

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

NOV 07 2008  
BUREAU OF LAND MANAGEMENT  
DURANGO, COLORADO

1a. Type of work. <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>BIA 142060462</b>
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		6. If Indian, Allottee or Tribe Name <b>UTE MOUNTAIN UTE</b>
2. Name of Operator <b>XTO Energy, Inc.</b>		7. If Unit or CA Agreement, Name and No. <b>N/A</b>
3a. Address <b>382 CR 3100 AZTEC, NM 87410</b>	3b. Phone No. (include area code) <b>505-333-3100</b>	8. Lease Name and Well No. <b>UTE INDIANS A #45</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>945' FNL x 985' FEL</b> At proposed prod zone <b>same</b>		9. API Well No. <b>30-045- 34834</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately 15 miles Northwest of Farmington NM</b>		10. Field and Pool, or Exploratory <b>Ute Dome Paradox</b>
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg. unit line, if any) <b>945'</b>		11. Sec., T R. M. or Blk. and Survey or Area <b>(A) Sec 2, T31N, R14W</b>
16. No. of acres in lease <b>4251.9</b>	17. Spacing Unit dedicated to this well <b>PX: 640 - 48 ft</b>	12. County or Parish <b>San Juan</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft <b>705'</b>	19. Proposed Depth <b>8448'</b>	13. State <b>NM</b>
20. BLM/BIA Bond No. on file <b>104312789</b>	21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>6140' Ground Elevation</b>	22. Approximate date work will start* <b>09/15/2008</b>
23. Estimated duration <b>2 weeks</b>		

Venting / Flaring approved for 30 days per NTL-4A

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

SEE ATTACHED  
CONDITIONS OF APPROVAL

- |   |  |
|---|--|
| 1 Well plat certified by a registered surveyor  | 4 Bond to cover the operations unless covered by an existing bond on file (see item 20 above). |
| 2 A Drilling Plan   | 5 Operator certification   |
| 3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6 Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature <i>Kyla Vaughan</i>	Name (Printed/Typed) <b>Kyla Vaughan</b>	Date <b>04/21/2008</b>
Title <b>Regulatory Compliance</b>		APPROVED FOR A PERIOD NOT TO EXCEED 2 YEARS

Approved by (Signature) <i>/s/ Richard A. Rymerson</i>	Name (Printed/Typed) <b>Richard A. Rymerson</b>	Date <b>OCT 24 2008</b>
Title <b>ACTING CENTER MANAGER</b>		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)

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto.

NOV 07 2008

NMOC

RECEIVED

MAY - 5 2008

Bureau of Land Management  
Durango, Colorado

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOC FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOC PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

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 - 5 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30045-34834		2 Pool Code 80760		3 Pool Name UTE DOME PARADOX	
4 Property Code 22645		5 Property Name UTE INDIANS A		6 Well Number 45	
7 GRID No. 5380		8 Operator Name XTO ENERGY INC.		9 Elevation 6140	

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
A	2	31-N	14-W	1	945	NORTH	985	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 640.48	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

<p>16</p> <p>QTR. CORNER FD 3 1/4" AC 1985 BLM</p> <p>S 89-59-43 W 2640.00' (M)</p> <p>FD. 1 1/2" AC WITNESS CORNER S 71-03-52 W 85.39' OF CORNER POSITION</p> <p>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p> <p>LAT: 36.93460° N. (NAD 83) LONG: 108.27271° W. (NAD 83) LAT: 36.93404.6° N. (NAD 27) LONG: 108.18195° W. (NAD 27)</p> <p>QTR. CORNER FD 3 1/4" AC 1985 BLM</p>		<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>Signature: <i>Kyla Vaughan</i> Printed Name: Kyla Vaughan Title: Regulatory Analyst Date: 10/6/08</p>
<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 knowledge and belief.</p> <p>ANUARY 15 2006 RU Date of Survey Signature and Seal of Registered Professional Surveyor 04/21/08 Certificate Number</p>		

# XTO ENERGY INC.

Ute Indians A #45

APD Data

April 30, 2008

Location: 945' FNL x 985' FEL Sec 2, T31N, R14W

County: San Juan

State: New Mexico

GREATEST PROJECTED TD: 8448'

APPROX GR ELEV: 6140'

OBJECTIVE: Ute Dome Paradox

Est KB ELEV: 6152' (12' AGL)

## 1. MUD PROGRAM:

INTERVAL	0' to 850'	850' to 2500'	2500' to 8448'
HOLE SIZE	12.25"	8.75"	8.75"
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: 9.625" casing to be set at  $\pm 850'$  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'-850'	850'	36.0#	J-55	ST&C	2020	3520	394	8.921	8.765	4.970	8.66	12.88

Production Casing: 5.5" casing to be set at TD ( $\pm 8448'$ ) in 8.75" 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'-8448	8448'	17.0#	N-80	LT&C	6280	7740	348	4.892	4.767	1.55	1.92	2.42

Remarks: All Casing strings will be centralized in accordance with Onshore Order #2 and NTL FRA-90-1.

## 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 11-3/4" 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.

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  $\pm 850'$  in 12-1/4" hole.

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

*Total slurry volume is 532 ft<sup>3</sup>, 100% excess of calculated annular volume to 850'.*

B. **Production:** 5.5", 17.0#, N-80 (or K-55), LT&C casing to be set at  $\pm 8448'$  in 8.75" hole.

**1<sup>st</sup> Stage**

**LEAD:**

$\pm 1199$  sx of Premium Lite FM (Type III/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 12.1 ppg, 2.08 ft<sup>3</sup>/sk, 11.55 gal wtr/sx.

**TAIL:**

250 sx Premium Lite HS cement with bonding additive, LCM, dispersant, & fluid loss mixed at 12.5 ppg, 1.97 cuft/sx, 10.41 gal/sx.

*Total estimated slurry volume for the 5-1/2" production casing is 3007 ft<sup>3</sup>.*

*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 (8448') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (8448') to 3,000'.

C. Coring and Drill Stem Testing: None

## 6. FORMATION TOPS:

Est. KB Elevation: 6152'

FORMATION	Sub-Sea	MD	FORMATION	TV Sub-Sea	MD
Cliffhouse			Carmel Fmtn	2563	3589
Menefee			Wingate SS	2407	3745
Point Lookout	6140	12	Chinle Fmtn	2347	3805
Mancos	5869	283	Shinarump Congl.	1803	4349
Gallup SS	4640	1512	Moenkopi Fmtn	1412	4740
Greenhorn LS	3998	2154	Cutler Group	1168	4984
Graneros Shale	3941	2211	Hermosa Group	-667	6819
Dakota SS	3875	2277	Paradox Fmtn	-1283	7435
Burro Canyon SS	3756	2396	Ismay Member*	-1445	7597
Morrison Fmtn	3656	2496	Desert Creek*	-1651	7803
Bluff SS	3013	3139	Akah*	-1773	7925
Summerville Fmtn	2795	3357	Barker Creek*	-1971	8123
Todilto LS	2708	3444	Alkali Culch	-2196	8348
Entrada SS	2698	3454	TD	-2296	8448

\* Primary Objective

\*\* Secondary Objective

\*\*\*\* Maximum anticipated BHP should be <5,800 psig ( <0.63 psi/ft) \*\*\*\*

## 7. ANTICIPATED OIL, GAS, & WATER ZONES:

A.

Formation	Expected Fluids	Well Depth Top
Cliffhouse	Water	
Menefee	Water	
Point Lookout	Water	12
Gallup	Water	1512
Dakota SS	Gas	2277
Burro Canyon SS	Gas	2396
Morrison Formation	Water	2496
Bluff SS	Water	3139
Entrada SS	Water	3454
Wingate SS	Water	3745
Ismay Member	Gas	7579
Desert Creek	Gas	7803
Akah	Gas	7925
Barker Creek	Gas	8123
Alkali Gulch	Gas	8348

B. No Appreciable Water Zones are anticipated.

C. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.

D. Once the Morrison is drilled the well will be treated as a potential source of H<sub>2</sub>S.

**8. BOP Equipment:**

Minimum specification for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double ram with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50% of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed:
- b. whenever any seal subject to test pressure is broken
- c. following related repairs: and
- d. at 30 day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No.2 for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place.

Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The BLM in Durango, Colorado shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram.
- b. A choke line and a kill line are to be properly installed.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.
- e. See attached BOP & Choke Manifold diagrams.

**9. 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	--

JDN  
4/30/08

**H2S Contingency Plan**  
**(Emergency Response and Public Protection Plan)**  
**Drilling Operations**

**XTO Energy Inc.**

**Ute Indians A # 45**  
**San Juan Basin Operations**

***PREPARED BY:***  
**Jeff Clement**

**Office: (505) 333-3175**  
**Cell: (505) 215-0533**

**H2S Contingency Plan**

<b>Company Name:</b>	XTO Energy, Inc.
<b>Address:</b>	382 RD 3100, Aztec, New Mexico 87410
<b>Phone:</b>	(505) 333-3100
<b>Well Name:</b>	Ute Indians A # 45 945' FNL / 985' FEL
<b>TD:</b>	Varied Geological Tops
<b>Location:</b>	Sec.2-31N-14W NMPM, San Juan Co. New Mexico Lat.36.93460' N Long 108.27271' W (NAD 83) Lat. 36'56'04.6" Long 108'16'19.5" W (NAD 27)
<b>API #</b>	30-045-
<b>BIA</b>	142060462
<b>Formation</b>	Paradox (additional pay(s) to be determined)
<b>Geological Tops</b>	To be determined by data obtained during operations



## **Contact Personnel**

### **XTO Energy Drilling Manager**

**Brent Martin**

**Office: (505) 333-3100**

**Cell: (505) 320-4074**

### **XTO Energy Drilling Engineer**

**John Egelston**

**Office: (505) 333-3100**

**Cell: (505) 330-6902**

### **XTO Energy Drilling Superintendent**

**Jerry Lacy**

**Office (505) 333-3100**

**Cell (505) 320-6543**

### **XTO Energy Field Foremen**

**Dennis Elrod**

**Office: (505) 333-3100**

**Cell: (505) 486-6460**

### **XTO Energy Health & Safety Supervisor**

**Jeff Clement**

**Office: (505) 333-3100**

**Cell: (505) 215-0533**

### **RIG CONTRACTOR**

**To be determined**

**(505) 333-3100**

### **CONTRACT H2S / SITE SAFETY COMPANY**

**McGuire Industries Inc.**

**Leroy Winters**

**Jerry Stiffler**

**Office: (505) 6232**

**Cell: (505) 860-2546 (Leroy)**

**Cell: (505) 330-9466 (Jerry)**

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## APPENDICES

APPENDIX A	AREA MAP
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APPENDIX D	H <sub>2</sub> S RADIUS OF EXPOSURE
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APPENDIX F	HYDROGEN SULFIDE MSDS
APPENDIX G	EMPLOYEE SIGNOFF SHEET

## 1.00 PURPOSE

This Emergency Response, and Public Protection Plan (Plan), is a specific plan, that applies to the San Juan Basin Operations, of New Mexico, operated by XTO Energy Inc. (XTO). This document is designed to provide for the safety and welfare of XTO and contract personnel, the community, the environment, and property, under H2S situations.

This plan establishes evacuation procedures, assigns response duties to specific individuals, provides for notification of outside agencies, and provides details of actions to alert and protect the public. This Plan will be activated immediately upon the detection of the release of a potentially hazardous volume of hydrogen sulfide (H2S).

## 2.00 GENERAL INFORMATION ON AND PHYSIOLOGICAL RESPONSES TO HYDROGEN SULFIDE (H2S) AND SULFUR DIOXIDE (SO2).

### 2.10 HYDROGEN SULFIDE (H2S)

Hydrogen sulfide is a flammable, highly toxic, colorless gas that is heavier than air, with the odor of rotten eggs. It can be detected by smell at the concentration of only 0.002 parts per million (ppm). Above concentrations of 100 ppm, it will deaden the sense of smell in a few minutes, and at a concentration of 600 + ppm, a single breath can be fatal. If ignited, it burns with a blue flame. In still air, it tends to accumulate in low places in dangerous concentrations. However, if it is warmer than the surrounding air, it may tend to rise. The upper flammability in air is 4% (40,000 ppm).

Breathing low concentrations of H2S can cause headaches. Higher concentrations (0.01 percent by volume) cause irritation of the eyes, nose, throat, and lungs. Eyes become red and swollen, accompanied by sharp pain in more severe cases. Still higher concentrations (0.05 percent by volume) cause dizziness, unconsciousness, and failure of respiration.

The Threshold Limit Value (TLV) is 10 ppm (0.001%) in air. This is the limit for eight hours of continuous exposure as recommended by the American Conference of Governmental Industrial Hygienists. The health and safety reference values of various concentrations of H2S are listed in the toxicity chart below. A Manufacturers Safety Data Sheet (MSDS) for hydrogen sulfide is included in Appendix D.

### 2.20 SULFUR DIOXIDE (SO2)

Sulfur dioxide is formed with the burning of hydrogen sulfide gas. Sulfur dioxide is a pungent, irritating, suffocating, colorless gas. This gas is normally heavier than air and concentrations above 400 ppm are considered dangerous for even brief exposures.

Under special circumstances, hydrogen sulfide gas may be ignited in order to dissipate a gas cloud and reduce impact on a local area. Often these burning temperatures are enough to raise and mix the SO2 with air in a ratio well below toxic levels. However, great care and proper monitoring should be used when this is attempted.

Due to the irritating effect of SO2 at low concentrations of less than 5 ppm, there is usually no doubt as to it's presence in an area, which provides better warning characteristics than H2S.

### 2.30 TOXICITY CHART

NAME	SPECIFIC GRAVITY (1)	TLV (2) (ppm)	HAZARDOUS LIMIT (3)	LETHAL CONCENTRATION (4)
Hydrogen Sulfide	1.18	10	100 ppm/1hr.	600 + ppm
Sulfur Dioxide	2.21	2	50 ppm/1 hr.	400 ppm

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**Notes:**

- (1) Specific gravity of air = 1.00
- (2) TLV – Threshold Limit Value
- (3) Hazardous Limit – concentration that may cause death with short term exposure.
- (4) Lethal concentration – concentration that may cause death with only a few breaths.

### 3.00 TREATMENT PROCEDURES FOR H<sub>2</sub>S AND SO<sub>2</sub> EXPOSURE

- A. Remove the patient to fresh air. Personnel should always use fresh air breathing equipment when entering an area to retrieve a person who has been overcome with H<sub>2</sub>S.
- B. Call a physician and get patient under his care as soon as possible.
- C. If breathing has ceased, begin artificial respiration immediately. Give cardiopulmonary resuscitation (CPR) only if there is no pulse and no breathing. Continue revival efforts until physician arrives or, if patient is mobile and it is determined that he should go to the hospital, continue oxygen inhalation under the physician's direction.
- D. Administer oxygen to help eliminate toxic substances from blood stream.
- E. Keep the patient at rest and protect from chilling.

### 4.00 INDIVIDUAL RESPONSIBILITIES

It is the responsibility of *all personnel* on the location to familiarize themselves with the procedures outlined in this contingency plan.

- A. All Personnel
  1. Responsible for their assigned safety equipment.
  2. Responsible for familiarizing themselves with the location of all safety equipment.
  3. Responsible for reporting any indications of H<sub>2</sub>S to those in the area and to a supervisor.
- B. Operations Supervisor
  1. Responsible for thoroughly understanding and seeing that all aspects of this contingency plan are enforced.
  2. Responsible for implementing all phases of this contingency plan.
  3. Responsible for keeping a minimum of personnel on the location during expected hazardous operations.
  4. Responsible for coordinating all well site operations and communications in the event that an emergency condition develops.
  5. Responsible for ensuring that all visitors receive an H<sub>2</sub>S safety orientation. A visitors log will be maintained as well as a list of all personnel on location after drilling has progressed to the suspected H<sub>2</sub>S formation.

### 4.10 LOCATION LAYOUT

The location should have at least two pre-determined safe areas to assemble at in the event of an emergency. These locations should be located 180 degrees to one another, and in the direction of the prevailing winds.

- A. H<sub>2</sub>S rig monitor with at least three heads. One located at the bell nipple, one located at the shale shaker, and a third one on the rig floor.  
The location and type of all air masks. Self-contained breathing apparatus for use by rig personnel for this well will be kept in the following location(s):

Type: 1-30 min. rescue unit	Location: Safety Contractor's Trailer
Type: 1-30 min. rescue unit	Location: All Trailers
Type: 2-30 min. rescue unit	Location: Briefing Area #1
Type: 2-30 min. rescue unit	Location: Briefing Area #2
Type: 5-Hoseline work unit	Location: Safety Trailer
Type: 3-5 min escape unit	Location: Rig Floor
Type: 1-5 min. escape unit	Location: Tubing board (derrick)

If a cascade system is utilized, indicate the location(s);

Type: 10 cylinder cascade	Location: Safety Trailer located by rig base of catwalk.
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The location of windsocks or streamers. The wind directions indicators for this well will be located at:

Type: Windsock	Location: Briefing Area #1
Type: Windsock	Location: Briefing Area #2
Type: Windsock	Location: On floor & pits

The location of any other safety equipment used, such as flare guns or bug blowers.

Type: Flare gun	Location: Safety Trailer
-----------------	--------------------------

The location of all telephones and/or means of communications are as follows:

Type: Cell phone	Location: Drilling Superintendent Tool Pusher
------------------	--

**Warning Signs:**

"No Smoking" signs should be strategically located around the rig and rig location. The following locations are appropriate:

Rig Floor  
Dog house  
Substructure  
Lower landing of all stairs to rig floor  
Mud pits  
Shale shaker

"Poison Gas" signs should also be strategically located around the rig and rig location. The following locations are appropriate:

All entrances leading to location  
Lower landing of all stairs leading to rig floor  
All areas around substructure, including mud pits and shale shaker  
Various points along the perimeter of the radius of exposure

**NOTE:** All warnings should be black and yellow in color and of readable size at a distance.

#### 4.20 OPERATING PROCEDURES

The following operating procedures will be utilized for drilling in areas with H2S.

- A. Plan of operation for handling gas kicks and other problems. Any gas kick will be controlled by using approved well control techniques. Upon evidence that ambient H2S concentrations have reached 10 ppm, all non-essential personnel will be evacuated to pre-determined safe areas. Personnel remaining on the rig floor will continue to control the well until the situation indicates the area is safe to re-enter.

**Special Operations:**

**Drill Stem Tests:** All drill stem tests must be closed chamber and conducted during daylight hours only.

**Coring:** After a core has been cut, circulate bottoms up and monitor for H2S. If hole conditions (and/or detectors) indicate potentially hazardous conditions, put breathing equipment on (10) ten stands before core barrel reaches surface. Breathing equipment will be worn by all personnel while core barrel is pulled, broken out and opened, and until a safe atmosphere is indicated.

All equipment with potential for H2S shall be suitable for H2S service, i.e. Drill String, Casing, Well Head, Blowout Preventor equipment and trim, Rotating Head, Kill Lines, Choke Manifold and Lines.

A remote controlled choke will be installed prior to all H2S drilling.

Mud system pH will be maintained at or above 10.0 with sufficient materials on location to maintain the required pH.

A flare pit will be located a minimum of 150' from the wellhead and 30' from the reserve pit. Should H2S be encountered during drilling operations an *ignitable flaring system* will be used and burnable gas will then be vented to the atmosphere. Extreme caution will be noted for Sulfur Dioxide that is a by product of Hydrogen Sulfide when burned.

#### 4.30 OPERATING CONDITIONS

Operating conditions are defined in three categories. A description of each of these conditions and the required action to take are given below.

- A. **Condition I – Normal Operating Conditions, Potential Danger**  
**Characterized by:** Normal Drilling Operations in zones which contain or may contain H2S.  
**Warning Flag:** Yellow  
**Alarm:** None  
**Probable Occurrence:** No detectable gas present at surface  
**General Action:**  
Know location of safety equipment.  
Check safety equipment for proper function. Keep it available.  
Be alert for a condition change.  
Follow instructions of supervisor.
- B. **Condition II – Potential to Moderate Danger to Life**  
**Characterized by:** H2S gas present. Concentration less than 10 ppm.  
**Warning Flag:** Orange  
**Alarm:** Flashing light at 10 ppm H2S. Intermittent blasts on horn at 10 ppm H2S.  
**Probable Occurrence:** As drill gas.  
As trip gas when circulating bottoms up  
When a core barrel is pulled  
When a well kick is circulated out  
Surface pressure, well flow or lost operations

## Equipment failure during testing operations

### General Action:

Follow instructions of supervisor.

Put on breathing equipment if directed, or if conditions warrant it.

Stay in "SAFE BRIEFING AREA" if instructed and not working to correct the problem.

The Drilling Superintendent will initiate action to reduce the H<sub>2</sub>S concentration to zero.

### C. Condition III – Moderate to Extreme Danger to Life

**Characterized by:** H<sub>2</sub>S present in concentrations at or above 10 ppm. Critical well operations or well control problems. In the extreme, loss of well control.

**Warning Flag:** Red

**Alarm:** Flashing light and continuous blast on horn at 10 ppm H<sub>2</sub>S

**Probable Occurrence:** As drill gas  
As trip gas when circulating bottoms up  
When a core barrel is pulled  
When a well kick is circulated out  
Surface pressure, well flow or lost return problems  
Equipment failure during testing operations

### General Action:

Put on breathing equipment. Move to "SAFE BRIEFING AREA" and remain there if not working to correct or control problem.

Follow instructions of Drilling Superintendent or other supervisor.

The Drilling Superintendent will initiate emergency action as provided in the contingency plan and as appropriate to the actual conditions. If testing operations are in progress, the well will be shut in.

The Drilling Superintendent will conduct any necessary operations with an absolute minimum of personnel. All persons in the immediate area will wear a breathing apparatus. All other personnel will restrict their movements to those directed by the Superintendent.

If gas containing hydrogen sulfide (H<sub>2</sub>S) is ignited, the burning hydrogen sulfide will be converted to sulfur dioxide, which is poisonous.

## 5.00 HYDROGEN SULFIDE EMERGENCY PROCEDURES

The procedures listed below apply to drilling and testing operations:

### A. If at any time during Condition I, the mud logger, mud engineer, or any other person detects H<sub>2</sub>S, he will notify the Drilling Superintendent. All personnel should keep alert to the Drilling Superintendent's orders. He will:

1. Immediately begin to ascertain the cause or the source of the H<sub>2</sub>S and take steps to reduce the H<sub>2</sub>S concentration to zero. This should include having the mud engineer run a sulfide and pH determination on the flowline mud if water-base mud is in use. If an oil-base mud is in use, the mud engineer should check the lime content of the mud.
2. Order non-essential personnel out of the potential danger area.
3. Order all personnel to check their safety equipment to see that it is working properly and in the proper location. Persons without breathing equipment will not be allowed to work in a hazard area.
4. Notify the Contract Supervisor of condition and action taken.
5. Continue gas monitoring activities and continue with caution.
6. Display the orange warning flag.

### B. If the H<sub>2</sub>S concentration exceeds 10 ppm, the following steps will be taken:

1. Put on breathing equipment
2. Display red flag
3. Driller – prepare to shut the well in
  - a. Pick up pipe to get Kelly out of BOP's

- b. Close BOP's if necessary
  - 4. If testing operations are in progress, the well will be shut-in
  - 5. Help anyone who may be affected by the gas
  - 6. Evacuate quickly to the "SAFE BRIEFING AREA" if instructed or conditions warrant
- C. In the event a potentially hazardous volume of H<sub>2</sub>S is released into the atmosphere, the following steps must be taken to alert the public:
- 1. Remove all rig personnel from the danger area and assembly at a pre-determined safe area, preferable upwind from the well site.
  - 2. Alert the drilling office, public safety personnel, regulatory agencies, and the general public of the existence and location of an H<sub>2</sub>S release. See List of Emergency Telephone Numbers.
  - 3. Assign personnel to block any public road (and access road to location) at the boundary of the area of exposure. Any unauthorized people within the area should be informed that an emergency exists and be ordered to leave immediately.
  - 4. Request assistance from public safety personnel to control traffic and/or evacuate people from the threatened area.

## 6.00 TRAINING PROGRAM

All personnel associated with the drilling operations will receive training to ensure efficient and correct action in all situations. This training will be in the general areas of:

(A) Personnel Safety      (B) Rig Operations      (C) Well Control Procedures

- A. Personnel Safety Training – All Personnel shall have received H<sub>2</sub>S training in the following areas:
  - 1. Hazards and characteristics of H<sub>2</sub>S.
  - 2. Effect on mental components of the system.
  - 3. Safety precautions.
  - 4. Operation of safety equipment and life support systems.
  - 5. Corrective action and shutdown procedures.
- B. Rig Operations – All rig personnel shall have received training in the following areas:
  - 1. Well control procedures.
  - 2. Layout and operations of the well control equipment.

**NOTE:** *Proficiency will be developed through BOP drills which will be documented by the Drilling Superintendent.*

- 7. Service Company Personnel – All service personnel shall be trained by their employers in the hazards and characteristics of H<sub>2</sub>S, and the operation of safety equipment, and life support systems.

Visitors – All first time visitors to the location will be required to attend a safety orientation. The Drilling Superintendent shall be responsible for this orientation and he shall see that every visitor is logged correctly.

Public - The public within the area of exposure shall be given an advance briefing by the Drilling Superintendent. This briefing must include the following elements:

- 1. Hazards and characteristics of hydrogen sulfide. It is an extremely dangerous gas. It is normally detectable by its "rotten egg" odor, but odor is not a reliable means of detections because the sense of smell may be dulled or lost due to intake of the gas. It is colorless, transparent and flammable. It is heavier than air and may accumulate in low places.
- 2. The necessity of an emergency action plan. Due to the danger of persons exposed to hydrogen sulfide and the need for expeditious action should an emergency occur, this action plan will be put into effect if and when a leak occurs.
- 3. The location of hydrogen sulfide within the area of exposure at the drilling location.
- 4. The manner in which the public will be notified of an emergency.
- 5. Steps to be taken in case of an emergency.
- 6. Abandon danger area.



7. Notify necessary agencies and request assistance for controlling traffic and evacuating people.

#### **7.00 PROTECTION OF THE GENERAL PUBLIC**

#### **7.10 NOTIFICATION OF POTENTIAL DANGER**

- Warning signs will be prominently displayed at the well site and at all access points.

#### **7.20 EMERGENCY EVACUATION AND ISOLATION OF DANGER AREA**

In the event that toxic gases are released in such quantities as to be a possible hazard to the public, the following steps (in addition to the procedure outlines in Section 5.00) will be taken by the person in charge.

- Choose a command post site in a safe area
- Alert by telephone the Incident Commander or the Safety Manager and notify the person of the situation and your choice of command posts.
- Notify local Law Enforcement Officials of the need to restrict entry to the area and the location of your command post. Request their assistance in restricting entry into the danger area by placing roadblocks or barriers in safe areas.

**NOTE:** *Alternate command posts and roadblocks may be required; the Incident Commander may make changes in the locations listed above. Care should be taken to notify all responders of the changes.*

- If evacuation cannot be accomplished in a timely manner and the H<sub>2</sub>S release is posing an immediate threat to human life, the Incident Commander may choose to ignite the gas. Because of the increased risks igniting the gas can pose for response personnel, only the Incident Commander can give this order.



United States Department of the Interior  
BUREAU OF INDIAN AFFAIRS  
Ute Mountain Ute Agency  
P.O. Box KK  
Towaoc, Colorado 81334



IN REPLY REFER TO:  
Office of the Superintendent

BLM, San Juan Resources Area  
Attn: Richard Rymerson  
Oil & Gas Division  
15 Burnett Court  
Durango, CO 81301

OCT 16 2008

RECEIVED

OCT 20 2008

Bureau of Land Management  
Durango, Colorado

RE: Application for Permit to Drill from XTO  
Energy, Inc. Well Pad and Access Road, and Well  
Tie Pipeline for Ute Indians A #45.

Dear Mr. Rymerson:

Based upon the available information received in this office, we concur with the issuance of the Application for Permit to Drill (APD) for the above-referenced well.

The proposed project is in compliance with provisions of Section 106 of the National Historic Preservation Act and may proceed under the following general stipulations:

1. All land altering activities be confined to the area surveyed for cultural resources; and the project sponsor shall control the action of it's agent(s) at the job site to ensure that any archaeological sites will not be disturbed or damaged. Site disturbance or damage is a violation of the Archaeological Resources Protection Act (16 U.S.C. § 470ee) which prohibits the excavation, removal, damage, alteration or defacement. Or attempt to excavate, remove, damage, alter or deface any archaeological resources [cultural resources] located on Federal or Indian Lands. Both criminal and civil penalties may be assessed (16 U.S.C. §§470ee and 470ff) for violations.
2. That in the event subterranean cultural resources are encountered, land altering activities shall cease within 50 feet of the discovery and the Ute Mountain Ute Indian Tribe and the Bureau of Indian Affairs Regional Archeologist shall be notified immediately for consultation on the treatment of the discovery.

These stipulations must be followed or project suspension may be issued. The responsibility of the project sponsor is to notify subcontractors of the project boundaries and stipulations. Any change in project boundaries will require additional cultural resource inventory and repetition of the compliance procedures.

Prior to land modifying projects outside the scope of this approval, Section 106 compliance is one of several legal requirements, which must be accomplished before approving any right-of-way, easement, or other land use contracts by the Bureau of Indian Affairs. Land modifications conducted outside of this approval will be considered trespass.

The above mentioned site has been cleared for threatened and endangered or sensitive species. Copies of this report are on file with this office. This approval does not grant any easement rights.

Attached is a copy of the Ute Mountain Ute Tribe's stipulations for all operators drilling on the Ute Mountain Ute Reservation. If you have any questions, contact the Branch of Real Estate Services at (970) 565-8473.

Sincerely,

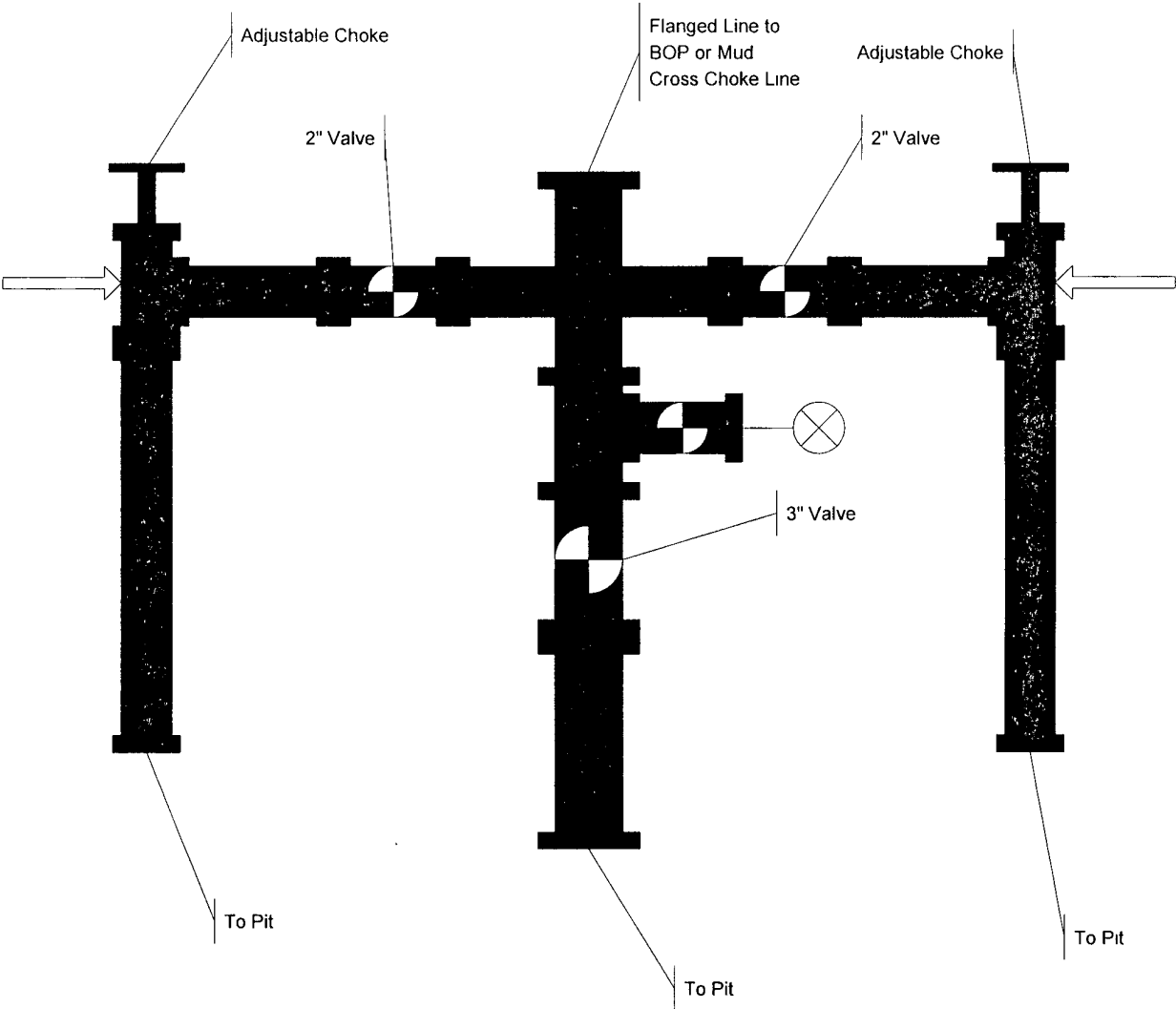
  
Superintendent

Enclosure(s)

XTO Energy

3M Choke  
Manifold

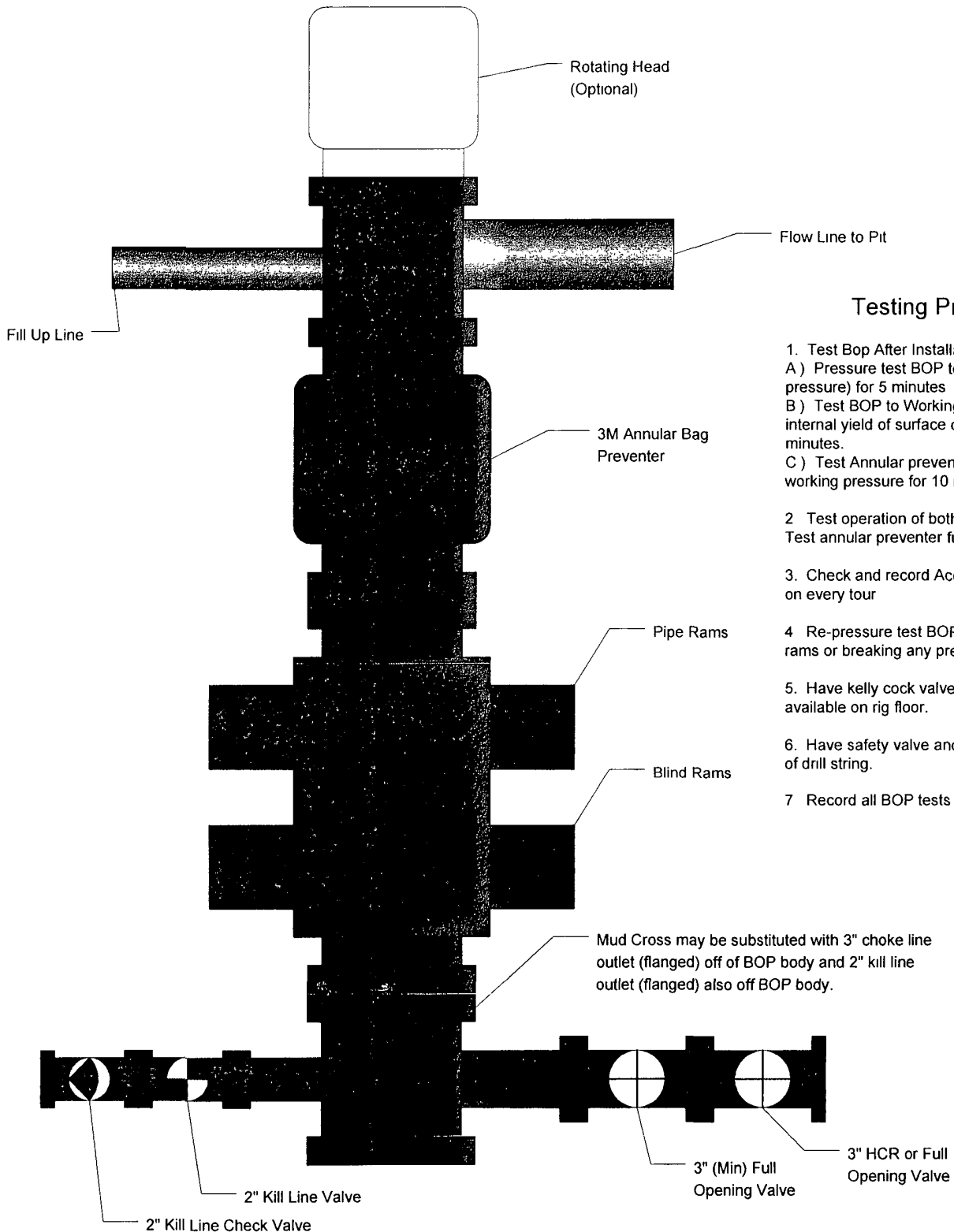
11/9/2006



# XTO Energy

3M BOP Stack

11/8/2006



## Testing Procedure

1. Test Bop After Installation:
  - A ) Pressure test BOP to 200-300 psig (low pressure) for 5 minutes
  - B ) Test BOP to Working pressure or 70% internal yield of surface casing for 10 minutes.
  - C ) Test Annular preventer to 50% of working pressure for 10 minutes
2. Test operation of both rams on each trip. Test annular preventer function weekly
3. Check and record Accumulator pressure on every tour
4. Re-pressure test BOP after changing rams or breaking any pressure tested seal
5. Have kelly cock valve with handle available on rig floor.
6. Have safety valve and subs to fit all sizes of drill string.
7. Record all BOP tests in IADC book.