

RCVD MAY 14 '08

OIL CONS. DIV.

DIST. 3

Form 3160-3
(February 2005)

RECEIVED

FEB 02 2008

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No Valencia Canyon Unit
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		8. Lease Name and Well No. Valencia Canyon Unit #2248
2. Name of Operator XTO Energy, Inc.		9. API Well No. 30-045 039-30474
3a. Address 382 CR 3100 AZTEC, NM 87410	3b. Phone No. (include area code) 505-333-3100	10. Field and Pool, or Exploratory BLANCO MESAVERDE
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1210' FNL x 1145' FWL At proposed prod. zone same		11. Sec., T. R. M. or Blk. and Survey or Area (D) SEC 22, T28N, R4W
14. Distance in miles and direction from nearest town or post office* Approximately 41 miles West of Bloomfield, NM post office		12. County or Parish San Juan
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1145'	16. No. of acres in lease 640	17. Spacing Unit dedicated to this well 11/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. none	19. Proposed Depth 6830'	20. BLM/BIA Bond No. on file UTB-000138
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7366' Ground Elevation	22. Approximate date work will start* 05/19/2008	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 01/31/2008
Title Regulatory Compliance		
Approved by (Signature) [Signature]	Name (Printed/Typed)	Date 5/12/08
Title AFM	Office FTO	

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVALNOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

MAY 15 2008

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

APD/ROW

B NMOC

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

Bureau of Land Management
Farmington Field Office

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 30-039-30474	² Pool Code 72319	³ Pool Name BLANCO MESA VERDE
⁴ Property Code 22849	⁵ Property Name VALENCIA CANYON UNIT	⁶ Well Number 48 2249
⁷ GRID No. 5380	⁸ Operator Name XTO ENERGY INC.	⁹ Elevation 7366

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
D	22	28-N	4-W		1210	NORTH	1145	WEST	RIO ARriba

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 N 2 320			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

<div data-bbox="81 987 1039 1470"><p>16</p></div> <div data-bbox="81 1743 649 1911"><p>LOCATION IS STAKED RELATIVE TO EXISTING WELLS AND DRY HOLE ON RECORD WITH N.M. OIL & GAS CONSERVATION COMMISSION. SECTION AND QUARTER CORNERS ARE NON-EXISTANT IN THE AREA. DEPENDENT RESURVEY OF THE TOWNSHIP IS REQUIRED TO OBTAIN EXACT DIMENSIONS FROM THE SECTION LINES.</p></div>	<div data-bbox="1055 987 1494 1470"><p>17 OPERATOR CERTIFICATION</p><p>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.</p><p><i>Kyla Vaughan</i> 1/31/08 Signature Date <i>Kyla Vaughan</i> Printed Name</p></div> <div data-bbox="1055 1470 1494 1932"><p>18 SURVEYOR CERTIFICATION</p><p>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.</p><p>ALICIA R. RUSH Date of Survey Signature and Seal of Professional Surveyor Certificate Number</p></div>
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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

Form C-103
May 27, 2004

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

WELL API NO. <u>30-039-30474</u>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: VALENCIA CANYON UNIT
8. Well Number # <u>48</u>
9. OGRID Number <u>5380</u>
10. Pool name or Wildcat BLANCO MESAVERUE

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
2. Name of Operator XTO Energy Inc.
3. Address of Operator 382 CR 3100 AZTEC, NM 87410 505-333-3100
4. Well Location Unit Letter <u>D</u> : <u>1210</u> feet from the <u>NORTH</u> line and <u>1145</u> feet from the <u>WEST</u> line Section <u>22</u> Township <u>28N</u> Range <u>4W</u> NMPM <u>NMPM</u> County <u>SAN JUAN</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>7366' GROUND ELEVATION</u>
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> 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>>200</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 ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐
OTHER: PIT ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
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 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 01/31/2008
Type or print name Kyla Vaughan E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-333-3159

For State Use Only

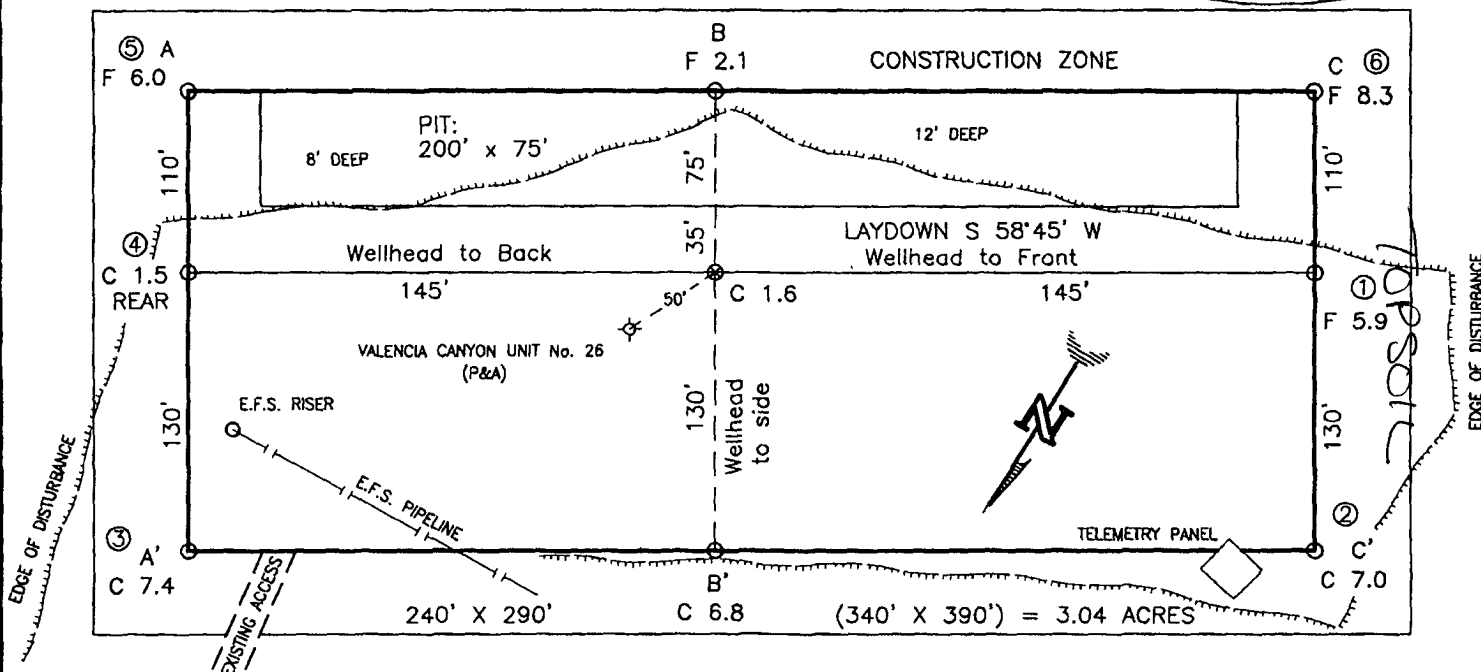
APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE MAY 15 2008

Conditions of Approval, if any:

EXHIBIT D

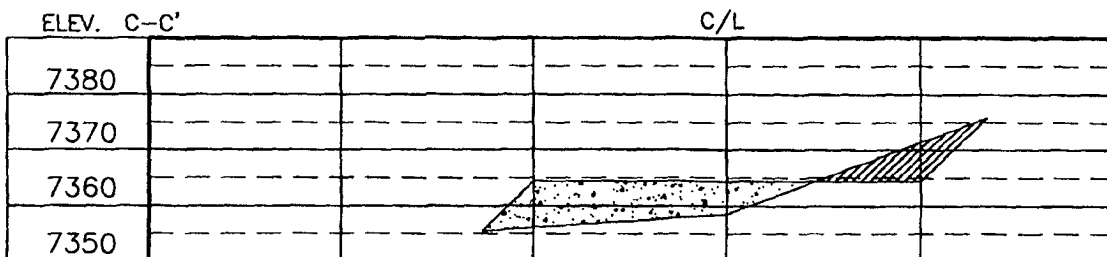
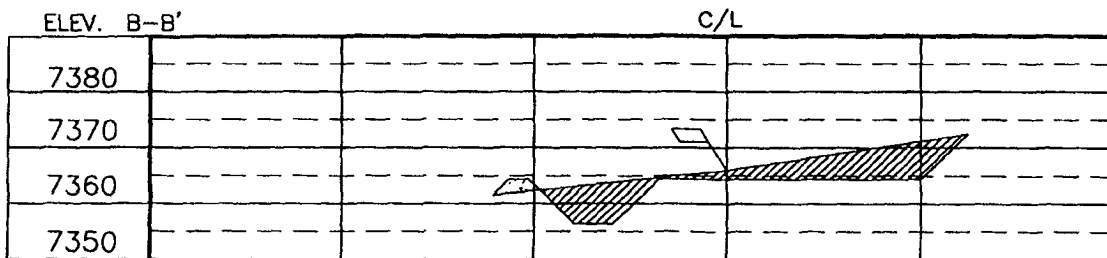
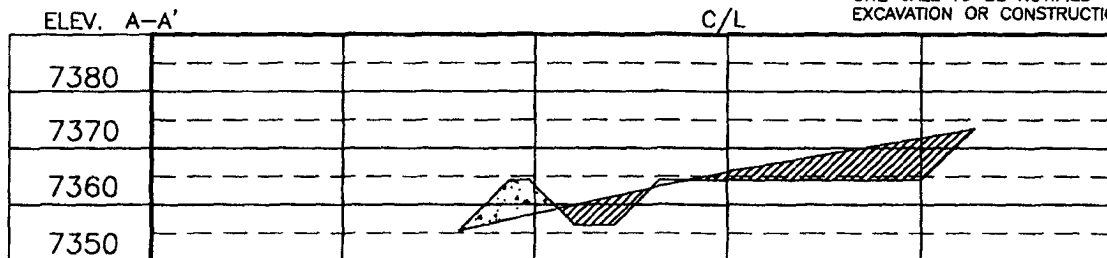
XTO ENERGY INC.
 VALENCIA CANYON UNIT No. ⁴⁸22NW, 1210 FNL 1145 FWL
 SECTION 22, T28N, R4W, N.M.P.M., RIO ARRIBA COUNTY, N.M.
 GROUND ELEVATION: 7366' DATE: SEPTEMBER 27, 2007

NAD 83
 LAT. = 36.65214° N
 LONG. = 107.24354° W
 NAD 27
 LAT. = 36°39'07.7" N
 LONG. = 107°14'34.6" W



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

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.



NOTE: 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.

DATE: 9/27/07	REVISION: C.V.
LOCATION: RESTAKE	DATE: 11/13/06

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 510 Farmington, NM 87499
 Phone (505) 326-1772 • Fax (505) 326-6019
 NEW MEXICO L.S. No. 8894

DRAWN BY: C.V.
 ROW#: CR735

EXHIBIT E

XTO ENERGY INC.
Valencia Canyon Unit #22NW 48
APD Data
January 31, 2008

Location: 1210' FNL x 1145' FWL Sec 22, T28N, R4W **County:** San Juan **State:** New Mexico

GREATEST PROJECTED TD: 6830'
APPROX GR ELEV: 7366'

OBJECTIVE: Blanco Mesaverde
Est KB ELEV: 7378' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 4500'	4500' to 6830
HOLE SIZE	12.25"	8.75"	8.75" 6.125"
MUD TYPE	FW/Spud Mud	FW/Polymer/LSND/ Gel Chemical	Air/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. Switch to LSND/ Gel Chemical mud prior to penetrating the Nacimiento Shale. Air drill production hole unless significant water flows are encountered. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing purposes.

2. CASING PROGRAM:

Surface Casing: 9.625" casing to be set at $\pm 360'$ 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'	36.0#	J-55	ST&C	2020	3520	394	8.921	8.765	11.73	20.44	30.40

Intermediate Casing: 7" casing to be set at $\pm 4475'$ in a 8-3/4" 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'-4500'	4500'	23.0#	J-55	ST&C	3270	4360	284	6.366	6.241	1.52	2.03	2.76

Production Casing: 4.5" casing to be set at TD ($\pm 6830'$) in 6-1/8" 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'-6830	6830'	11.6#	J-55	ST&C	4960	5350	154	4.000	3.875	1.53	1.65	1.96

3. WELLHEAD:

- A. Casing Head: Larkin Fig 92 (or equivalent), 9" nominal, 2,000 psig WP (4,000 psig test) with 9-5/8" 8rnd thread on bottom and 11-3/4" 8rnd thread on top.

EXHIBIT F

- 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: 9.625", 36.0#, J-55, ST&C casing to be set at $\pm 360'$ in 12-1/4" hole.

162 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 225 ft³, 100% excess of calculated annular volume to 360'.

- B. Intermediate: 7", 23.0#, J-55 (or K-55), ST&C casing to be set at $\pm 4500'$ in 8.75" hole.

LEAD:

± 387 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:

100 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.

Total estimated slurry volume for the 7" production casing is 931 ft³.

- C. Production: 4.5", 11.6#, J-55 (or K-55), ST&C casing to be set at $\pm 6830'$ in 6.125" hole.

± 123 sx of Premium Lite (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, glass beads, & LCM mixed at 9.7 ppg, 2.96 ft³/sk, 7.75 gal wtr/sx.

Total estimated slurry volume for the 4.5" production casing is 363 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 on all strings except 4.5". The 4.5" will be designed for 500' of overlap.

5. LOGGING PROGRAM:

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

- B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (6830') to the bottom of the intermediate csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (6830') to 4500'.

EXHIBIT F

6. FORMATION TOPS:

Est. KB Elevation: 7378'

<u>FORMATION</u>	<u>Sub-Sea</u>	<u>MD</u>
Ojo Alamo SS	3733	3645
Kirtland Shale	3524	3854
Farmington SS		
Fruitland Formation	3463	3915
Pictured Cliffs SS	3180	4198
Lewis Shale	2873	4505
Chacra SS**	2102	5276
Cliffhouse SS*	1291	6087
Menefee**	1216	6162
Point Lookout SS*	911	6467
Mancos Shale	572	6806
TD	548	6830

* 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
1/31/08

EXHIBIT F

CHOKE 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

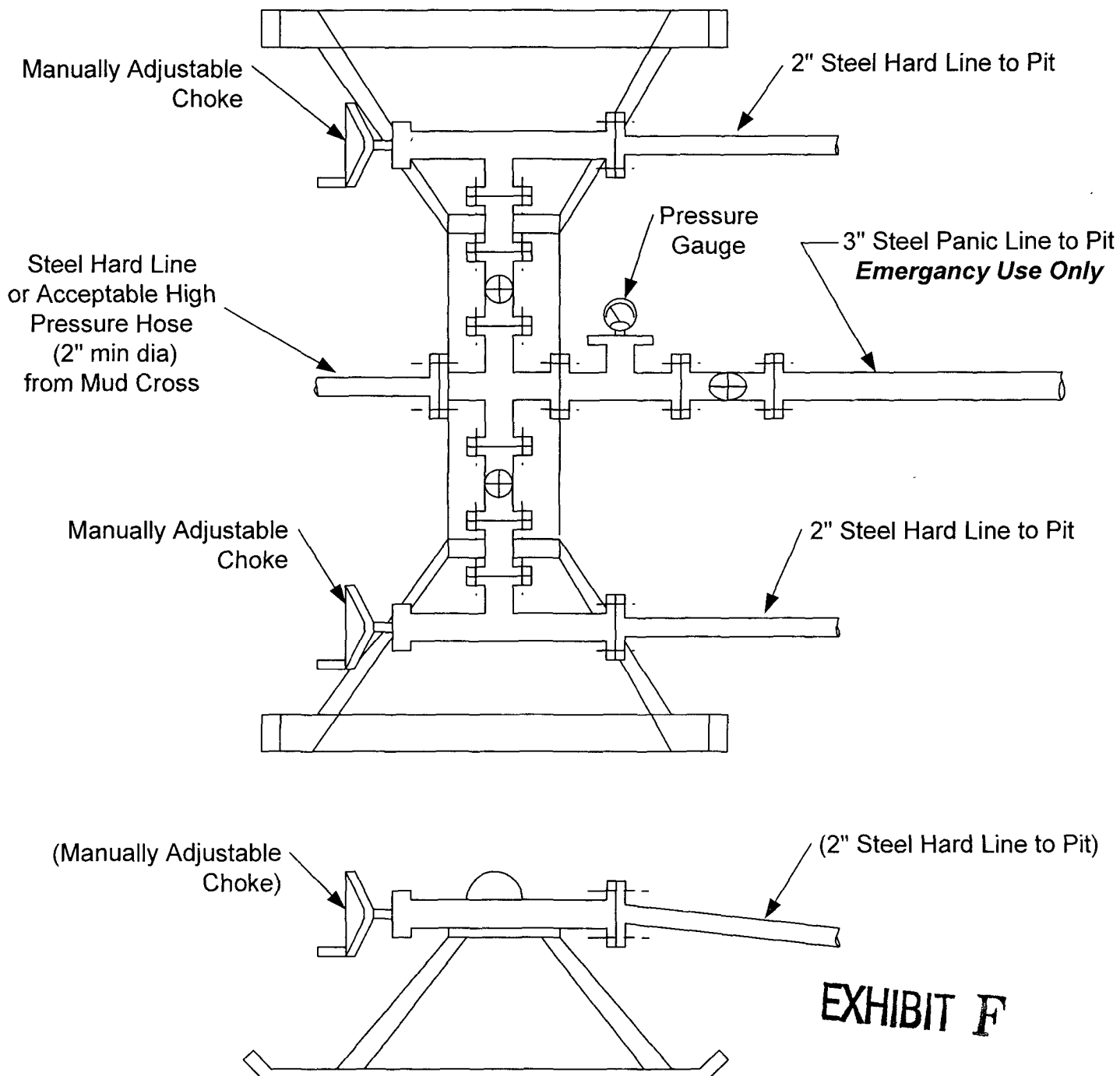


EXHIBIT F

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.

