

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0137  
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2

MAY 25 2010

1. Type of Well  
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
XTO ENERGY INC.

Bureau of Land Management  
Farmington Field Office

3a. Address  
382 CR 3100 AZTEC, NM 87410

3b. Phone No. (include area code)  
505-333-3100

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
SHL 770' FSL x 1975' FEL SEC. 1, T27N, R13W  
BHL 699' FNL x 1939' FEL

5. Lease Serial No.

NMSF-078101

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA/Agreement, Name and/or No.  
NMNM119350

8. Well Name and No.

SHIPP GAS COM #21H

9. API Well No.

30-045-34903

10. Field and Pool, or Exploratory Area  
BASIN FRUITLAND COAL

11. County or Parish, State

SAN JUAN NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- |                                               |                                           |                                                    |                                                          |
|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                  |
| <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                  |
| <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <u>REVISED</u> |
| <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <u>DRILLING PROG. AND</u>                                |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            | <u>DIRECTIONAL PLAN</u>                                  |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Please see attached revised drilling program and directional plan reflecting the change of BHL.

RCVD SEP 10 '10  
OIL CONS. DIV.

DIST. 3

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

CONDITIONS OF APPROVAL  
Adhere to previously issued stipulations.

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

Malia Villers

Title Permitting Tech.

Signature

Malia Villers

Date 5/24/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Troy L. Sayers

Title Petroleum Engineer  
Office FFO

Date 9/8/2010

Conditions of approval, if any, are attached. Approval of this notice 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.

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

# XTO ENERGY INC.

Shipp Gas Com #21 H

APD Data

May 21, 2010

Location: 770' FSL x 1975' FEL Sec 1, T27N, R13W County: San Juan

State: New Mexico

Bottomhole Location: 700' FNL x 1940' FEL Sec 1, T27N, R13W

GREATEST PROJECTED TVD: 1282'

APPROX GR ELEV: 5778'

GREATEST PROJECTED MD: 4684'

Est KB ELEV: 5790' (12' AGL)

OBJECTIVE: Fruitland Coal

## 1. MUD PROGRAM:

| INTERVAL   | 0' to 225'  | 225' to 1815' | 1815' to TD |
|------------|-------------|---------------|-------------|
| HOLE SIZE  | 12.25"      | 8.75"         | 6.125"      |
| MUD TYPE   | FW/Spud Mud | FW/Polymer    | Polyme/Mud  |
| WEIGHT     | 8.6-9.0     | 8.4-8.8       | NA          |
| VISCOSITY  | 28-32       | 28-32         | NA          |
| WATER LOSS | NC          | NC            | NC          |

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  $\pm 225'$  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 <sup>1</sup> | SF Burst <sup>2</sup> | SF Ten <sup>3</sup> |
|----------|--------|-------|------|------|-------------------|--------------------|----------------|---------|------------|----------------------|-----------------------|---------------------|
| 0'-225'  | 225'   | 36.0# | J-55 | ST&C | 2020              | 3520               | 394            | 8.921   | 8.765      | 18.76                | 32.7                  | 48.6                |

Intermediate Casing: 7" casing to be set at  $\pm 1815'$  MD, 1282' TVD 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 <sup>1</sup> | SF Burst <sup>2</sup> | SF Ten <sup>3</sup> |
|----------|--------|-------|------|------|-------------------|--------------------|----------------|---------|------------|----------------------|-----------------------|---------------------|
| 0'-1815  | 1815'  | 23.0# | J-55 | ST&C | 3270              | 4360               | 284            | 6.276   | 6.151      | 5.33                 | 7.11                  | 6.8                 |

Production Casing: 4.5" casing to be set at  $\pm 4684'$  MD, 1282' TVD in 6.125" hole filled with 8.4 ppg mud.

| Interval    | Length | Wt   | Gr   | Cplg | Coll Rating (psi) | Burst Rating (psi) | Jt Str (M-lbs) | ID (in) | Drift (in) | SF Coll <sup>1</sup> | SF Burst <sup>2</sup> | SF Ten <sup>3</sup> |
|-------------|--------|------|------|------|-------------------|--------------------|----------------|---------|------------|----------------------|-----------------------|---------------------|
| 1755'-4684' | 2929'  | 10.5 | J-55 | ST&C | 4010              | 4790               | 132            | 4.052   | 3.927      | 7.16                 | 8.55                  | 4.29                |

<sup>1</sup>Collapse SF is based on evacuated annulus and hydrostatic at TVD.

<sup>2</sup>Burst SF is based on evacuated casing and hydrostatic at TVD.

<sup>3</sup>Tensile SF is based on hanging air weight of casing in a vertical hole at measured depth.

## 3. WELLHEAD:

- A. Casing Head: WHI QDF System (or equivalent), 9-5/8" x 7", 3,000 psig WP (4,000 psig test) with 9-5/8" 8rnd thread ST&C pin end on bottom and 4-1/2" slips on top.
- B. Tubing Head: WHI W2F (or equivalent), 7.063" nominal, 5,000 psig WP (5,000 psig test), 5-1/2" slip-on or weld-on.

**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  $\pm 225'$  in 12-1/4" hole.

101 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 141 ft<sup>3</sup>, 100% excess of calculated annular volume to 225'.*

- B. Production Casing: 7", 23#/ft, J-55, ST&C casing to be set at  $\pm 1815'$  MD, 1282' TVD in 8.75" hole.

LEAD:

$\pm 120$  sx of Premium Lite FM or CBM Lite typically containing accelerator, LCM, dispersant, and fluid loss additives at 12.1 ppg, 2.22 ft<sup>3</sup>/sk, & 12.04 gal wtr/sk.

TAIL:

$\pm 100$  sx of Type III or V cement typically containing accelerator, LCM, dispersant, and fluid loss additives at 14.2 ppg, 1.48 ft<sup>3</sup>/sk, & 7.34 gal wtr/sk.

*Total estimated slurry volume for the 7" production casing is 414 ft<sup>3</sup>.*

- C. Production Liner: 4.5", 10.5#/ft, J-55, ST&C casing is to be set at 4684' MD, 1282' TVD in 6.125" hole.

The production liner will be set using an uncemented liner hanger. The liner may be tied back to surface during the completion of the well.

*Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined from the caliper logs (if available) plus 40%. It will be attempted to circulate cement to the surface.*

**5. LOGGING PROGRAM:**

- A. Mud Logger: A geologic consultant or unmanned mud logging unit will begin logging the well once the surface shoe is drilled out and remain on the well to TD.
- B. Open Hole Logs as follows: Gamma Ray from Surface shoe to TD.

6. **FORMATION TOPS:**

See attached Directional Plan

\*\*\*\* 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 | 505-330-6902 |
| Bobby Jackson      | Drilling Superintendent | 505-333-3224 | 505-486-4706 |
| John Klutsch       | Project Geologist       | 817-885-2800 | --           |

JDN  
5/21/10

# **XTO Energy**

**San Juan Basin (NAD 83)**

**Shipp Gas Com #21H**

**Shipp Gas Com #21H**

**Shipp Gas Com #21H**

**Plan: Shipp Gas Com #21H -- Permitted Wellbore**

## **Standard Planning Report**

**21 May, 2010**

# XTO Energy Inc.

## Planning Report

|           |                                          |                              |                               |
|-----------|------------------------------------------|------------------------------|-------------------------------|
| Database: | EDM 2003.21 Single User Db               | Local Co-ordinate Reference: | Well Shipp Gas Com #21H       |
| Company:  | XTO Energy                               | TVD Reference:               | Rig KB @ 5790.0ft (Aztec 507) |
| Project:  | San Juan Basin (NAD 83)                  | MD Reference:                | Rig KB @ 5790.0ft (Aztec 507) |
| Site:     | Shipp Gas Com #21H                       | North Reference:             | True                          |
| Well:     | Shipp Gas Com #21H                       | Survey Calculation Method:   | Minimum Curvature             |
| Wellbore: | Shipp Gas Com #21H                       |                              |                               |
| Design:   | Shipp Gas Com #21H -- Permitted Wellbore |                              |                               |

|             |                                           |               |                |
|-------------|-------------------------------------------|---------------|----------------|
| Project     | San Juan Basin (NAD 83), San Juan Co., NM |               |                |
| Map System: | US State Plane 1983                       | System Datum: | Mean Sea Level |
| Geo Datum:  | North American Datum 1983                 |               |                |
| Map Zone:   | New Mexico Western Zone                   |               |                |

|                       |                                |                   |                  |
|-----------------------|--------------------------------|-------------------|------------------|
| Site                  | Shipp Gas Com #21H, T27N, R13W |                   |                  |
| Site Position:        |                                | Northing:         | 2,037,564.88 ft  |
| From:                 | Lat/Long                       | Easting:          | 2,624,773.30 ft  |
| Position Uncertainty: | 0.0 ft                         | Slot Radius:      | "                |
|                       |                                | Latitude:         | 36° 35' 56.868 N |
|                       |                                | Longitude:        | 108° 10' 5.808 W |
|                       |                                | Grid Convergence: | -0.20 °          |

|                      |                                        |                     |                           |
|----------------------|----------------------------------------|---------------------|---------------------------|
| Well                 | Shipp Gas Com #21H, Horizontal FC well |                     |                           |
| Well Position        | +N/-S                                  | 0.0 ft              | Northing: 2,037,564.88 ft |
|                      | +E/-W                                  | 0.0 ft              | Easting: 2,624,773.30 ft  |
| Position Uncertainty | 0.0 ft                                 | Wellhead Elevation: | 5,778.0 ft                |
|                      |                                        | Latitude:           | 36° 35' 56.868 N          |
|                      |                                        | Longitude:          | 108° 10' 5.808 W          |
|                      |                                        | Ground Level:       | 5,778.0 ft                |

|           |                    |             |                |
|-----------|--------------------|-------------|----------------|
| Wellbore  | Shipp Gas Com #21H |             |                |
| Magnetics | Model Name         | Sample Date | Declination    |
|           | IGRF200510         | 12/31/2009  | 10.21          |
|           |                    |             | Dip Angle      |
|           |                    |             | 63.31          |
|           |                    |             | Field Strength |
|           |                    |             | 50,778         |

|                   |                                          |           |                   |
|-------------------|------------------------------------------|-----------|-------------------|
| Design            | Shipp Gas Com #21H -- Permitted Wellbore |           |                   |
| Audit Notes:      |                                          |           |                   |
| Version:          | Phase:                                   | PROTOTYPE | Tie On Depth: 0.0 |
| Vertical Section: | Depth From (TVD)                         | +N/-S     | +E/-W             |
|                   | (ft)                                     | (ft)      | (ft)              |
|                   | 0.0                                      | 0.0       | 0.0               |
|                   |                                          |           | Direction         |
|                   |                                          |           | (°)               |
|                   |                                          |           | 0.44              |

| Plan Sections |             |         |          |         |       |           |           |           |      |                      |
|---------------|-------------|---------|----------|---------|-------|-----------|-----------|-----------|------|----------------------|
| Measured      | Inclination | Azimuth | Vertical | +N/-S   | +E/-W | Dogleg    | Build     | Turn      | TFO  | Target               |
| Depth         | (°)         | (°)     | Depth    | (ft)    | (ft)  | Rate      | Rate      | Rate      | (°)  |                      |
| (ft)          |             |         | (ft)     |         |       | (°/100ft) | (°/100ft) | (°/100ft) |      |                      |
| 0.0           | 0.00        | 0.00    | 0.0      | 0.0     | 0.0   | 0.00      | 0.00      | 0.00      | 0.00 |                      |
| 327.6         | 0.00        | 0.00    | 327.6    | 0.0     | 0.0   | 0.00      | 0.00      | 0.00      | 0.00 |                      |
| 1,815.1       | 89.25       | 0.44    | 1,282.4  | 942.4   | 7.3   | 6.00      | 6.00      | 0.00      | 0.44 |                      |
| 4,684.6       | 89.25       | 0.44    | 1,320.0  | 3,811.6 | 29.4  | 0.00      | 0.00      | 0.00      | 0.00 | Permitted BHL --Ship |

# XTO Energy Inc.

## Planning Report

|           |                                          |                              |                               |
|-----------|------------------------------------------|------------------------------|-------------------------------|
| Database: | EDM 2003.21 Single User Db               | Local Co-ordinate Reference: | Well Shipp Gas Com #21H       |
| Company:  | XTO Energy                               | TVD Reference:               | Rig KB @ 5790.0ft (Aztec 507) |
| Project:  | San Juan Basin (NAD 83)                  | MD Reference:                | Rig KB @ 5790.0ft (Aztec 507) |
| Site:     | Shipp Gas Com #21H                       | North Reference:             | True                          |
| Well:     | Shipp Gas Com #21H                       | Survey Calculation Method:   | Minimum Curvature             |
| Wellbore: | Shipp Gas Com #21H                       |                              |                               |
| Design:   | Shipp Gas Com #21H -- Permitted Wellbore |                              |                               |

| 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) |
| 0.0                  | 0.00            | 0.00        | 0.0                 | 0.0        | 0.0        | 0.0                   | 0.00                  | 0.00                 | 0.00                |
| 100.0                | 0.00            | 0.00        | 100.0               | 0.0        | 0.0        | 0.0                   | 0.00                  | 0.00                 | 0.00                |
| 200.0                | 0.00            | 0.00        | 200.0               | 0.0        | 0.0        | 0.0                   | 0.00                  | 0.00                 | 0.00                |
| 225.0                | 0.00            | 0.00        | 225.0               | 0.0        | 0.0        | 0.0                   | 0.00                  | 0.00                 | 0.00                |
| 9 5/8"               |                 |             |                     |            |            |                       |                       |                      |                     |
| 300.0                | 0.00            | 0.00        | 300.0               | 0.0        | 0.0        | 0.0                   | 0.00                  | 0.00                 | 0.00                |
| 327.6                | 0.00            | 0.00        | 327.6               | 0.0        | 0.0        | 0.0                   | 0.00                  | 0.00                 | 0.00                |
| 350.0                | 1.34            | 0.44        | 350.0               | 0.3        | 0.0        | 0.3                   | 6.00                  | 6.00                 | 0.00                |
| 400.0                | 4.34            | 0.44        | 399.9               | 2.7        | 0.0        | 2.7                   | 6.00                  | 6.00                 | 0.00                |
| 450.0                | 7.34            | 0.44        | 449.7               | 7.8        | 0.1        | 7.8                   | 6.00                  | 6.00                 | 0.00                |
| 500.0                | 10.34           | 0.44        | 499.1               | 15.5       | 0.1        | 15.5                  | 6.00                  | 6.00                 | 0.00                |
| 550.0                | 13.34           | 0.44        | 548.0               | 25.8       | 0.2        | 25.8                  | 6.00                  | 6.00                 | 0.00                |
| 600.0                | 16.34           | 0.44        | 596.3               | 38.6       | 0.3        | 38.6                  | 6.00                  | 6.00                 | 0.00                |
| 650.0                | 19.34           | 0.44        | 643.9               | 53.9       | 0.4        | 53.9                  | 6.00                  | 6.00                 | 0.00                |
| 700.0                | 22.34           | 0.44        | 690.6               | 71.7       | 0.6        | 71.7                  | 6.00                  | 6.00                 | 0.00                |
| 744.1                | 24.99           | 0.44        | 731.0               | 89.4       | 0.7        | 89.4                  | 6.00                  | 6.00                 | 0.00                |
| Fruitland Formation  |                 |             |                     |            |            |                       |                       |                      |                     |
| 750.0                | 25.34           | 0.44        | 736.4               | 91.9       | 0.7        | 91.9                  | 6.00                  | 6.00                 | 0.00                |
| 800.0                | 28.34           | 0.44        | 781.0               | 114.5      | 0.9        | 114.5                 | 6.00                  | 6.00                 | 0.00                |
| 850.0                | 31.34           | 0.44        | 824.3               | 139.4      | 1.1        | 139.4                 | 6.00                  | 6.00                 | 0.00                |
| 900.0                | 34.34           | 0.44        | 866.3               | 166.5      | 1.3        | 166.5                 | 6.00                  | 6.00                 | 0.00                |
| 950.0                | 37.34           | 0.44        | 906.9               | 195.8      | 1.5        | 195.8                 | 6.00                  | 6.00                 | 0.00                |
| 1,000.0              | 40.34           | 0.44        | 945.8               | 227.1      | 1.7        | 227.1                 | 6.00                  | 6.00                 | 0.00                |
| 1,050.0              | 43.34           | 0.44        | 983.0               | 260.5      | 2.0        | 260.5                 | 6.00                  | 6.00                 | 0.00                |
| 1,100.0              | 46.34           | 0.44        | 1,018.5             | 295.7      | 2.3        | 295.7                 | 6.00                  | 6.00                 | 0.00                |
| 1,150.0              | 49.34           | 0.44        | 1,052.0             | 332.8      | 2.6        | 332.8                 | 6.00                  | 6.00                 | 0.00                |
| 1,200.0              | 52.34           | 0.44        | 1,083.6             | 371.5      | 2.9        | 371.6                 | 6.00                  | 6.00                 | 0.00                |
| 1,250.0              | 55.34           | 0.44        | 1,113.1             | 411.9      | 3.2        | 411.9                 | 6.00                  | 6.00                 | 0.00                |
| 1,300.0              | 58.34           | 0.44        | 1,140.4             | 453.8      | 3.5        | 453.8                 | 6.00                  | 6.00                 | 0.00                |
| 1,350.0              | 61.34           | 0.44        | 1,165.6             | 497.0      | 3.8        | 497.0                 | 6.00                  | 6.00                 | 0.00                |
| 1,400.0              | 64.34           | 0.44        | 1,188.4             | 541.5      | 4.2        | 541.5                 | 6.00                  | 6.00                 | 0.00                |
| 1,450.0              | 67.34           | 0.44        | 1,208.8             | 587.1      | 4.5        | 587.1                 | 6.00                  | 6.00                 | 0.00                |
| 1,500.0              | 70.34           | 0.44        | 1,226.9             | 633.7      | 4.9        | 633.7                 | 6.00                  | 6.00                 | 0.00                |
| 1,550.0              | 73.34           | 0.44        | 1,242.5             | 681.2      | 5.2        | 681.2                 | 6.00                  | 6.00                 | 0.00                |
| 1,600.0              | 76.34           | 0.44        | 1,255.5             | 729.5      | 5.6        | 729.5                 | 6.00                  | 6.00                 | 0.00                |
| 1,650.0              | 79.34           | 0.44        | 1,266.1             | 778.3      | 6.0        | 778.4                 | 6.00                  | 6.00                 | 0.00                |
| 1,700.0              | 82.34           | 0.44        | 1,274.0             | 827.7      | 6.4        | 827.7                 | 6.00                  | 6.00                 | 0.00                |
| 1,716.3              | 83.32           | 0.44        | 1,276.0             | 843.9      | 6.5        | 843.9                 | 6.00                  | 6.00                 | 0.00                |
| Lower Fruitland Coal |                 |             |                     |            |            |                       |                       |                      |                     |
| 1,750.0              | 85.34           | 0.44        | 1,279.4             | 877.4      | 6.8        | 877.4                 | 6.00                  | 6.00                 | 0.00                |
| 1,800.0              | 88.34           | 0.44        | 1,282.1             | 927.3      | 7.1        | 927.3                 | 6.00                  | 6.00                 | 0.00                |
| 1,815.0              | 89.24           | 0.44        | 1,282.4             | 942.3      | 7.3        | 942.3                 | 6.00                  | 6.00                 | 0.00                |
| 7"                   |                 |             |                     |            |            |                       |                       |                      |                     |
| 1,815.1              | 89.25           | 0.44        | 1,282.4             | 942.4      | 7.3        | 942.4                 | 6.00                  | 6.00                 | 0.00                |
| 1,900.0              | 89.25           | 0.44        | 1,283.6             | 1,027.3    | 7.9        | 1,027.3               | 0.00                  | 0.00                 | 0.00                |
| 2,000.0              | 89.25           | 0.44        | 1,284.9             | 1,127.3    | 8.7        | 1,127.3               | 0.00                  | 0.00                 | 0.00                |
| 2,100.0              | 89.25           | 0.44        | 1,286.2             | 1,227.3    | 9.5        | 1,227.3               | 0.00                  | 0.00                 | 0.00                |
| 2,200.0              | 89.25           | 0.44        | 1,287.5             | 1,327.3    | 10.2       | 1,327.3               | 0.00                  | 0.00                 | 0.00                |
| 2,300.0              | 89.25           | 0.44        | 1,288.8             | 1,427.3    | 11.0       | 1,427.3               | 0.00                  | 0.00                 | 0.00                |
| 2,400.0              | 89.25           | 0.44        | 1,290.1             | 1,527.2    | 11.8       | 1,527.3               | 0.00                  | 0.00                 | 0.00                |
| 2,500.0              | 89.25           | 0.44        | 1,291.4             | 1,627.2    | 12.5       | 1,627.3               | 0.00                  | 0.00                 | 0.00                |
| 2,600.0              | 89.25           | 0.44        | 1,292.7             | 1,727.2    | 13.3       | 1,727.3               | 0.00                  | 0.00                 | 0.00                |
| 2,700.0              | 89.25           | 0.44        | 1,294.0             | 1,827.2    | 14.1       | 1,827.3               | 0.00                  | 0.00                 | 0.00                |
| 2,800.0              | 89.25           | 0.44        | 1,295.3             | 1,927.2    | 14.8       | 1,927.3               | 0.00                  | 0.00                 | 0.00                |

**XTO Energy Inc.**  
Planning Report

|           |                                          |                              |                               |
|-----------|------------------------------------------|------------------------------|-------------------------------|
| Database: | EDM 2003.21 Single User Db               | Local Co-ordinate Reference: | Well Shipp Gas Com #21H       |
| Company:  | XTO Energy                               | TVD Reference:               | Rig KB @ 5790.0ft (Aztec 507) |
| Project:  | San Juan Basin (NAD 83)                  | MD Reference:                | Rig KB @ 5790.0ft (Aztec 507) |
| Site:     | Shipp Gas Com #21H                       | North Reference:             | True                          |
| Well:     | Shipp Gas Com #21H                       | Survey Calculation Method:   | Minimum Curvature             |
| Wellbore: | Shipp Gas Com #21H                       |                              |                               |
| Design:   | Shipp Gas Com #21H -- Permitted Wellbore |                              |                               |

| 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) |  |
| 2,900.0             | 89.25           | 0.44        | 1,296.6             | 2,027.2    | 15.6       | 2,027.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,000.0             | 89.25           | 0.44        | 1,297.9             | 2,127.2    | 16.4       | 2,127.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,100.0             | 89.25           | 0.44        | 1,299.3             | 2,227.2    | 17.1       | 2,227.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,200.0             | 89.25           | 0.44        | 1,300.6             | 2,327.2    | 17.9       | 2,327.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,300.0             | 89.25           | 0.44        | 1,301.9             | 2,427.1    | 18.7       | 2,427.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,400.0             | 89.25           | 0.44        | 1,303.2             | 2,527.1    | 19.5       | 2,527.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,500.0             | 89.25           | 0.44        | 1,304.5             | 2,627.1    | 20.2       | 2,627.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,600.0             | 89.25           | 0.44        | 1,305.8             | 2,727.1    | 21.0       | 2,727.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,700.0             | 89.25           | 0.44        | 1,307.1             | 2,827.1    | 21.8       | 2,827.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,800.0             | 89.25           | 0.44        | 1,308.4             | 2,927.1    | 22.5       | 2,927.2               | 0.00                  | 0.00                 | 0.00                |  |
| 3,900.0             | 89.25           | 0.44        | 1,309.7             | 3,027.1    | 23.3       | 3,027.2               | 0.00                  | 0.00                 | 0.00                |  |
| 4,000.0             | 89.25           | 0.44        | 1,311.0             | 3,127.1    | 24.1       | 3,127.2               | 0.00                  | 0.00                 | 0.00                |  |
| 4,100.0             | 89.25           | 0.44        | 1,312.3             | 3,227.0    | 24.8       | 3,227.1               | 0.00                  | 0.00                 | 0.00                |  |
| 4,200.0             | 89.25           | 0.44        | 1,313.7             | 3,327.0    | 25.6       | 3,327.1               | 0.00                  | 0.00                 | 0.00                |  |
| 4,300.0             | 89.25           | 0.44        | 1,315.0             | 3,427.0    | 26.4       | 3,427.1               | 0.00                  | 0.00                 | 0.00                |  |
| 4,400.0             | 89.25           | 0.44        | 1,316.3             | 3,527.0    | 27.2       | 3,527.1               | 0.00                  | 0.00                 | 0.00                |  |
| 4,500.0             | 89.25           | 0.44        | 1,317.6             | 3,627.0    | 27.9       | 3,627.1               | 0.00                  | 0.00                 | 0.00                |  |
| 4,600.0             | 89.25           | 0.44        | 1,318.9             | 3,727.0    | 28.7       | 3,727.1               | 0.00                  | 0.00                 | 0.00                |  |
| 4,684.6             | 89.25           | 0.44        | 1,320.0             | 3,811.6    | 29.4       | 3,811.7               | 0.00                  | 0.00                 | 0.00                |  |

| Design Targets          |                                      |               |              |          |            |            |               |              |                  |                  |
|-------------------------|--------------------------------------|---------------|--------------|----------|------------|------------|---------------|--------------|------------------|------------------|
| Target Name             | hit/miss target                      | Dip Angle (°) | Dip Dir. (°) | TVD (ft) | +N/-S (ft) | +E/-W (ft) | Northing (ft) | Easting (ft) | Latitude         | Longitude        |
| Permitted BHL --Shipp C | - plan hits target                   | 0.00          | 0.00         | 1,320.0  | 3,811.6    | 29.4       | 2,041,376.35  | 2,624,815.94 | 36° 36' 34.560 N | 108° 10' 5.448 W |
|                         | - Rectangle (sides W20.0 H20.0 D0.0) |               |              |          |            |            |               |              |                  |                  |

| Casing Points       |                     |        |                     |                   |  |  |
|---------------------|---------------------|--------|---------------------|-------------------|--|--|
| Measured Depth (ft) | Vertical Depth (ft) | Name   | Casing Diameter (") | Hole Diameter (") |  |  |
| 4,684.6             | 1,320.0             | 4 1/2" | 4-1/2               | 6-1/4             |  |  |
| 225.0               | 225.0               | 9 5/8" | 9-5/8               | 12-1/4            |  |  |
| 1,815.0             | 1,282.4             | 7"     | 7                   | 8-3/4             |  |  |

| Formations          |                     |                           |           |         |                   |  |
|---------------------|---------------------|---------------------------|-----------|---------|-------------------|--|
| Measured Depth (ft) | Vertical Depth (ft) | Name                      | Lithology | Dip (°) | Dip Direction (°) |  |
| 744.1               | 731.0               | Fruitland Formation       |           | 0.00    |                   |  |
| 1,716.3             | 1,265.0             | Lower Fruitland Coal      |           | 0.75    | 0.00              |  |
|                     | 1,275.0             | Lower Fruitland Coal Base |           | 0.75    | 0.00              |  |
|                     | 1,299.0             | Pictured Cliffs SS        |           | 0.75    | 0.00              |  |





# Well Name: Shipp Gas Com #21H

San Juan Division  
Drilling Department

Calculation Method: Minimum Curvature  
Geodetic Datum: North American Datum 1983  
Lat: 36° 35' 56.868 N  
Long: 108° 10' 5.808 W

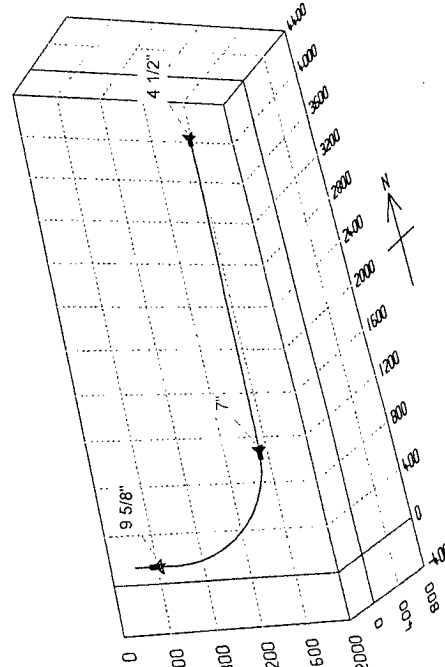
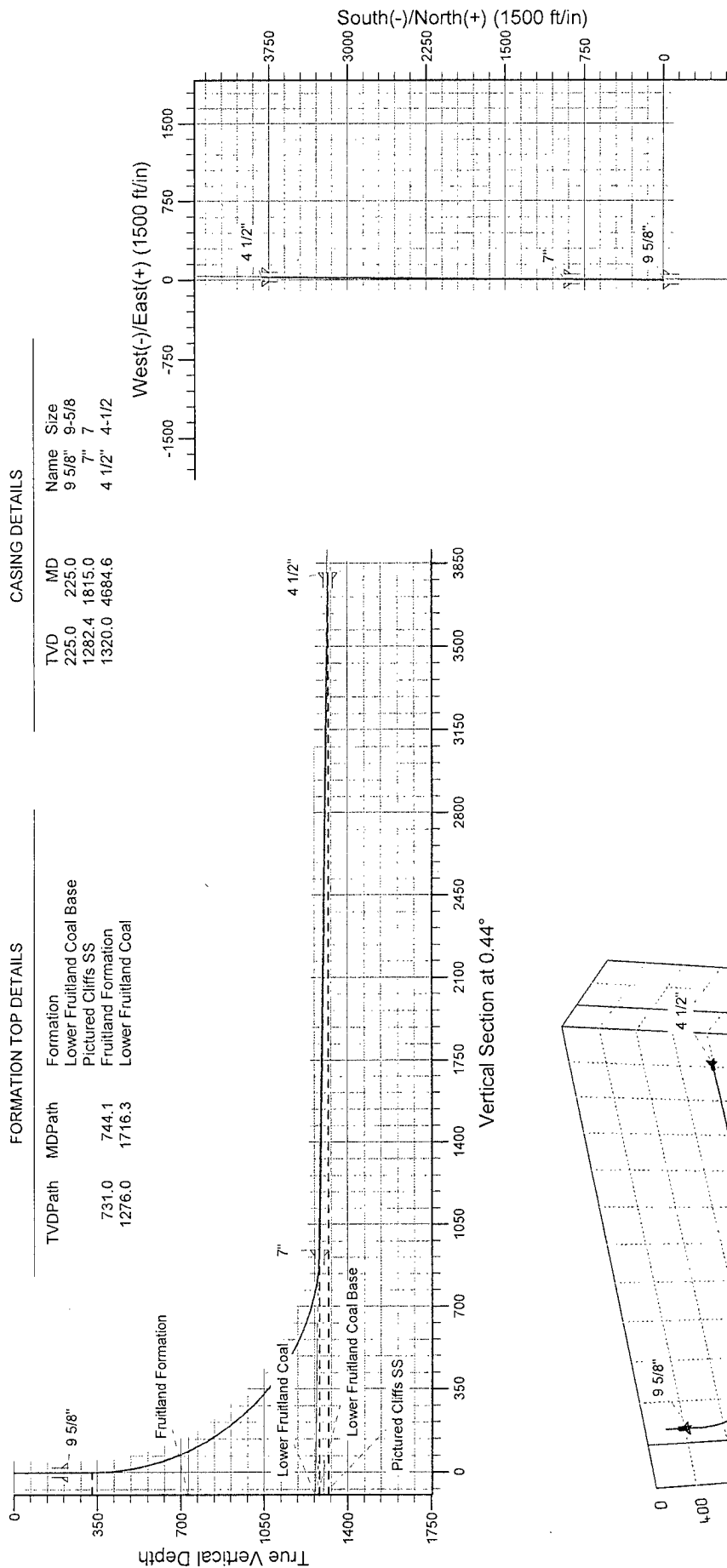
Azimuths to True North  
Magnetic North: 10.21°  
Magnetic Field  
Strength: 50777.7 snT  
Dip Angle: 63.31°  
Date: 12/31/2009  
Model: IGRF200510

## FORMATION TOP DETAILS

| TVDPath | MDPath | Formation                 |
|---------|--------|---------------------------|
| 731.0   | 744.1  | Lower Fruitland Coal Base |
| 1276.0  | 1716.3 | Pictured Cliffs SS        |
|         |        | Fruitland Formation       |
|         |        | Lower Fruitland Coal      |

## CASING DETAILS

| TVD    | MD     | Name   | Size  |
|--------|--------|--------|-------|
| 225.0  | 225.0  | 9 5/8" | 9-5/8 |
| 1282.4 | 1815.0 | 7"     | 7     |
| 1320.0 | 4684.6 | 4 1/2" | 4-1/2 |



## 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   | 327.6  | 0.00  | 0.00 | 327.6  | 0.0    | 0.0   | 0.00 | 0.00  | 0.0    |                                    |
| 3   | 1815.1 | 89.25 | 0.44 | 1282.4 | 942.4  | 7.3   | 6.00 | 0.44  | 942.4  |                                    |
| 4   | 4684.6 | 89.25 | 0.44 | 1320.0 | 3811.6 | 29.4  | 0.00 | 0.00  | 3811.7 | Permitted BHL --Shipp Gas Com #21H |

## ***DRILLING CONDITIONS OF APPROVAL***

**Operator:** XTO Energy  
**Lease No.:** NMSF-078101  
**Well Name:** Shipp Gas Com #21H  
**Well Location:** Sec.1, T27N, R13W; 770' FSL & 1975' FEL

Refer to Onshore Order 2 III.

- 1) Centralizers must be run on the bottom (3) three joints on the surface casing according to Onshore Order No. 2 *Casing and Cementing Requirements* and NTL -FRA 90-1 *Requirements to Operate on Federal and Indian Leases: Casing and Cementing Requirements*.
- 2) Pressure test the surface casing to a minimum of 600 psi for 30 minutes.
- 3) Pressure test the intermediate casing to a minimum of 1500 psi for 30 minutes
- 4) Since no BOPE test pressures were proposed, it is recommended that XTO Energy test the BOP and related equipment according to Onshore Order No. 2 *Minimum Standards and Enforcement Provisions For Well Control Equipment Testing*.

After hour contact: Troy Salyers 505-360-9815

