

RECEIVED

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCT 07 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

Farmington Field Office  
Bureau of Land Management

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 type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Huntington Energy, L.L.C.		7. If Unit or CA Agreement, Name and No. Canyon Largo Unit
3a. Address 908 N.W. 71st St. Oklahoma City, OK 73116		8. Lease Name and Well No. Canyon Largo Unit #482
3b. Phone No. (include area code) (405) 840-9876		9. API Well No. 30-039-31042
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface SE/4 950' FSL & 1140' FEL At proposed prod. zone		10. Field and Pool, or Exploratory Basin Dakota
14. Distance in miles and direction from nearest town or post office* 35 miles SE from Blanco, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec 3, T25N-R7W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 950	16. No. of acres in lease 2080.76	12. County or Parish Rio Arriba
17. Spacing Unit dedicated to this well 320.8	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	13. State NM
19. Proposed Depth 7450'	20. BLM/BIA Bond No. on file NMB000076	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6806'	22. Approximate date work will start* 12/01/2011	23. Estimated duration 10 days

This action is subject to technical and procedural review pursuant to 43 CFR 3103.3 and appeal pursuant to 43 CFR 3105.4

24. Attachments

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

RCVD MAR 17 '11

OIL CONS. DIV.

DIST. 3

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

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

25. Signature <i>Catherine Smith</i>	Name (Printed/Typed) Catherine Smith	Date 09/21/2010
Title Regulatory		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) ATEM	Date 3/9/11
Title ATEM	Office FFO	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 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)



H<sub>2</sub>S POTENTIAL EXIST

MAR 30 2011

NMOC

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

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.

<b>16</b>	<b>LOT 4</b>	<b>LOT 3</b>	<b>LOT 2</b>	<b>LOT 1</b>	<b>17 OPERATOR CERTIFICATION</b> 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.  <u>Catherine Smith</u> <u>9/22/10</u> Signature                          Date  <u>Catherine Smith</u> Printed Name  <u>csmith@huntingtonenergy.com</u> E-mail Address
					<b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  June 1, 2005  Date of Survey Signature and Seal of Professional Surveyor:   14831, John A. Vukonich Certificate Number

## OPERATIONS PLAN

Well Name: Canyon Largo Unit #482  
Location: 950' FSL, 1140' FEL, NWSESE Sec 3, T-25-N, R-7-W NMPM  
Rio Arriba County, NM  
Formation: Basin Dakota  
Elevation: 6806' GL

<u>Formation Tops:</u>	<u>Top</u>
Surface	San Jose
Ojo Alamo	2050'
Kirkland	2211'
Fruitland	2431'
Pictured Cliffs	2718'
Lewis Shale	2799'
Huerfano	3108'
Cliff House	4280'
Menefee	4361'
Point Lookout	4997'
Mancos	5226'
Gallup (Niobrara)	6167'
Greenhorn	6952'
Graneros	7016'
Dakota	7058'
Morrison	7333'
TD	7450'

### Logging Program:

Open hole – Platform Express  
Cased Hole – CBL/GR – TD to 6000'  
Cores & DST's – none  
Mud log – 3400' to TD

### 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 – 7450'	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 ¼"	0' – 320'	8 5/8"	24.0#	J-55
7 7/8"	0' – 7450'	4 ½"	11.6#	N-80

### Tubing Program:

0' – 7450'	2 3/8"	4.7#	J-55
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### 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, BOP and casing will be tested to 600 psi for 30 minutes.

2" nominal, 3000 psi minimum choke manifold (Reference Figure #3).

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 2 3/8" 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/240 sx Class "G" cement w/2% calcium chloride and 1/4#/sx cellophane flakes (281 cu. ft. of slurry, 100% 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 915 sx Halco Light, 6% gel, 1/4# Flocele, 10# Gilsonite, 3/10% Halad 9, 1/10% HR5 (1.96 yld). Tail w/480 sx 50/50 Standard Poz w/35 Gel, 9/10% Halad9, 2/10% CFR 3, 5# Gilsonite, 1/4# Flocele (1.41 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: 2030 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. Twenty centralizers - one every 4<sup>th</sup> joint to the top of the Cliff House @ 3500'.

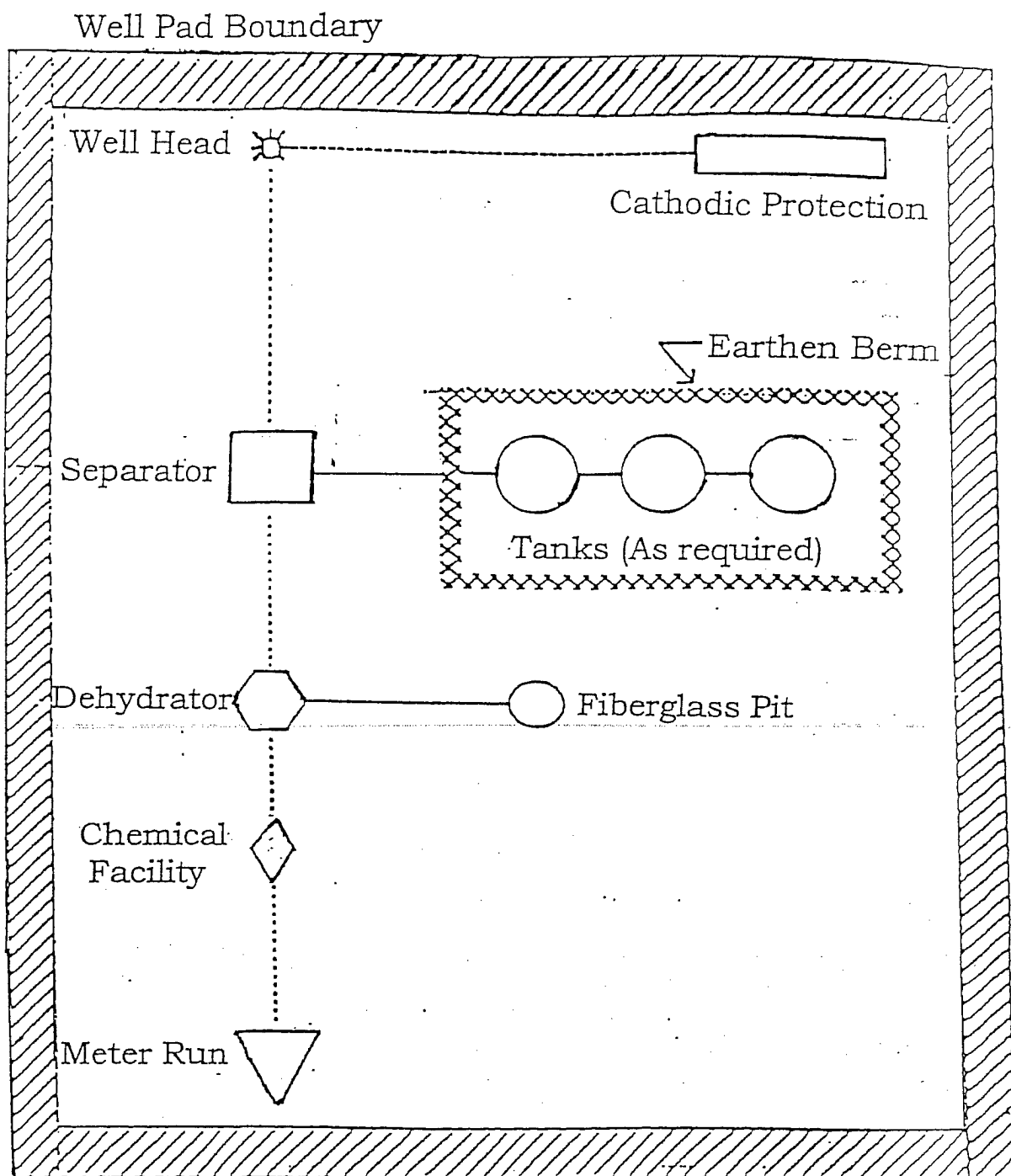
Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Additional Information:

The Dakota formations will be completed.

- 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 east half of the Section 3 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



PLAT #1

ANTICIPATED  
PRODUCTION FACILITIES  
FOR A  
DAKOTA WELL

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

BOP STACK - 3000 PSI

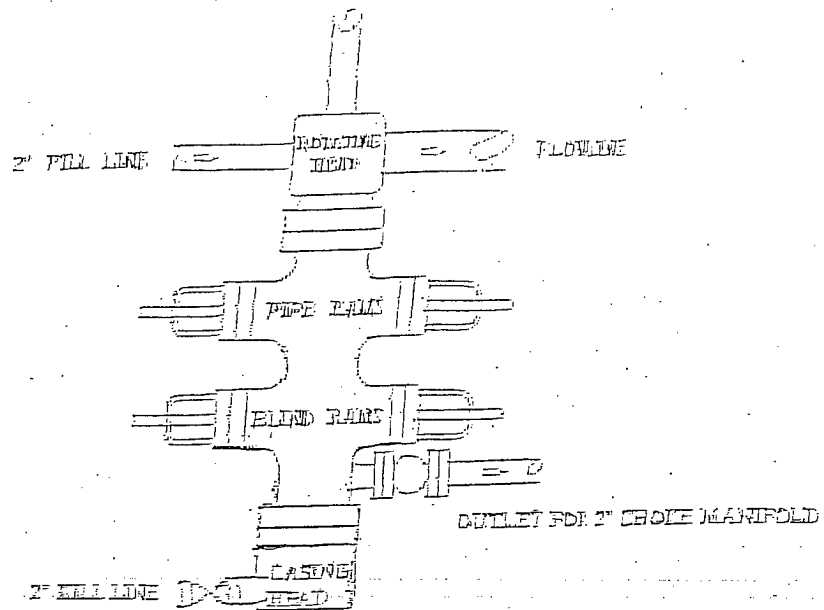


FIGURE 1

CHOKE MANIFOLD - 3000 PSI

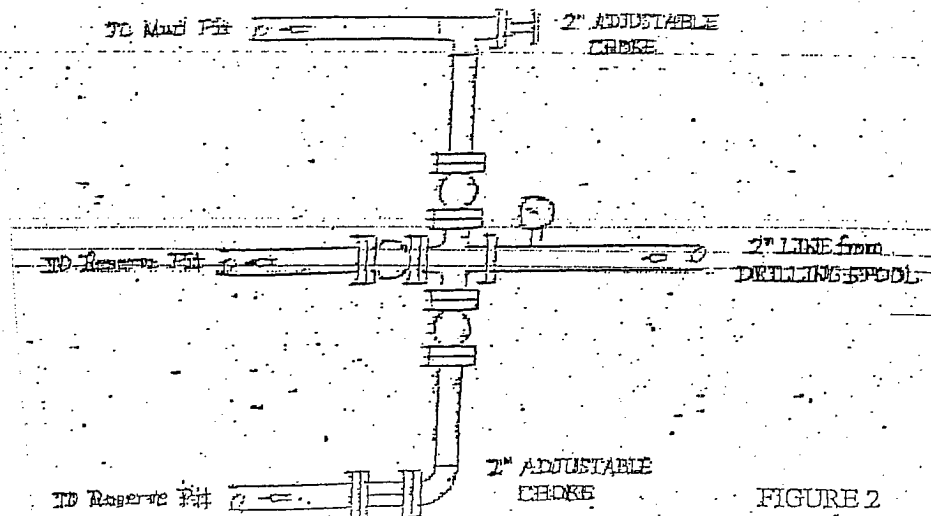


FIGURE 2