Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: SF - 077952

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: 22728

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: JC Gordon "E" #2

2. NAME OF OPERATOR: XTO Energy Inc.

9. API WELL NO.: 30 045 31635

3. ADDRESS AND TELEPHONE NO.: 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401

10. FIELD AND POOL, OR WILDCAT: Basin Fruitland Coal

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 455' FNL & 1635' FWL in Sec 23, T27N, R10W
At proposed prod. zone: same as above

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: G Sec 23, T27N, R10W

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 19 air miles southeast of the Bloomfield, NM 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 drlg. unit line, if any): 455'

16. NO. OF ACRES IN LEASE: +-1,753.36

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320 W/2

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 15'

19. PROPOSED DEPTH: 2,500'

20. ROTARY OR CABLE TOOLS: 0-2,500' with Rotary Tools

21. ELEVATIONS (Show whether DF,RT, GR, etc.): 6,508' Ungraded Ground Level

22. APPROX. DATE WORK WILL START*: Summer 2003

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7", J-55	20.0#/ft	+-200'	75 sx Type III or Cl B cement
6-1/4"	4-1/2", J-55	10.5#/ft	+-2,500'	195 sx Premium Lite cement

XTO ENERGY INC. Request approval to drill the above mentioned well as described in the enclosed Surface Use Plan and proposed Drilling Program.

Note: Due to this well being located on existing location, No pipeline ROW is required.

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".

HOLD C104 FOR NSL

RECEIVED
2003 APR 16 PM 4:18
070 Farmington, NM

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED: J W Patton TITLE: Drilling Engineer DATE: 4/16/03

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

/s/ David J. Mankiewicz

SEP -4 2003

APPROVED BY _____ TITLE _____ DATE _____

*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.

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

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
30-045-31635	71629	BASIN FRUITLAND COAL

4 Property Code	5 Property Name	6 Well Number
22728	J.C. GORDON E	2

7 OGRID No.	8 Operator Name	9 Elevation
167067	XTO ENERGY INC.	6508

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
C	23	27-N	10-W		455	NORTH	1635	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.
320 W/2	I		

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

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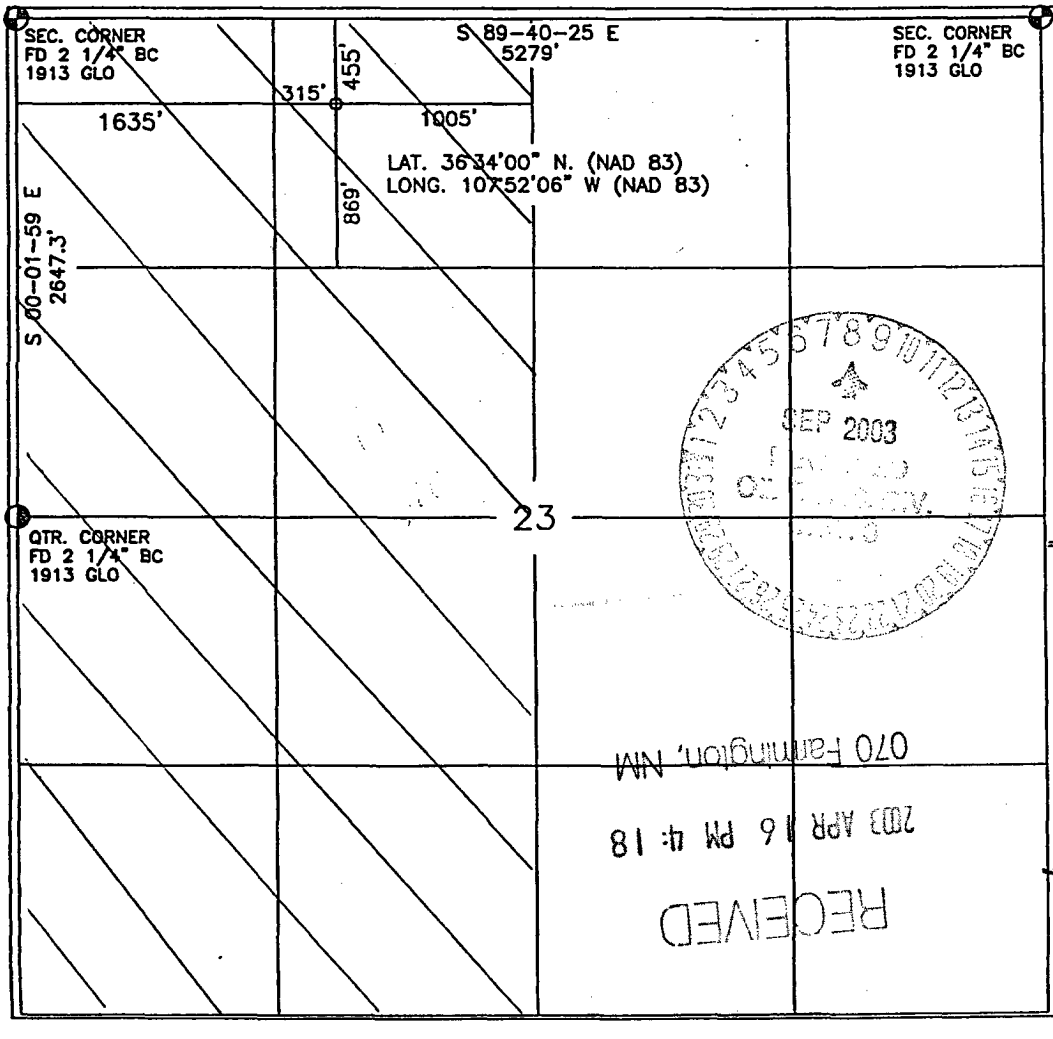


17 OPERATOR CERTIFICATION

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

Signature: Jeffrey W Patton

Printed Name: JEFFREY W PATTON

Title: DRILLING ENGINEER

Date: 4-15-03

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.

Date of Survey: 4-3-03

Signature and Seal of Professional Surveyor:

DAVID J. JOHNSON
NEW MEXICO
14827
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number: 14827

XTO ENERGY INC.

DRILLING PROCEDURE
JC Gordon "E" #2
Basin Fruitland Coal
April 16, 2003

Location: 455' FNL & 1,635' FWL, Sec 23, T27N, R10W **County**: San Juan **State**: New Mexico

PROJECTED TOTAL DEPTH: 2,500' OBJECTIVE: Fruitland Coal GR ELEV: 6,508'

1. MUD PROGRAM:

INTERVAL	0'-200'	200'-TD
HOLE SIZE	8-3/4"	6-1/4"
MUD TYPE	FW/Native	FW/Polymer
MUD WEIGHT, ppg	8.6-9.0	8.6-9.1
VISCOSITY, sec/qt	28-32	28-33
WATER LOSS, cc	NC	NC

Remarks: Drill the surface hole with fresh water. Run and cement 7" surface casing, circulating cement to surface. NU and test BOP equipment, then drill out with fresh water. Use polymer sweeps as needed for hole cleaning. At TD, sweep the hole prior to TOH to log.

2. CASING PROGRAM:

Surface Casing: 7" casing to be set at ± 200' in 8.8 ppg mud.

Interval	Length	Wt (ppf)	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	DD (in)	SF Coll	SF Burst	SF Tension
0'-200'	200'	20#	J-55	STC	2,270	3,740	234	6.456	6.331	9.99	4.59	58.5

Optimum makeup torque for 7" 20#, J-55, STC casing is **2,340 ft-lbs** (Min - 1,760 ft-lbs, Max – 2,930 ft-lbs).

Production Casing: 4-1/2" casing to be set at ± 2,500' in 8.8 ppg mud.

Interval	Length	Wt (ppf)	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	DD (in)	SF Coll	SF Burst	SF Tension
0'-TD	2,500'	10.5#	J-55	STC	4,010	4,790	132	4.052	3.927	3.57	3.33	5.24

Optimum makeup torque for 4-1/2", 10.5#, J-55, casing is **1,320 ft-lbs** (Min - 990 ft-lbs, Max - 1,650 ft-lbs).

Capacity of 7", 20# casing is: 0.04048 bbl/ft
Capacity of 4-1/2", 10.5# casing is: 0.01595 bbl/ft

EXHIBIT D

3. **WELLHEAD:**

Casinghead: Larkin Fig 92 (or equivalent) 2,000 psig WP (4,000 psig test) with 7", 8rd pin on bottom and 8-5/8" API Modified 8rd thread on top.

Tubinghead: Larkin Model 612 (or equivalent) 2,000 psig WP (4,000 psig test) with 4-1/2", 8rd bottom thread and 8-5/8" 8rd API Modified top body thread, 4.090" minimum bore.

4. **CEMENT PROGRAM:**

A. Surface: 7", 20#, J-55, STC casing at ± 200'.

Lead: 75 sx Class B or Type III cement (or equivelent) containing ¼ pps celloflake, 2% $CaCl_2$ (mixed at 15.6 - 14.6 ppg, 1.18 - 1.39 ft^3/sk, 5.2 - 6.67 gal wtr/sk).

Total slurry volume is 104.25 ft^3, 250% excess of calculated annular volume required to circulate cement to surface.

B. Production: 4-1/2", 10.5#, J-55, STC casing at ± 2,500'.

Lead: 125* sx of Type III cement containing 8% gel, 1/4 pps Celloflake & 2% Phenoseal (mixed at 11.4 ppg, 3.03 ft^3/sk, 18.51 gal wtr/sk).

Tail: 70 sx Type III cement containing 1% CaCl2, 1/4 pps Celloflake & 2% Phenoseal (mixed at 14.5 ppg, 1.41 ft3/sk, 6.72 gal wtr/sx).

Total estimated slurry volume is 477 ft^3, ±100% excess of calculated annular volume required to circulate cement to surface.

*** Actual cement volumes will be determined using log caliper volume plus 40% excess.**

5. **DRILLING HAZARDS:**

- H_2S or other Poisonous Gases: No formations known to contain H_2S or any other poisonous gases will be penetrated with this wellbore.
- Abnormal Pressures: No overpressured zones are known to exist or are anticipated to be encountered during the drilling of this well.
- Lost Circulation: Seepage and/or lost circulation may be encountered below surface casing and can be controlled with conventional lost circulation materials added to the mud system.

6. **LOGGING PROGRAM:**

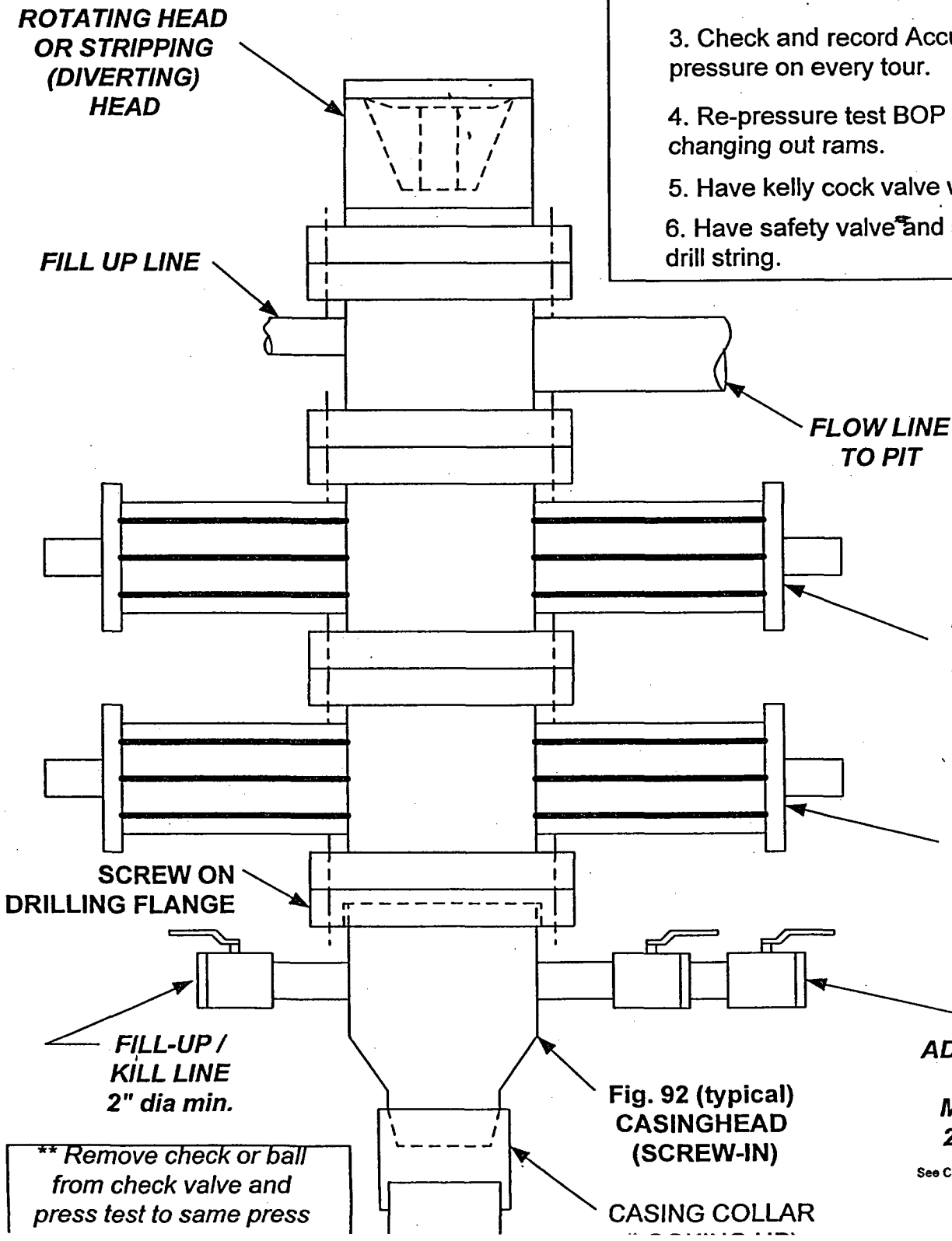
Array Induction/DFL/GR/SP/Cal	TD to bottom of surf csg.
DSN/Spectral Density/GR/Cal/Pe	TD to bottom of surf csg.

EXHIBIT D

BOP SCEMATIC 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 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.



** Remove check or ball from check valve and press test to same press

EXHIBIT D