

RCVD MAY 7 '08
OIL CONS. DIV.

DIST. 3

RECEIVED

JAN 15 2008

Form 3160-3
(February 2005)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Bureau of Land Management
Armington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 003039
1b. Type of Well. <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" 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 382 CR 3100 AZTEC, NM 87410	3b. Phone No. (include area code) 505-333-3100	8. Lease Name and Well No. HUERFANO Unit #308
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 665' FNL x 1320' FEL At proposed prod. zone same		9. API Well No. 30-045-34567
14. Distance in miles and direction from nearest town or post office* Approximately 22 miles Southeast of Bloomfield, NM post office		10. Field and Pool, or Exploratory BASIN DK/WC BASIN MC
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg unit line, if any) 665'	16. No. of acres in lease 2080	11. Sec., T R. M. or Blk and Survey or Area LOT 2, SEC 3, T25N, R9W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. none	19. Proposed Depth 6800'	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6494' GROUND ELEVATION	22. Approximate date work will start* 02/15/2008	13. State NM
23. Estimated duration 2 weeks		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, must be attached to this form.

- Well plat certified by a registered surveyor
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office)
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature Kyla Vaughan	Name (Printed/Typed) Kyla Vaughan	Date 01/14/2008
Title Regulatory Compliance		

Approved by (Signature) [Signature]	Name (Printed/Typed) AFN	Date 5/5/08
Title 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 conduct operations thereon
Conditions of approval, if any, are attached

Title 18 USC Section 1001 and Title 43 USC 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 24 HRS.
PRIOR TO CASING & CEMENT

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APD/ROW

B NMOC

MAY 08 2008

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, 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

JAN 15 2008

Bureau of Land Management
Farmington Field Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-24567	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 36992	⁵ Property Name HUERFANO Unit	⁶ Well Number 308
⁷ GRID No 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 6494'

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
2	3	25-N	9-W		665	NORTH	1320	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 E/2 320.21			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

16	FD. 2 1/2" BC. 1947 G.L.O.	N 89-54-16 W 2614.17' (M)	665'	FD. 2 1/2" BC. 1947 G.L.O.	17
LOT 4	LOT 3	LOT 2	1320'	LOT 1	
LAT: 36.43564° N. (NAD 83) LONG: 107.77209° W. (NAD 83) LAT: 36°26'08.2" N. (NAD 27) LONG: 107°46'17.3" W. (NAD 27)		S 00-03-40 W 2649.26' (M)			
3		FD. 2 1/2" BC. 1947 G.L.O.			

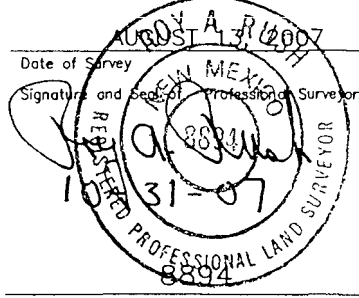
OPERATOR CERTIFICATION

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.

Kyla Vaughan 1/11/08
Signature Date
Kyla Vaughan
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.

Date of Survey: AUG 13, 2007
Signature and Seal of Professional Surveyor:

Certificate Number: 8894

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.
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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 30-045-34567	² Pool Code 97232	³ Pool Name WC BASIN MANCOS
⁴ Property Code 36992	⁵ Property Name HUERFANO Unit	⁶ Well Number 308
⁷ GRID No. 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 6494'

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
2	3	25-N	9-W		665	NORTH	1320	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 NE 1/4 160			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

16 LOT 4	FD. 2 1/2" BC. 1947 G.L.O.	N 89-54-16 W 2614.17' (M)	665'	LOT 3	FD. 2 1/2" BC. 1947 G.L.O.	17 LOT 1			
LAT: 36.43564° N. (NAD 83) LONG: 107.77209° W. (NAD 83)		LOT 2		1320'		S 00-03-40 W 2649.26' (M)			
LAT: 36°26'08.2" N. (NAD 27) LONG: 107°46'17.3" W. (NAD 27)		3		LOT 1					
						FD. 2 1/2" BC. 1947 G.L.O.			

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.

Kyla Vaughan 11/1/08
Signature Date

Kyla Vaughan
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.

Date of Survey NOV 13 2007
Signature and Seal of Professional Surveyor: [Signature]
10731-07
REGISTERED PROFESSIONAL LAND SURVEYOR
8894

Certificate Number

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
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

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.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	WELL API NO. <u>30-045-34567</u>
2. Name of Operator <u>XTO Energy Inc.</u>	5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator <u>382 CR 3100 AZTEC, NM 87410 505-333-3100</u>	6. State Oil & Gas Lease No. <u>FEDERAL LEASE</u>
4. Well Location Unit Letter <u>lot 2</u> : <u>665</u> feet from the <u>NORTH</u> line and <u>1320</u> feet from the <u>EAST</u> line Section <u>3</u> Township <u>25N</u> Range <u>9W</u> NMPM <u>NMEM</u> County <u>SAN JUAN</u>	7. Lease Name or Unit Agreement Name: <u>HUERFANO</u>
	8. Well Number <u>#308</u>
	9. OGRID Number <u>5380</u>
	10. Pool name or Wildcat <u>BASIN DAKOTA/WC BASIN MC</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>6494' GROUND ELEVATION</u>	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> <u>>200</u>	
Pit type <u>DRILL</u> Depth to Groundwater <u>>100</u> Distance from nearest fresh water well <u>>1000</u> Distance from nearest surface water <u><1000</u>	
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u>8000</u> bbls; Construction Material	

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <u>PIT</u> <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

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 plans to construct a lined 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 ☒ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Kyla Vaughan TITLE Regulatory Compliance DATE 01/11/2008
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-333-3159

For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE MAY 08 2008
Conditions of Approval, if any:

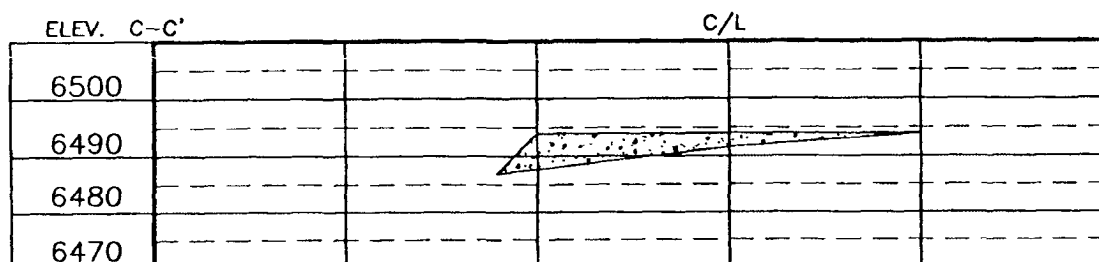
EXHIBIT D

NAD 83
LAT. = 36.43564° N
LONG. = 107.77209° W

NAD 27
LAT. = 36°26'08.2" N
LONG. = 107°46'17.3" W



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.




REVISED BY:	DATE:	REVISED BY:	DATE:
		<p>Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 510 • Farmington, NM 87499 Phone (505) 326-1772 • Fax (505) 326-6019</p>	
DRAWN BY: G.V.		NEW MEXICO L.S. No. 8894	
SHEET #9419		CAPRILE: CR613, CFB DATE: 11/7K/07	

EXHIBIT E

XTO ENERGY INC.

Huerfano #308

APD Data

January 11, 2008

Location: 665' FNL x 1320' FEL Sec 3, T25N, R9W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 6800'

OBJECTIVE: Basin Dakota / Basin Mancos

APPROX GR ELEV: 6494'

Est KB ELEV: 6506' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2500'	2500' to 6800'
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 $\pm 360'$ in a 12.25" 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 ($\pm 6800'$) in 7.875" 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'-6800	6800'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.24	1.48	1.92

3. WELLHEAD:

- 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 1 1-3/4" 8rnd thread on top.
- 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.

EXHIBIT F

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 $\pm 360'$ 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 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is 297 ft³, 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 $\pm 6800'$ in 7.875" hole. DV Tool set @ $\pm 4300'$

1st Stage

LEAD:

± 187 sx of Premium Lite HS (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III or equivalent cement with bonding additive, LCM, dispersant, & fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2nd Stage

LEAD:

± 360 sx of Type III or equivalent cement with 8% gel & LCM mixed at 11.9 ppg, 2.54 ft³/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 1659 ft³.

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: None.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (6800') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6800') to 3,000'.

EXHIBIT F

6. **FORMATION TOPS:**

Est. KB Elevation: 6506'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Ojo Alamo SS	5416	1090	Gallup	1113	5393
Kirtland Shale	5242	1264	Greenhorn	214	6292
Farmington SS			Graneros	163	6343
Fruitland Formation	5051	1455	Dakota 1*	139	6367
Lower Fruitland Coal			Dakota 2*	111	6395
Pictured Cliffs SS	4558	1948	Dakota 3*	51	6455
Lewis Shale	4322	2184	Dakota 4*	-27	6533
Chacra SS	3693	2813	Dakota 5*	-61	6567
Cliffhouse SS*	2993	3513	Dakota 6*	-91	6597
Menefee**	2919	3587	Burro Canyon	-137	6643
Point Lookout SS*	2162	4344	Morrison*	-202	6708
Mancos Shale	1816	4690	TD	-294	6800

* 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
Justin Niederhofer	Drilling Engineer	505-333-3199	505-320-0158
Jerry Lacy	Drilling Superintendent	505-333-3177	505-320-6543
John Klutsch	Project Geologist	817-885-2800	--

JN

1/11/08

EXHIBIT F

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

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

TESTING PROCEDURE

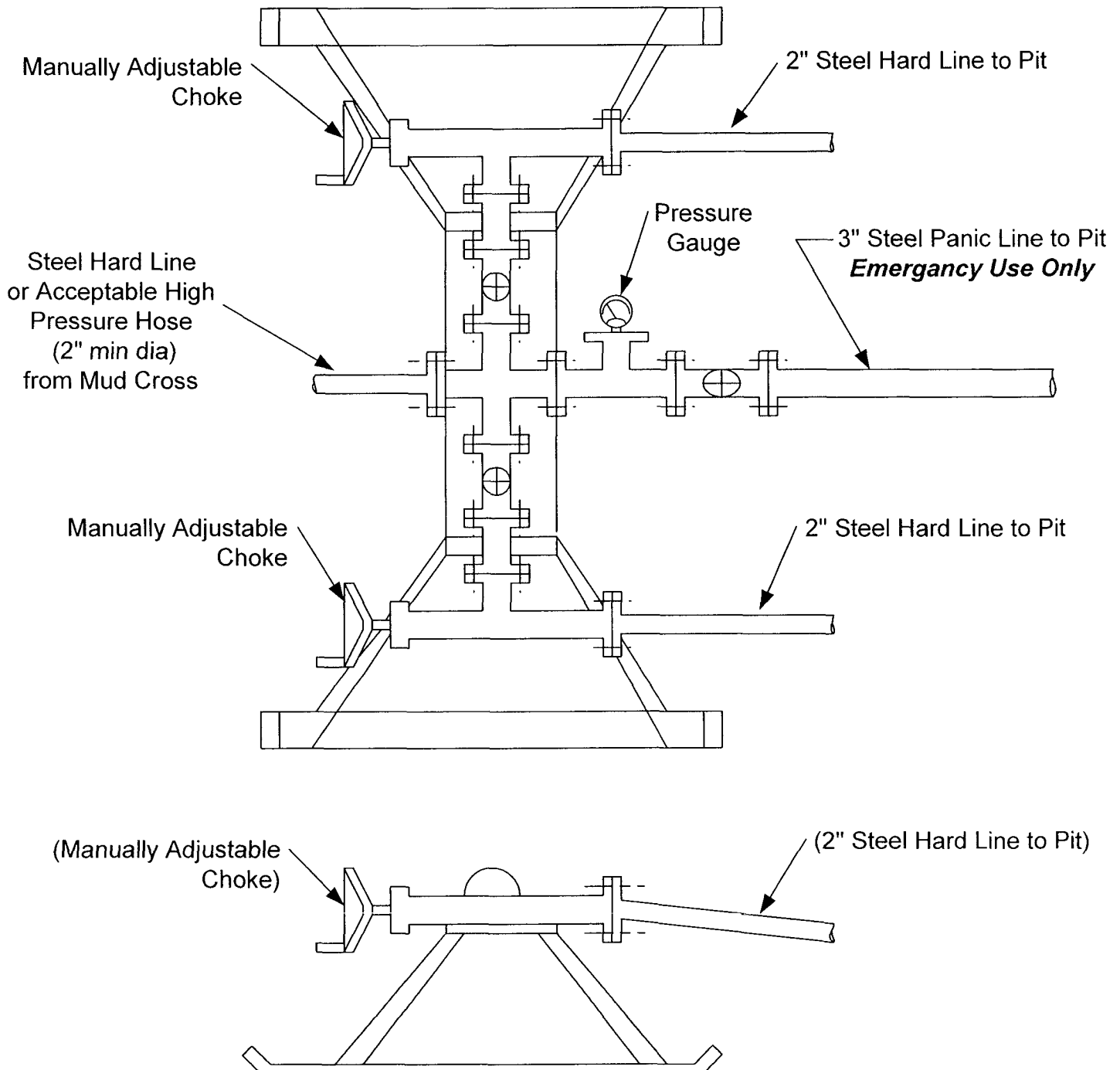


EXHIBIT F

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.

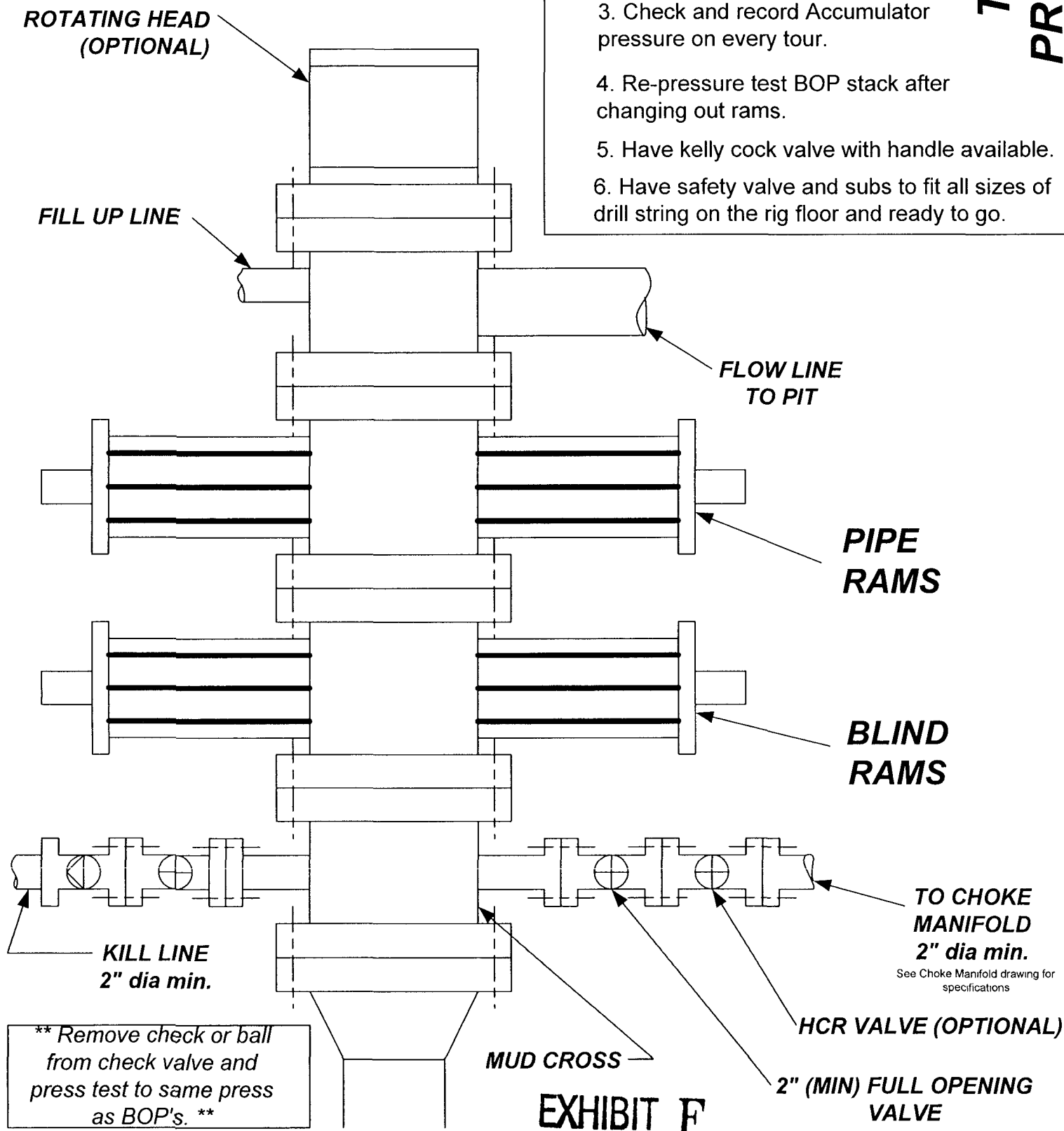


EXHIBIT F