

RECEIVED

FORM APPROVED  
OMB No 1004-0137  
Expires July 31, 2010

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

JUL 10 2009


Bureau of Land Management  
Farrington 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. NMSF 078881
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		7 If Unit or CA Agreement, Name and No. Canyon Largo Unit
2 Name of Operator Huntington Energy, L.L.C.		8 Lease Name and Well No. Canyon Largo Unit #498
3a Address 908 N W. 71st St. Oklahoma City, OK 73116		9 API Well No. 3003930791
3b Phone No. (include area code) (405) 840-9876		10 Field and Pool, or Exploratory Basin Dakota
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface Lot F, 2170' FNL & 2380' FWL, Sec 12-25N-7W At proposed prod. zone Lot F, 1980' FNL & 1980' FWL, Sec 12-25N-7W		11 Sec., T R M. or Blk and Survey or Area F Sec 12, T25N-R7W
14 Distance in miles and direction from nearest town or post office* 35 miles SE from Blanco		12 County or Parish Rio Arriba
15 Distance from proposed* 1980' location to nearest property or lease line, ft (Also to nearest drig. unit line, if any)		13 State NM
16 No. of acres in lease 2080.76		17 Spacing Unit dedicated to this well 320 W/2 RCD JUL 23 '09 OIL CONS. DIV.
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft		20 BLM/BIA Bond No. on file NMB000076 DIST. 3
19 Proposed Depth 7600' TVD		21 Elevations (Show whether DF, KDB, RT, GL, etc.) 6959' GL
22 Approximate date work will start* March 2010		23 Estimated duration approx 30 days

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  **H<sub>2</sub>S POTENTIAL EXIST** Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
- 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)
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25 Signature <i>Catherine Smith</i>	Name (Printed/Typed) Catherine Smith	Date 07/09/2009
Title Huntington Energy, L.L.C., agent for Burlington Resources Oil and Gas Company, LP		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 7/21/09
Title <i>AFM</i>	Office <i>FEO</i>	

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.

(Continued on page 2)

\*(Instructions on page 2)

JUL 28 2009

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS.

NOTIFY AZTEC 24 HRS.  
PRIOR TO CASING & CEMENT

NMOCD

This action is subject to technical and procedural review pursuant to 43 CFR 3165.9 and appeal pursuant to 43 CFR 3165.4

Hold C104

for Directional Survey  
and "As Drilled" plat

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

Fee Lease - 3 Copies

**Bureau of Land Management**  
**Farmington Field Office**

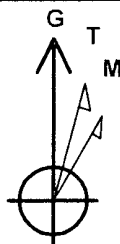
Certificate Number

# Huntington Energy LLC

## Canyon Largo 498

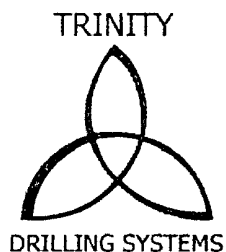
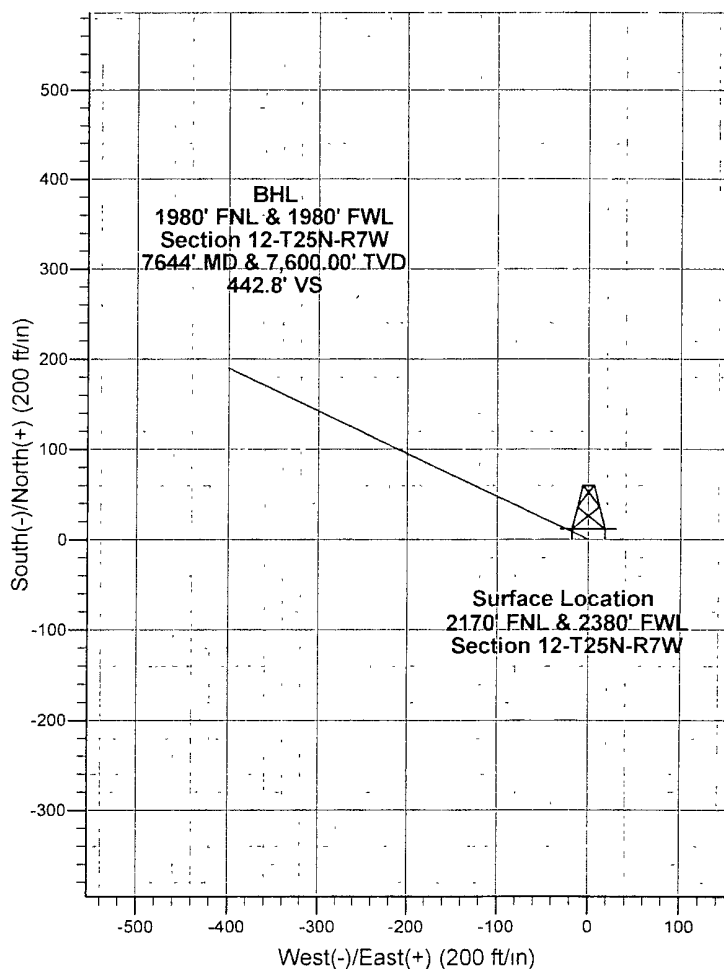
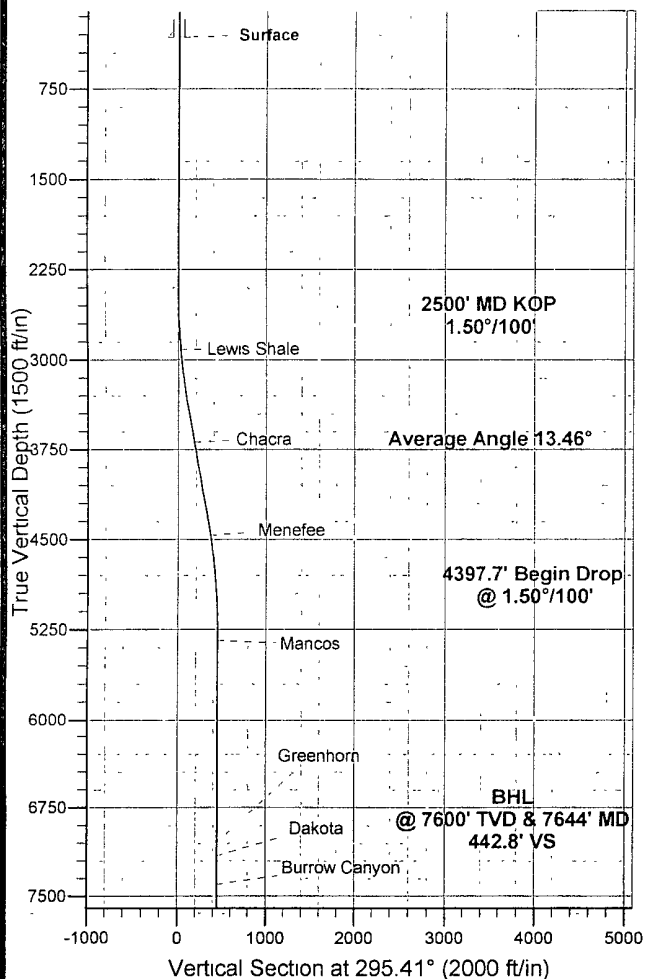
### Rio Arriba

#### Section 12-T25N-R7W



Azimuths to Grid North  
True North: 0.76°  
Magnetic North: 10.74°

Magnetic Field  
Strength: 50851.3 nT  
Dip Angle: 63.28°  
Date: 2009/06/30  
Model: IGRF200510



#### SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0 0	0.00	0 00	0.0	0.0	0.0	0.00	0.00	0.0	
2	350 0	0.00	0 00	350.0	0.0	0.0	0.00	0.00	0.0	
3	2500 0	0.00	0.00	2500.0	0.0	0.0	0.00	0.00	0.0	
4	3397.7	13.46	295.41	3389.4	45.0	-94.8	1.50	295.41	105.0	
5	4397.7	13.46	295.41	4361.9	145.0	-305.2	0.00	0.00	337.8	
6	5295.3	0.00	0 00	5251.3	190.0	-400.0	1.50	180.00	442.8	
7	7644.0	0.00	0 00	7600.0	190.0	-400.0	0.00	0.00	442.8	Bottom Hole Location

# Planning Report

**Database:** EDM 2003.21 Single User Db  
**Company:** Huntington Energy  
**Project:** Canyon Largo 498  
**Site:** Site #1  
**Well:** Canyon Largo Unit 498  
**Wellbore:** Wellbore #1  
**Design:** Design #1

**Local Co-ordinate Reference:** Well Canyon Largo Unit 498  
**TVD Reference:** WELL @ 0.0ft (Original Well Elev)  
**MD Reference:** WELL @ 0.0ft (Original Well Elev)  
**North Reference:** Grid  
**Survey Calculation Method:** Minimum Curvature

## Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
5,100.0	2.93	295.41	5,056.1	187.9	-395.5	437.8	1.50	-1.50	0.00
5,200.0	1.43	295.41	5,156.0	189.5	-398.9	441.6	1.50	-1.50	0.00
5,295.3	0.00	0.00	5,251.3	190.0	-400.0	442.8	1.50	-1.50	0.00
5,300.0	0.00	0.00	5,256.0	190.0	-400.0	442.8	0.00	0.00	0.00
5,400.0	0.00	0.00	5,356.0	190.0	-400.0	442.8	0.00	0.00	0.00
5,500.0	0.00	0.00	5,456.0	190.0	-400.0	442.8	0.00	0.00	0.00
5,600.0	0.00	0.00	5,556.0	190.0	-400.0	442.8	0.00	0.00	0.00
5,700.0	0.00	0.00	5,656.0	190.0	-400.0	442.8	0.00	0.00	0.00
5,800.0	0.00	0.00	5,756.0	190.0	-400.0	442.8	0.00	0.00	0.00
5,900.0	0.00	0.00	5,856.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,000.0	0.00	0.00	5,956.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,100.0	0.00	0.00	6,056.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,200.0	0.00	0.00	6,156.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,300.0	0.00	0.00	6,256.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,400.0	0.00	0.00	6,356.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,500.0	0.00	0.00	6,456.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,600.0	0.00	0.00	6,556.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,700.0	0.00	0.00	6,656.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,800.0	0.00	0.00	6,756.0	190.0	-400.0	442.8	0.00	0.00	0.00
6,900.0	0.00	0.00	6,856.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,000.0	0.00	0.00	6,956.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,100.0	0.00	0.00	7,056.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,200.0	0.00	0.00	7,156.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,300.0	0.00	0.00	7,256.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,400.0	0.00	0.00	7,356.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,500.0	0.00	0.00	7,456.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,600.0	0.00	0.00	7,556.0	190.0	-400.0	442.8	0.00	0.00	0.00
7,644.0	0.00	0.00	7,600.0	190.0	-400.0	442.8	0.00	0.00	0.00

## Casing Points

Measured Depth (ft)	Vertical Depth (ft)	Name	Casing Diameter (")	Hole Diameter (")
320.0	320.0	Surface	8-5/8	12-1/4

## Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
2,913.8	2,913.0	Lewis Shale		0.00	
3,704.7	3,688.0	Chacra		0.00	
4,501.3	4,463.0	Menefee		0.00	
5,382.0	5,338.0	Mancos		0.00	
7,097.0	7,053.0	Greenhorn		0.00	
7,202.0	7,158.0	Dakota		0.00	
7,442.0	7,398.0	Burrow Canyon		0.00	
	7,600.0	TD		0.00	

## OPERATIONS PLAN

Well Name: **Canyon Largo Unit #498**  
Location: Surface: 2170' FNL, 2380' FWL, SENW Lot F, Sec 12, T25N, R7W  
BHL: 1980' FNL, 1980' FWL, SENW Lot F, Sec 12, T25N, R7W NMPM  
Rio Arriba County, NM  
Formation: Basin Dakota  
Elevation: 6959' GL

<u>Formation Tops:</u>	<u>Measured Depth (Tops-TVD)</u>	<u>RMSL (TVD)</u>
San Jose	Surface	
Fruitland	2563'	4355'
Picture Cliffs	2938'	3980'
Lewis Shale	2913'	4005'
Heurfanito Bentonite	3233'	3685'
Chacra	3688'	3230'
Cliff House	4398'	2520'
Menefee	4463'	2455'
Point Lookout	5113'	1805'
Mancos	5338'	1580'
Gallup (Niobrara)	6258'	660'
Greenhorn	7053'	-135'
Graneros	7113'	-195'
Dakota	7158'	-240'
Encinal	7363'	Main Dakota pay -445'
Burro Canyon	7398'	-480'
Morrison	7478'	-560'
TD	7600'	

### Logging Program:

Mud log – 4200' to TD  
Open hole logs– PEX (interval to be determined)  
Cased hole logs –CBL/GR – TD to 5800'  
Cores & DST's – none

### Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0 – 320'	Spud	8.4-8.9	40-50	no control
320 – 7600'	LSND	8.4-9.0	40-60	8-12

Pit levels will be visually monitored to detect gain or loss of fluid control.

### Casing Program:

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0' – 320'	8 5/8"	24.0#	<del>WC-50</del> J-55
7 7/8"	0' – 7600'	4 1/2"	11.6#	N-80

### Tubing Program:

0' – 7600'      2 3/8"      4.7#      J-55

### BOP Specifications, Wellhead and Tests:

#### Surface to TD –

11" 3000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes. Drilling Spool may or may not be employed.

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Completion Operations:

6" 3000 psi double gate BOP stack (Reference Figure #1). After nipple-up prior to completion, pipe rams and casing top will be tested to 3000 psi for 15 minutes.

Surface to Total Depth:

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Wellhead:

8 5/8" x 4 1/2" x 1 1/2" x 1 1/2" x 3000 psi tree assembly.

General:

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper Kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- A BOP pit level drill will be conducted weekly for each drilling crew.
- All of the BOP tests and drills will be recorded in the daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

8 5/8" surface casing –

Cement to surface w/265 sx Class "B" cement w/3% calcium chloride and 1/4#/sx cellophane flakes (312 cu. ft. of slurry, 200% excess to circulate to surface).

WOC 8 hr. prior to drilling out surface casing. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

Production Casing – 4 1/2"

Lead with 700 sx 65/35 Standard Poz w/6% gel, 1/4# Flocele, 10# Gilsonite, 3/10% Halad 9, 1/10% HR5 (1.96 yld). Tail w/900 sx 50/50 Standard Poz w/35 Gel, 9/10% Halad9, 2/10% CFR 3, 5# Gilsonite, 1/4# Flocele (1.47 yld).

Alternate Two-stage cement job as follows:

First Stage: Cement to circulate to stage tool @ 5066'. Lead with 700 sx Class "G" 50/50 poz (13#, 1.47 yd) w/3% gel, 0.25 pps Celloflake, 5 pps Gilsonite, 0.25 pps Fluid loss, 0.15% dispersant, 0.1% retarder. WOC 4 hours prior to pumping second stage. (Slurry volume: 1029 cu. ft. Excess slurry: 50%). DV Tool at 5000 ft.

Second Stage: Cement to circulate to surface. Cement with 700 sx Class "G" (12#, 2.9yd) TXI Liteweight cement w/2.5% sodium metasilicate, 2% calcium chloride, 10 pps Gilsonite, 0.5 pps Celloflake, 0.2% antifoam. WOC a minimum of 18 hours prior to cleanout. (Slurry volume: 1914 cu. ft. Excess slurry: 50%). Tail w/50 sx Class "B" w/1/4# Flocele (15.6#, 1.18 yd), ( Slurry 59 cu. ft., Excess 50%).

Float shoe on bottom. Three centralizers run every other joint above shoe. Thirty-five centralizers - one every 4<sup>th</sup> joint to the base of the Ojo Alamo @ 2448'. Two turbolizing type centralizers – one below and one into the base of the Ojo Alamo @ 2448'. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Additional Information:

The Dakota formations will be completed. If Dakota is non-commercial, Devils Fork Gallup will be completed.

- No abnormal temperatures or hazards are anticipated.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The west half of the Section 12 is dedicated to this well.
- This gas is dedicated.
- Anticipated pore pressure

Fruitland Coal	300 psi
Pictured Cliffs	500 psi
Mesa Verde	700 psi
Dakota	3000 psi



## DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Minerals Management Service, Unit Operator, hereafter referred to as "Operator", under the Canyon Largo Unit Agreement, Rio Arriba County, New Mexico No.: 14-08-001-1059 approved July 22, 1952 and hereby designates:

NAME: **Huntington Energy, L.L.C.**  
ADDRESS: **908 N.W. 71<sup>st</sup> St.**  
**Oklahoma City, OK 73116**

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing and completing the unitized substances to a depth covering the top to the base of the Dakota formation for the following well:

**CANYON LARGO UNIT # 498**  
**SENW of Section 12, T25N, R7W**  
**W/2 Dakota Formation**  
**Rio Arriba County, New Mexico**

It is understood that this Designation of Agent does not relieve the Operator of responsibility for compliance with the terms of the Unit Agreement and the Oil and Gas Operating Regulations. It is also understood that this Designation of Agent does not constitute an assignment of any interest under the Unit Agreement or any lease committed thereto.

In case of default on the part of the designated agent, the Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representatives.

The Operator agrees promptly to notify the oil and gas supervisor of any change in the designated agent.

This Designation of Agent is deemed to be temporary and in no manner a permanent arrangement.

This Designation of Agent is limited to field operations only and does not cover administrative action, which shall require the specific authorization of the Operator.



This Designation of Agent shall be effective until the Canyon Largo Unit #498 has been drilled, completed and deemed commercial by the BLM. Operator shall track and submit commerciality analysis to the appropriate BLM authority. Once said well has been deemed commercial, Operator shall give Huntington Energy, L.L.C. notice thereof. Upon such notice, Huntington Energy, L.L.C shall ensure the well and related facilities, including telemetry, meet Operator's requirements, as previously provided to Huntington Energy L.L.C., and thereafter Operator will assume operations for the well the first of the month subsequent to the well being deemed commercial.

This Designation of Agent is also subject to the terms and conditions contained in Exhibit "A" attached hereto.

Burlington Resources Oil & Gas Company LP  
By: BROG GP Inc., its sole General Partner,  
As Canyon Largo Unit Operator

6/24/09  
Date

By: William Rainbolt *WR*  
William Rainbolt  
Attorney-in-Fact

Huntington Energy, L.L.C.

6/26/09  
Date

By: David M. Herritt  
David M. Herritt, Member

HUNTINGTON ENERGY, L.L.C.  
CANYON LARGO UNIT  
RIO ARRIBA CO., NM

BOP STACK - 3000 PSI

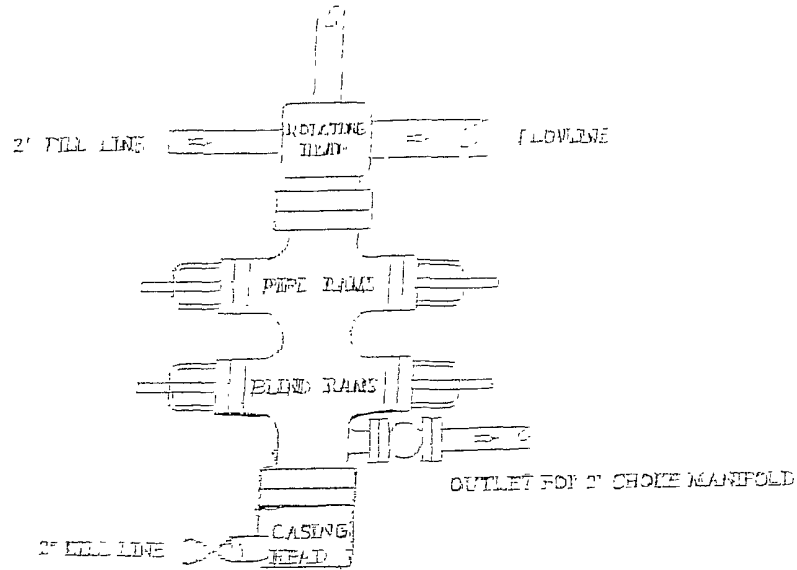


FIGURE 1

CHOKER MANIFOLD - 3000 PSI

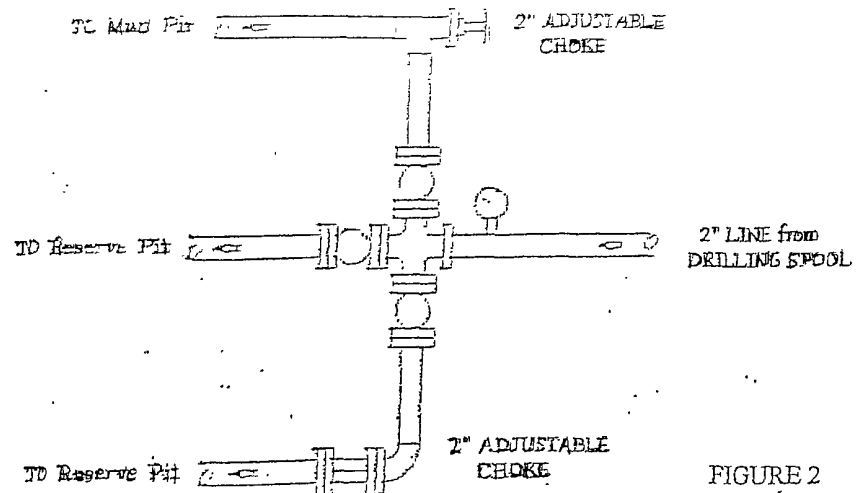


FIGURE 2