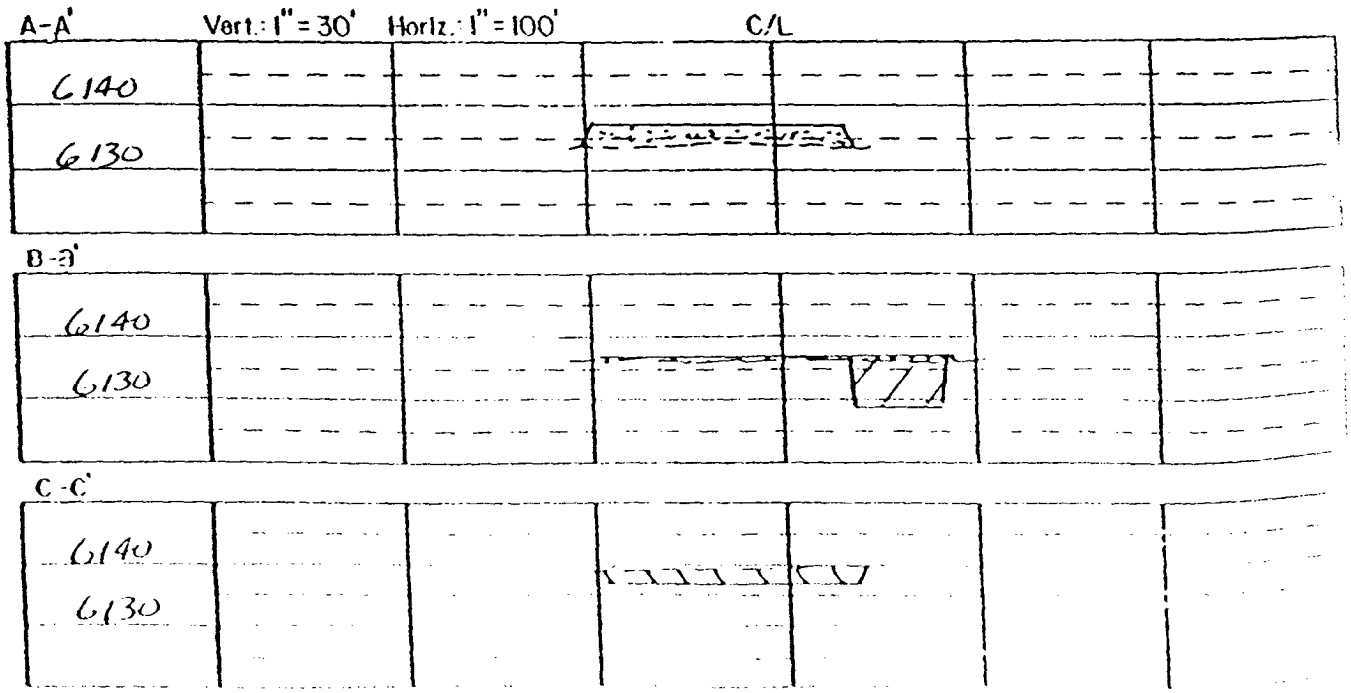
Conditions of Approval (if any):

SCHWERDTFEGER #2A
935'FNL & 1945'FEL
Sec.8, T27N, R11W, NMPM
San Juan Co., NM

U.G. ELECTRIC



SCHWERDTFEGER #8-1



XTO Energy Inc.
Schwerdtfeger 8 2 E
935' FNL & 1845' FEL
Sec. 8, T. 27 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'	+6,136'
Kirtland Shale	876'	888'	+5,260'
Fruitland Coal	1,396'	1,408'	+4,740'
Pictured Cliffs	1,891'	1,903'	+4,245'
Huerfanito Bentonite	2,397'	2,409'	+3,739'
Cliff House	3,496'	3,508'	+2,640'
Menefee	3,526'	3,538'	+2,610'
Pt. Lookout	4,370'	4,382'	+1,766'
Greenhorn	6,318'	6,330'	-182'
Graneros Shale	6,378'	6,390'	-242'
Dakota Sandstone	6,483'	6,495'	-347'
Total Depth (TD)	6,860'	6,872'	-724'

2. NOTABLE ZONES

Gas & Oil Zones	Water Zones	Coal Zones
Fruitland	Nacimiento	Fruitland
Pictured Cliffs	Kirtland	Menefee
Cliff House	Fruitland	
Menefee		
Point Lookout		
Dakota		

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 model to be used is not yet known. (A typical 2,000 psi model is on PAGE 3.) An 8-5/8" x 11" 2,000 pound double ram BOP system with a choke manifold and mud cross will be tested to 200 psi and then to 2000 psi. Upper and lower Kelly cocks with valve handle and subs to fit all drill string connections which are in use will be available on the rig floor.

Tests will be run when:

1) installed
2) anytime a pressure seal is broken (test only affected equipment)
3) at least every 30 days
4) blind & pipe rams will be activated each trip, but no more than daily

BOP systems will be consistent with API RP 53. Blowout preventers will be installed and tested before drilling surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated daily to ensure good mechanical working order and this inspection recorded on the daily drilling report. Preventers and casing will be pressure tested before drilling casing cement plugs. Maximum expected bottom hole pressure is ≈2,800 psi. BOP and mud system will control pressure.

4. CASING & CEMENT

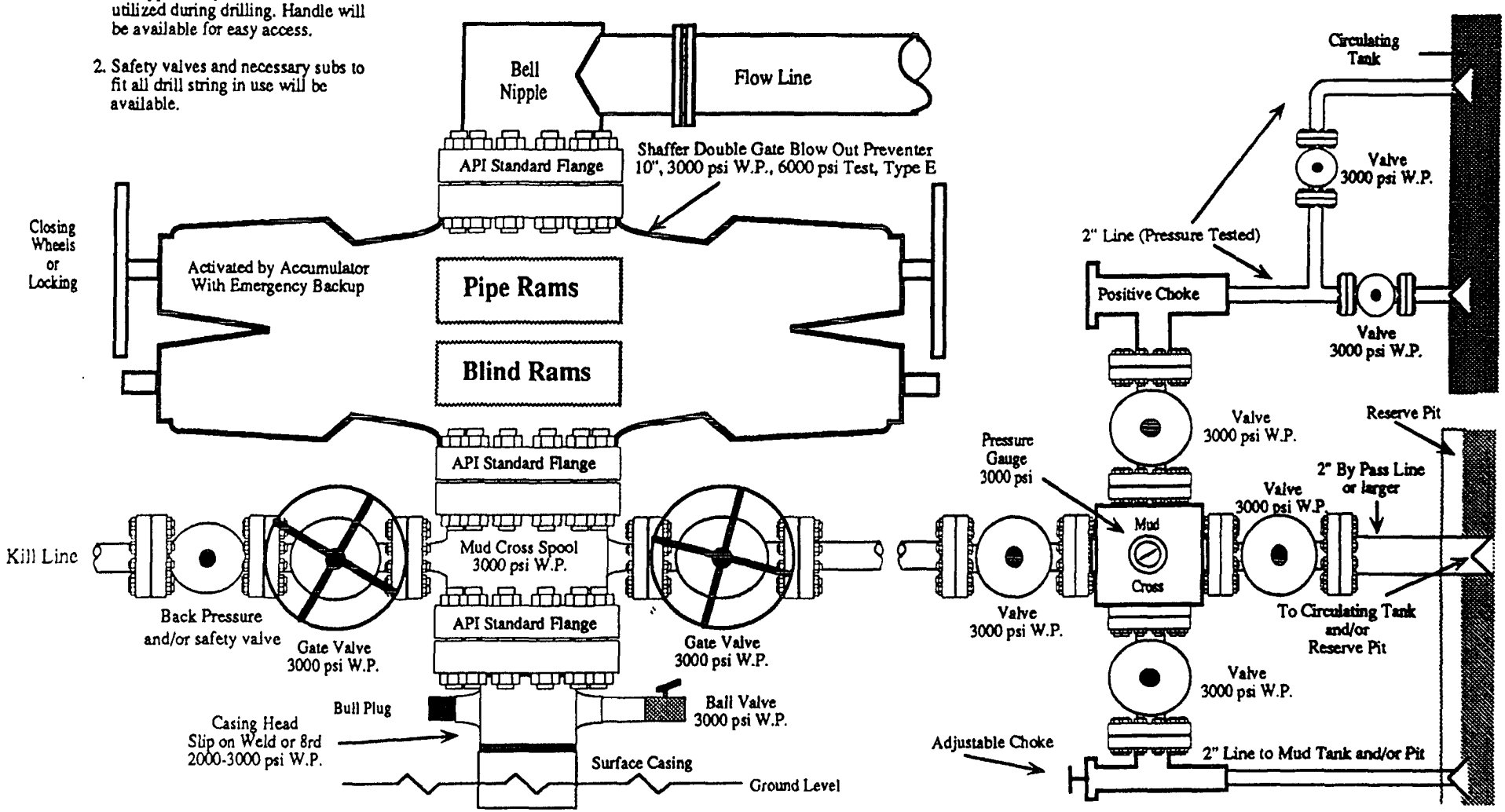
Hole Size	O. D.	Weight (lb/ft)	Grade	Age	Connections	GL Setting Depth
12-1/4"	8-5/8"	24	J-55	New	8 rd, S T &C	325'
7-7/8"	4-1/2"	11.6	K-55	New	8 rd, L T &C	6,860'

Surface casing will be cemented to surface with ≈~~270~~ 290 cubic feet (≈230 sacks) Class B Neat + 1/4 pound per sack cello-flake + 2% $CaCl_2$. Yield = 1.27 cubic feet per sack. Weight = 15.2 pounds per gallon.

2,000 PSI BOP SYSTEM

Note: 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.

Conventional centralizers will be set on the bottom two joints and every fourth joint to surface.

Production casing hole will be cemented to surface as follows. DV @ ≈4,000'.

First stage Lead will be cemented to ≈4,000' with 828 cubic feet (600 sacks) 50:50 Poz + 5 pounds per sack gilsonite + 2% gel + 1/4 pounds per sack cello-flake, dispersant, and FLA. Yield = 1.38 cubic feet per sack. Weight = 13.5 pounds per gallon. Excess = 25%.

Second stage Lead will be cemented to surface with 1,440 cubic feet (500 sacks) Class B or H + 10 pounds per sack gilsonite + 4% gel + 1/2 pounds per sack cello-flake + 3% Econolite. Yield = 2.88 cubic feet per sack. Weight = 11.4 pounds per gallon. Excess = 50%

Second stage Tail will be cemented to ≈3,600' with 126 cubic feet (100 sacks) Class B or H Neat + 1/4 pounds per sack cello-flake + 2% CaCl2. Yield = 1.26 cubic feet per sack. Weight = 15.2 pounds per gallon. Excess = 10%.

Production casing may be cemented with an alternative foam cement.

First stage Lead will be cemented to 200' with 1,320 cubic feet (1,740 cubic feet when foamed) or 1,000 sacks 50:50 Poz + 2% gel + 2% Diacel LWL 0.094 gallons per sack foaming agent. Yield = 1.32 cubic feet per sack (1.74 when foamed). Weight = 13.8 pounds per gallon (10.5 when foamed). Excess = 15%.

First stage Tail will be cemented to ≈6,000' with 146 cubic feet (116 sacks) Class B or H Neat + 1/4 pounds per sack cello-flake + 2% CaCl2. Yield = 1.26 cubic feet per sack. Weight = 15.2 pounds per gallon.

Cap will be cemented to surface with 75 cubic feet (60 sacks) Class B or H with 2% $CaCl_2$.

Conventional centralizers will be set on the bottom two joints, every second joint to 6,100' and every fourth joint from ≈2,000' to surface.

5. MUD PROGRAM

RANGE	MUD TYPE	WEIGHT	VISCOSITY	WATER LOSS	ADDITIVES
0' - 350'	Fresh-Spud	8.5-8.8	30	NC	Gel, lime
350' - 4,000'	Fresh Water	8.5-8.8	28	NC	Gel, lime sweeps
4,000' - TD	Fresh Water	8.5-8.8	35	10 cc	Gel, soda ash, LCM

6. CORING, TESTING, & LOGGING

No cores or drill stem tests are planned. Induction logs will be run from TD to ≈3,000'. Neutron density - GR logs will be run from TD to base of surface casing.

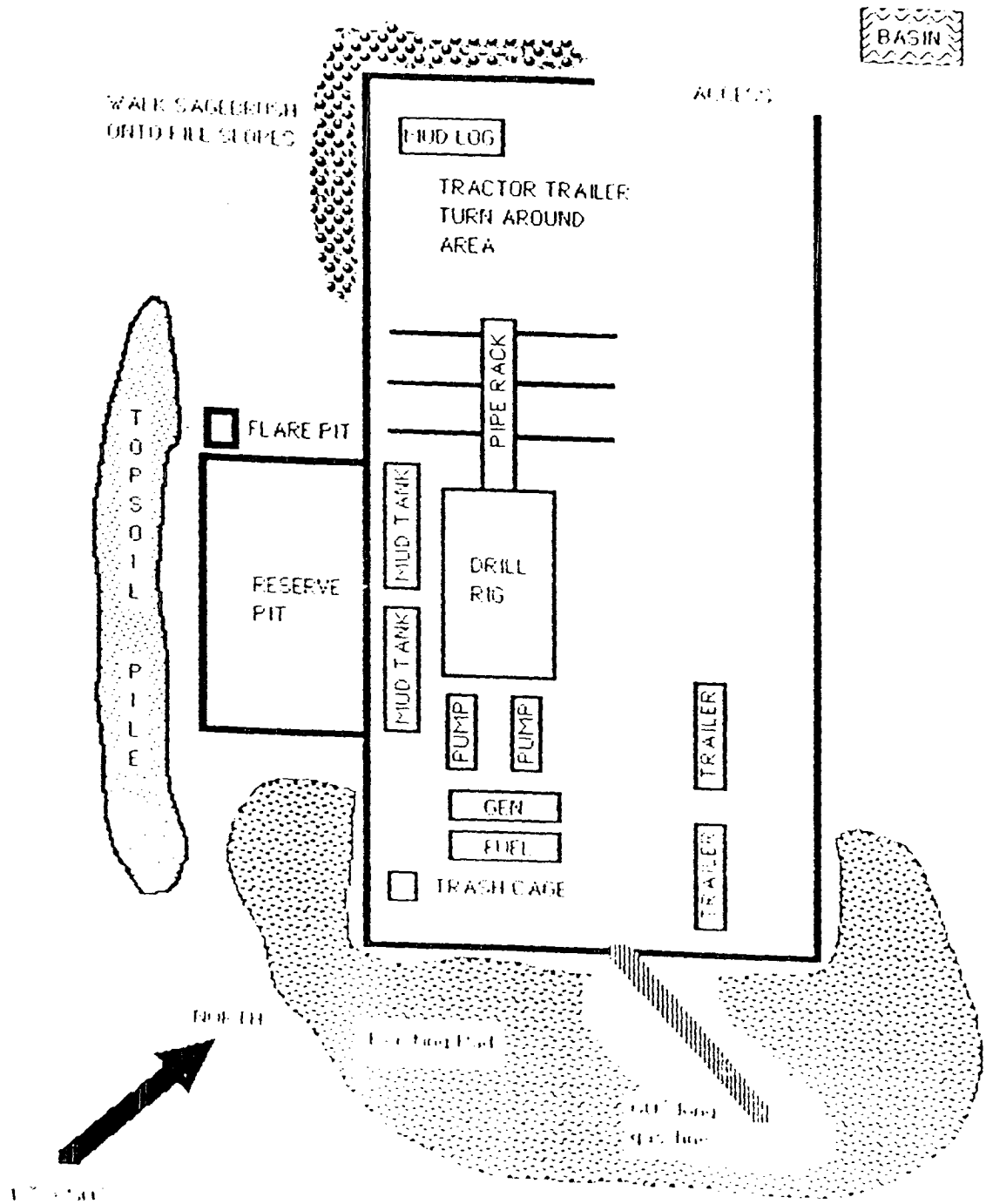
7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ≈2,800 psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take about twelve days to drill and two weeks to complete the well.

XTO Energy Inc.
Schwerdtfeger 8 2 E
935' FNL & 1845' FEL
Sec. 8, T. 27 N., R. 11 W.
San Juan County, New Mexico



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS