

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010HOBBS OCD
MAY 16 2017
RECEIVED5. Lease Serial No.
SHL-NM-381550C BHL-NM-26395

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
Perla Negra Federal Com 6H (39834)9. API Well No.
30-025-4381110. Field and Pool, or Exploratory
Scharb; Bone Spring (37570)11. Sec., T. R. M. or Blk. and Survey or Area
Section 24, T-19-S, R-34-E12. County or Parish
Lea13. State
NM1a. Type of work: ☒ DRILL ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator XTO Energy, Inc (5380)

3a. Address 500 W. Illinois St Ste 100
Midland, Texas 797013b. Phone No. (include area code)
432-620-6749

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 440 FSL & 2010FWL

At proposed prod. zone 200 FNL & 1890 FWL

14. Distance in miles and direction from nearest town or post office*
18 miles west southwest of Hobbs, NM15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)
440'16. No. of acres in lease
SH 320 BH 48017. Spacing Unit dedicated to this well
16018. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.
50'19. Proposed Depth
TVD: 9662'
MD: 14063'20. BLM/BIA Bond No. on file
UTB00013821. Elevations (Show whether DF, KDB, RT, GL, etc.)
3788' GL22. Approximate date work will start*
ASAP23. Estimated duration
90 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.
- 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

Kendall Chance

Name (Printed/Typed)
Kendall Chance

Date

07/21/2016

Title

Regulatory Analyst

Approved by (Signature)

Cody R. Layton

Name (Printed/Typed)

Cody R. Layton

Date

05/10/17

Title

far, FIELD MANAGER

Office

BLM-CARLSBAD FIELD 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.

APPROVAL FOR TWO YEARS

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DRILLING PLAN: BLM COMPLIANCE
(Supplement to BLM 3160-3)

XTO Energy Inc.
Perla Negra Federal COM 6H
Projected TD: 14063' MD / 9662' TVD
SHL: 440' FSL & 2010' FWL, SECTION 24, T19S, R34E
BHL: 200' FNL & 1890' FWL, SECTION 24, T19S, R34E
Lea County, NM

HOBBS OCD
MAY 16 2017
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1. GEOLOGIC NAME OF SURFACE FORMATION:

A. Permian

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Formation	Well Depth (TVD)	Water / Oil / Gas
Rustler	1822'	Water
Top of Salt	1930'	
Base of Salt	3280'	
Delaware	6359'	Water
Brushy Canyon	6687'	Water/Oil/Gas
Bone Spring	8237'	Water/Oil/Gas
1 st Bone Spring Ss	9558'	Water/Oil/Gas
Target/Land Curve	9663'	Water/Oil/Gas
2 nd Bone Spring Lm	9894'	Water/Oil/Gas

*** Hydrocarbons @ Brushy Canyon

*** Groundwater depth 180'.

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13-3/8" casing @ 1900' above the salt and circulating cement back to surface. The salt will be isolated by setting 9-5/8" casing at 4050' and circulating cement to surface. An 8-3/4" curve and lateral hole will be drilled to MD/TD and 5-1/2" casing will be set at TD and cemented back 500' into the 9-5/8" casing shoe.

3. CASING PROGRAM:

Hole Size	Depth	OD Csg	Weight	Collar	Grade	New/Used	SF Burst	SF Collapse	SF Tension
17-1/2"	0' – 1900'	13-3/8"	54.5#	STC	J-55	New	3.29	1.30	4.96
12-1/4"	0' – 3500'	9-5/8"	36#	LTC	J-55	New	2.00	1.34	3.06
	3500' – 4050'	9-5/8"	40#	LTC	J-55	New	2.24	1.64	23.64
8-3/4"	0' – 14063'	5-1/2"	17#	BTC	P-110	New	1.12	1.65	2.28

- XTO requests to utilize centralizers only in the curve after the KOP and only a minimum of one every other joint.

WELLHEAD:

- A. Starting Head: 13-5/8" 3000 psi top flange x 13-3/8" SOW bottom
- B. 'B' Section/ Drilling Spool: 13-5/8" 3000psi bottom flange x 11" 5M top flange
- C. Tubing Head: 11" 5000psi bottom flange x 7-1/16" 10,000psi top flange

4. CEMENT PROGRAM:

- A. **Surface Casing:** 13-3/8", 54.5#, NEW J-55, STC casing to be set at $\pm 1900'$.

Lead: 20 bbls FW, then 1240 sx ExtendaCem-CZ (mixed at 13.7 ppg, 1.68 ft³/sk, 8.72 gal/sx wtr)

Tail: 410 sx HalCem-C + 2% CaCl (mixed at 14.8 ppg, 1.35 ft³/sk, 6.39 gal/sx wtr)
***All volumes 100% excess in open hole. Cement to surface.

- B. **Intermediate Casing:** 9-5/8", 36#/40#, NEW J-55, LTC casing to be set at $\pm 4050'$.

Lead: 20 bbls FW, then 1183 sx EconoCem-HLC + 5% salt + 5 lbm/sk Kol-Seal (mixed at 12.9 ppg, 1.88 ft³/sk, 9.61 gal/sx wtr)

Tail: 235 sx HalCem-C (mixed at 14.8 ppg, 1.33 ft³/sk, 6.34 gal/sx wtr)
***All volumes 100% excess in open hole. Cement to surface.

- C. **Production Casing:** 5-1/2", 17#, NEW P-110, BTC casing to be set at $\pm 14063'$. Casing will be cemented back 500' into intermediate shoe.

Lead: 20 bbls FW, then 572 sx Tuned Light + 0.5 lbm/sk CFR-3 + 1.5 lbm/sk salt + 0.1% HR601 (mixed at 10.5 ppg, 2.69 ft³/sk, 12.26 gal/sx wtr)

Tail: 1188 sx VersaCem PBHS2 + 0.5% LAP-1 + 0.25 lbm/sk D-air 5000 + 0.2% HR 601 + 0.4% CFR-3 + 1 pps Salt (mixed at 13.2 ppg, 1.61 ft³/sk, 8.38 gal/sx wtr)
***All volumes 30% excess in open hole. Planned top of cement 500' into intermediate casing shoe

5. PRESSURE CONTROL EQUIPMENT:

The blow out preventer equipment (BOP) for this well consists of a 13-5/8" minimum 3M Hydril and a 13-5/8" minimum 3M Double Ram BOP. Max bottom hole pressure should not exceed 4522 psi.

All BOP testing will be done by an independent service company. Annular pressure tests will be limited to 50% of the working pressure. When nipping up on the 13-5/8" 5M bradenhead and flange, the BOP test will be limited to 3000psi. When nipping up on the 9-5/8", the BOP will be tested to a minimum of 3000 psi. All BOP tests will include a low pressure test as per BLM regulations. The 3M BOP diagrams are attached. Blind rams will be functioned tested each trip, pipe rams will be functioned tested each day.

A variance is requested to allow use of a flex hose as the choke line from the BOP to the Choke Manifold. If this hose is used, a copy of the manufacturer's certification and pressure test chart will be kept on the rig. Attached is an example of a certification and pressure test chart. The manufacturer does not require anchors.

6. PROPOSED MUD CIRCULATION SYSTEM:

INTERVAL	Hole Size	Mud Type	MW (ppg)	Viscosity (sec/qt)	Fluid Loss (cc)
0' to 1900'	17-1/2"	FW/Native	8.4 - 8.8	35 - 40	NC
1900' to 4050'	12-1/4"	Brine/Gel Sweeps	9.8 - 10.2	30 - 32	NC
4050' to 14063'	8-3/4"	FW / Cut Brine / Poly-Sweeps	8.6 - 9.0	29 - 32	NC - 20

The necessary mud products for weight addition and fluid loss control will be on location at all times.

Spud with fresh water/native mud. Drill out from under 13-3/8" surface casing with brine solution. A 9.8ppg-10.2ppg brine mud will be used while drilling through the salt formation. Use fibrous materials as needed to control seepage and lost circulation. Pump viscous sweeps as needed for hole cleaning. Pump speed will be recorded on a daily drilling report after mudding up. A Pason or Totco will be used to detect changes in loss or gain of mud volume. A mud test will be performed every 24 hours to determine: density, viscosity, strength, filtration and pH as necessary. Use available solids controls equipment to help keep mud weight down after mud up. Rig up solids control equipment to operate as a closed loop system.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- A. A Kelly cock will be in the drill string at all times.
- B. A full opening drill pipe stabbing valve having appropriate connections will be on the rig floor at all times.
- C. H2S monitors will be on location when drilling below the 13-3/8" casing.

8. LOGGING, CORING AND TESTING PROGRAM:

Mud Logger: Mud Logging Unit (2 man) on @ 4050'.
Catch 20' samples from 4050' to TD

Open hole logging to include Density/Neutron/PE/Dual Laterlog/Spectral Gamma from pilot hole TD to intermediate casing shoe.

9. ABNORMAL PRESSURES AND TEMPERATURES / POTENTIAL HAZARDS:

None anticipated. BHT of 160 F is anticipated. No H2S is expected but monitors will be in place to detect any H2S occurrences. Should these circumstances be encountered the operator and drilling contractor are prepared to take all necessary steps to ensure safety of all personnel and environment. Lost circulation could occur but is not expected to be a serious problem in this area and hole seepage will be compensated for by additions of small amounts of LCM in the drilling fluid.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location construction will begin after Santa Fe and BLM have approved the APD. Anticipated spud date will be as soon after Santa Fe and BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 40 days. If production casing is run, an additional 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

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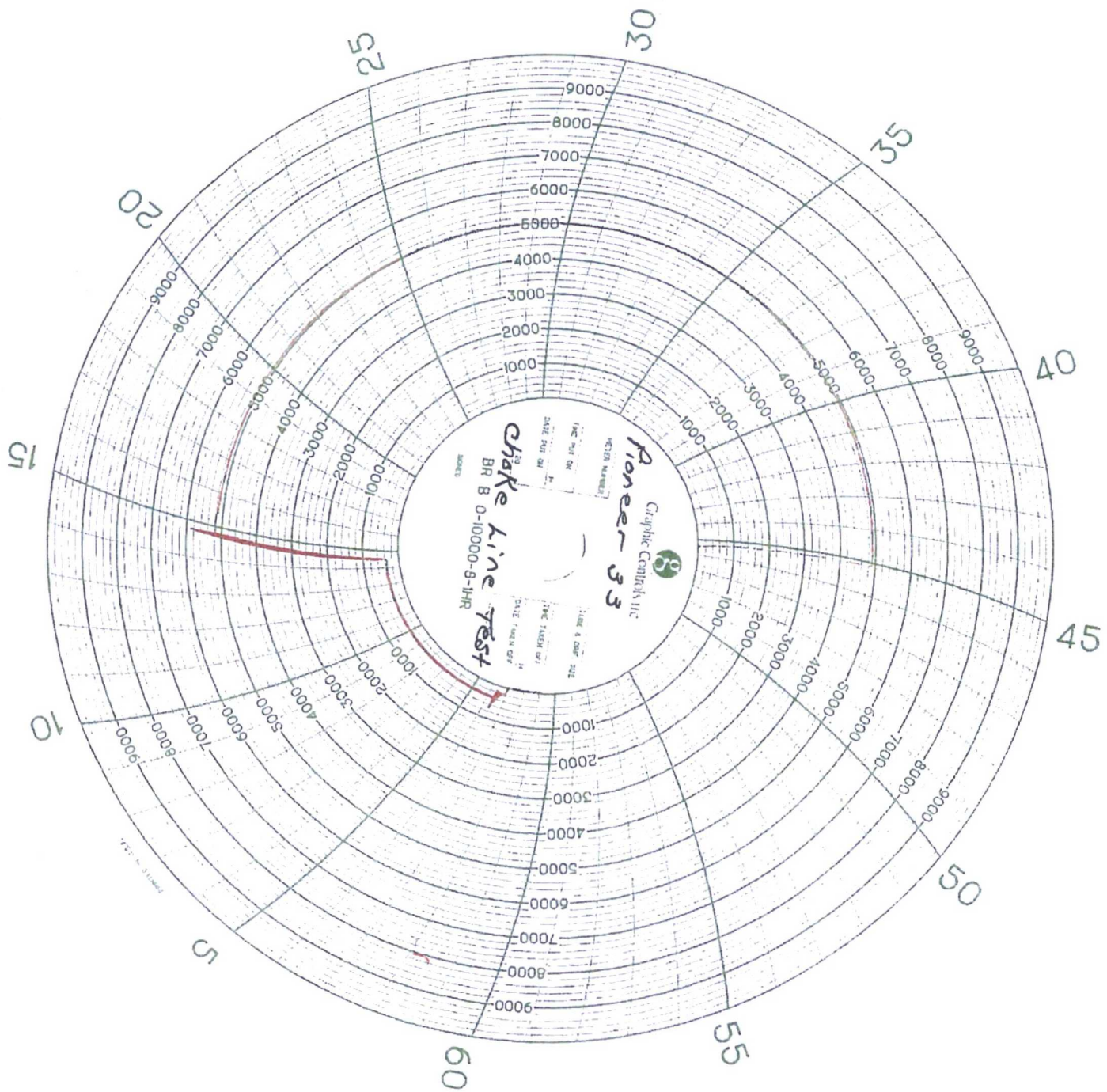
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GATES E & S NORTH AMERICA, INC
DU-TEX
134 44TH STREET
CORPUS CHRISTI, TEXAS 78405

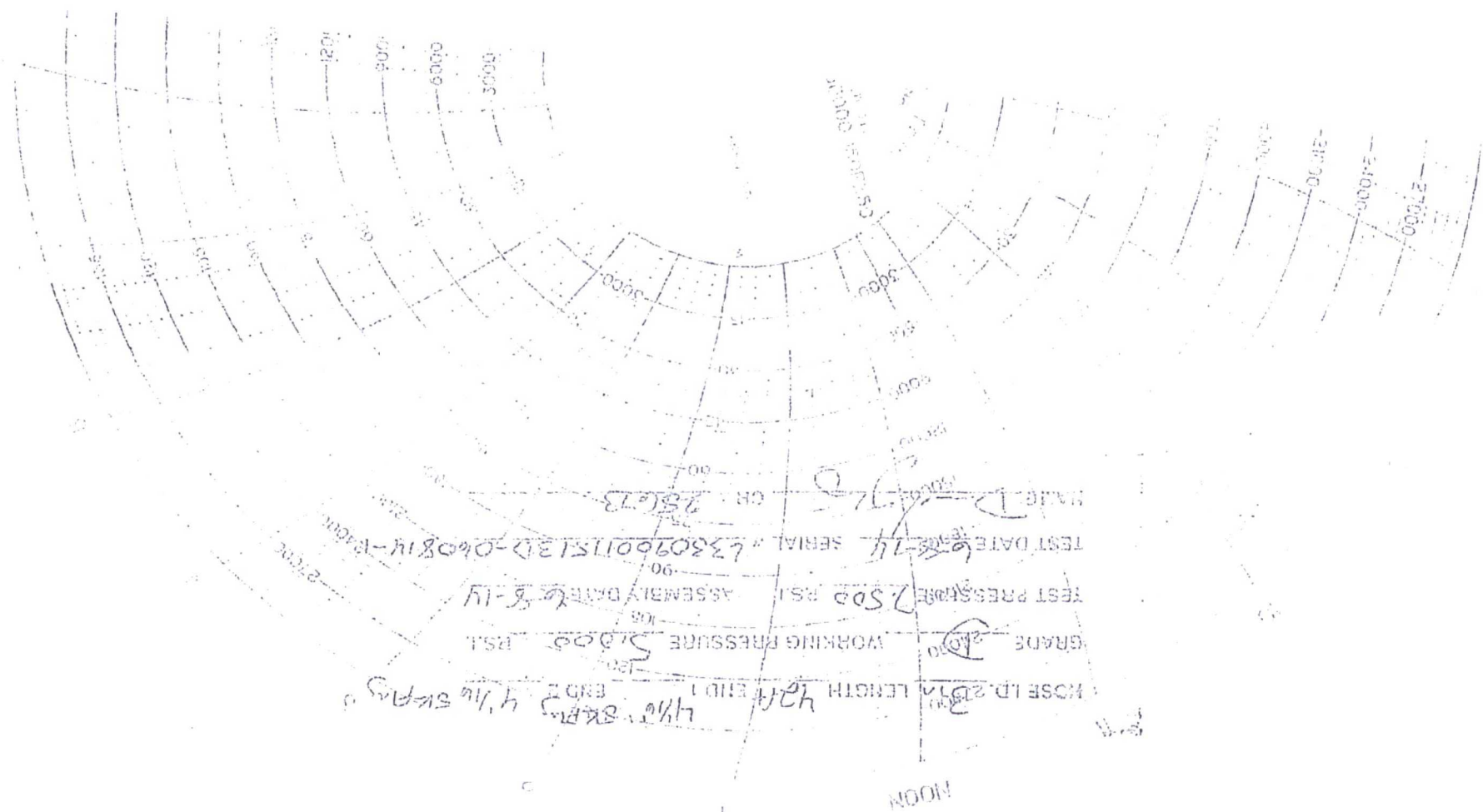
PHONE: 361-887-9807
FAX: 361-887-0812
EMAIL: crpe&s@gates.com
WEB: www.gates.com

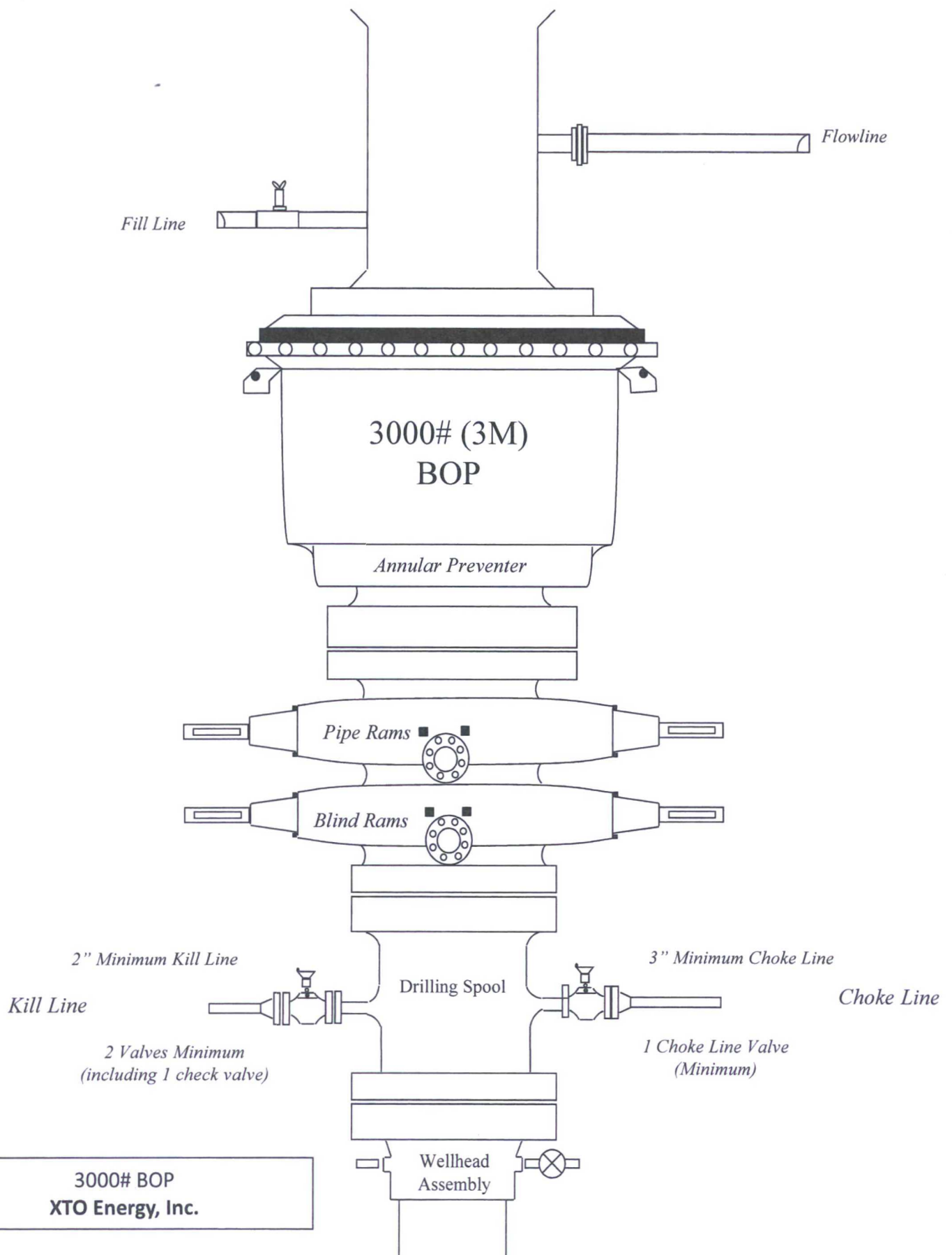
GRADE D PRESSURE TEST CERTIFICATE

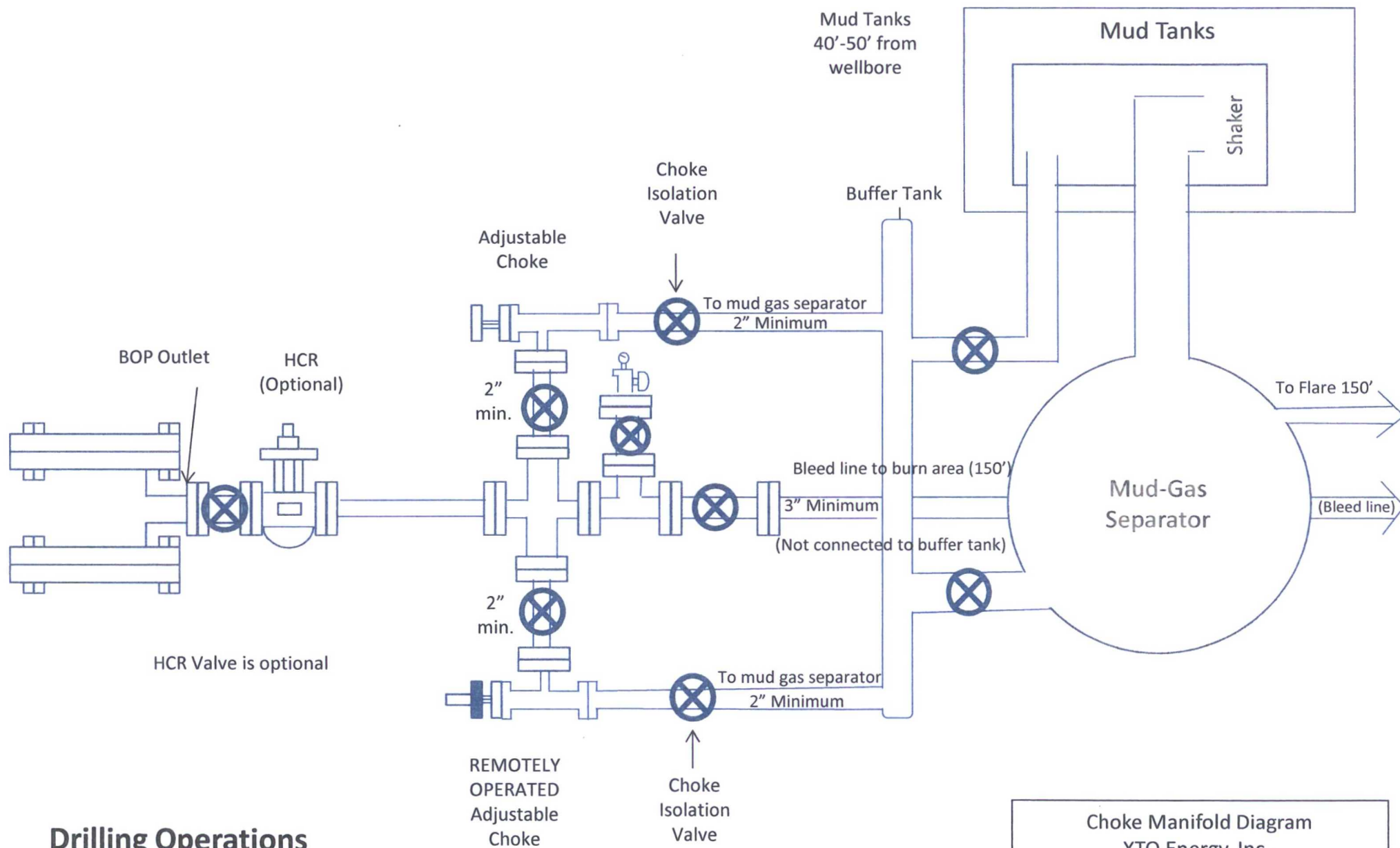
Customer :	AUSTIN DISTRIBUTING	Test Date:	6/8/2014
Customer Ref. :	PENDING	Hose Serial No.:	D-060814-1
Invoice No. :	201709	Created By:	NORMA
Product Description:	FD3.042.0R41/16.5KFLGE/E LE		
End Fitting 1 :	4 1/16 in.5K FLG	End Fitting 2 :	4 1/16 in.5K FLG
Gates Part No. :	4774-6001	Assembly Code :	L33090011513D-060814-1
Working Pressure :	5,000 PSI	Test Pressure :	7,500 PSI

Gates E & S North America, Inc. certifies that the following hose assembly has been tested to the Gates Oilfield Roughneck Agreement/Specification requirements and passed the 15 minute hydrostatic test per API Spec 7K/Q1, Fifth Edition, June 2010, Test pressure 9.6.7 and per Table 9 to 7,500 psi in accordance with this product number. Hose burst pressure 9.6.7.2 exceeds the minimum of 2.5 times the working pressure per Table 9.

Quality:	QUALITY	Technical Supervisor :	PRODUCTION
Date :	6/8/2014	Date :	6/8/2014
Signature :		Signature :	



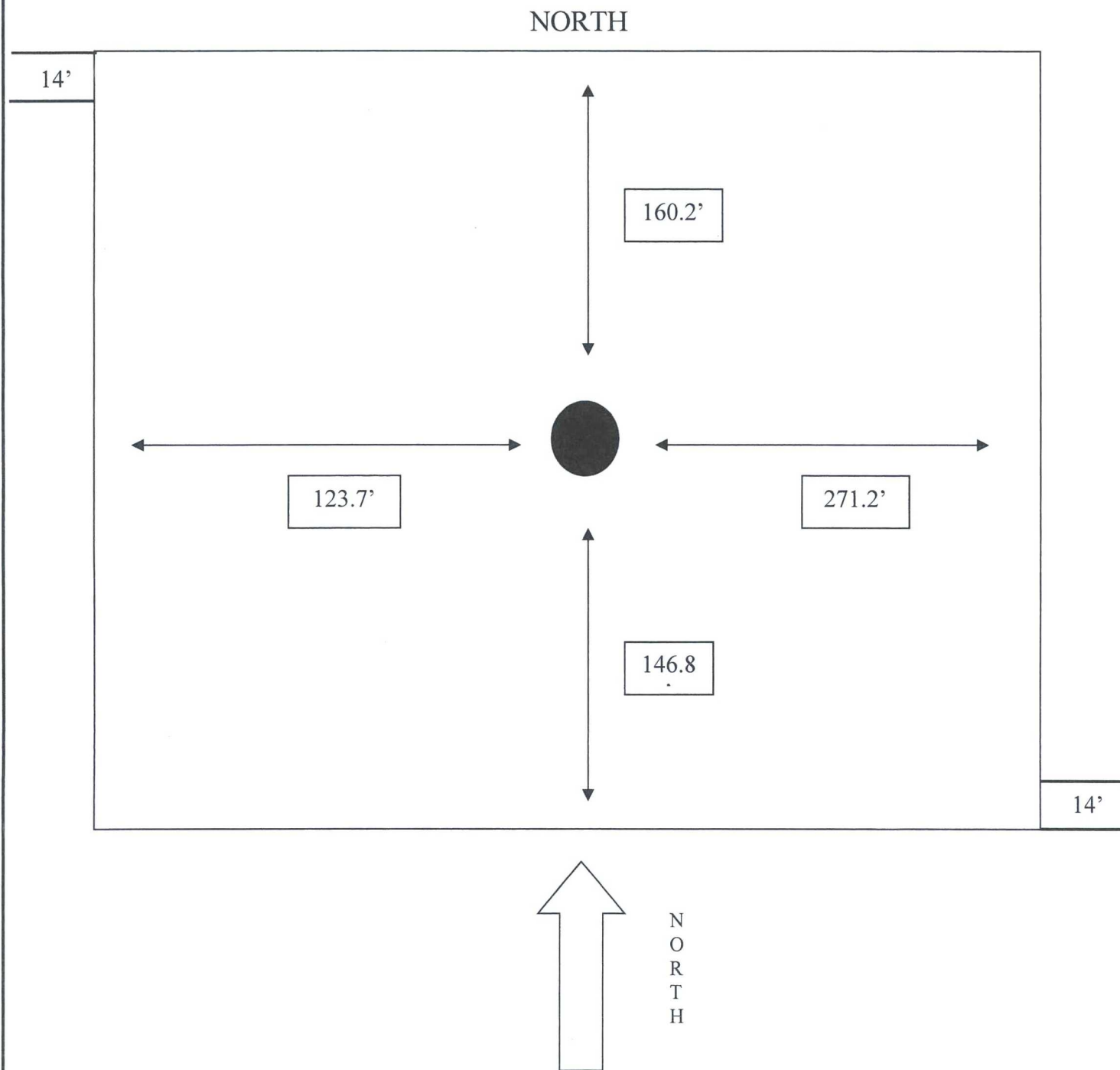




Drilling Operations Choke Manifold

EXHIBIT D

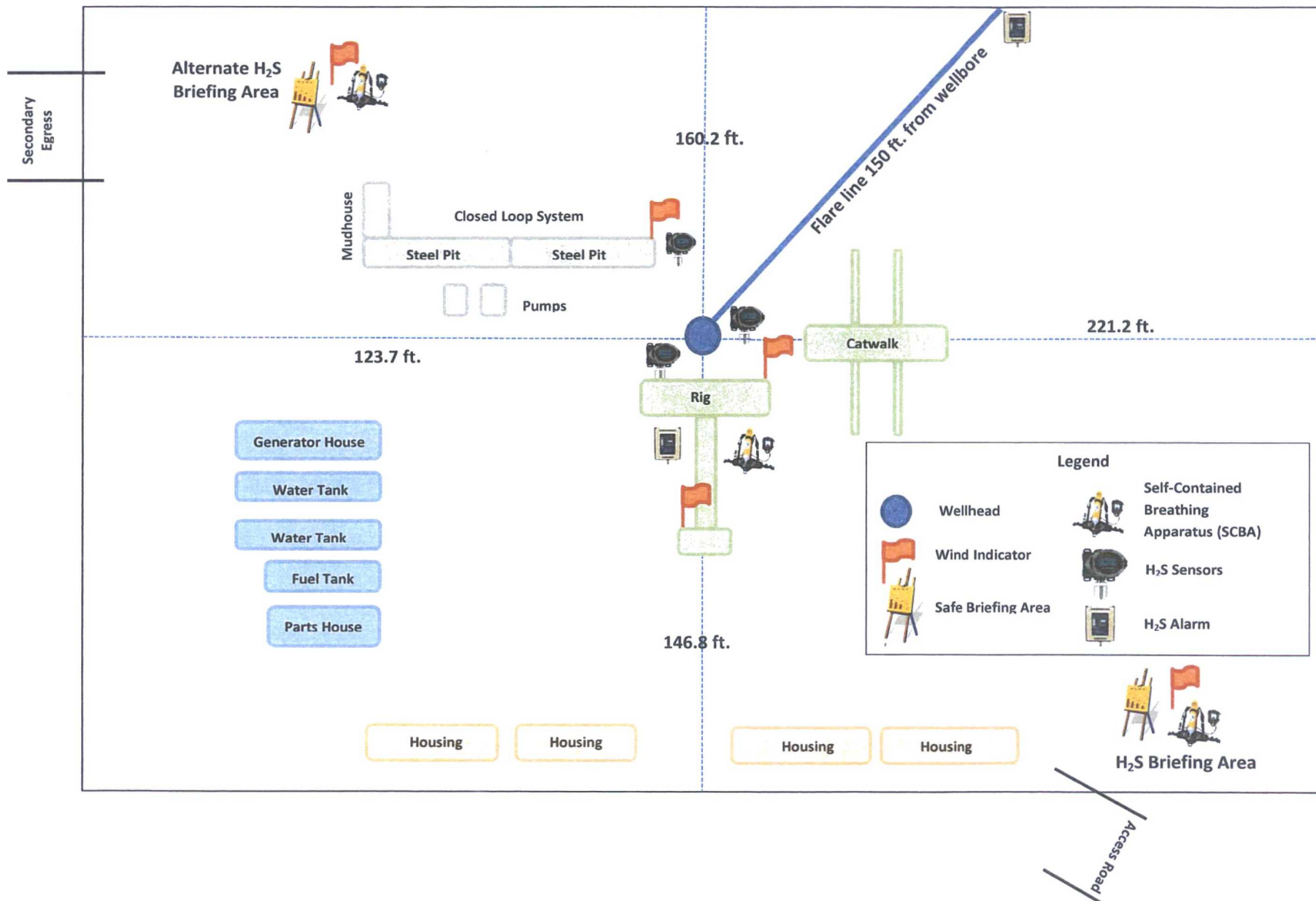
**Rig Plat Only
PERLA NEGRA FED COM #6H
V-DOOR WEST**

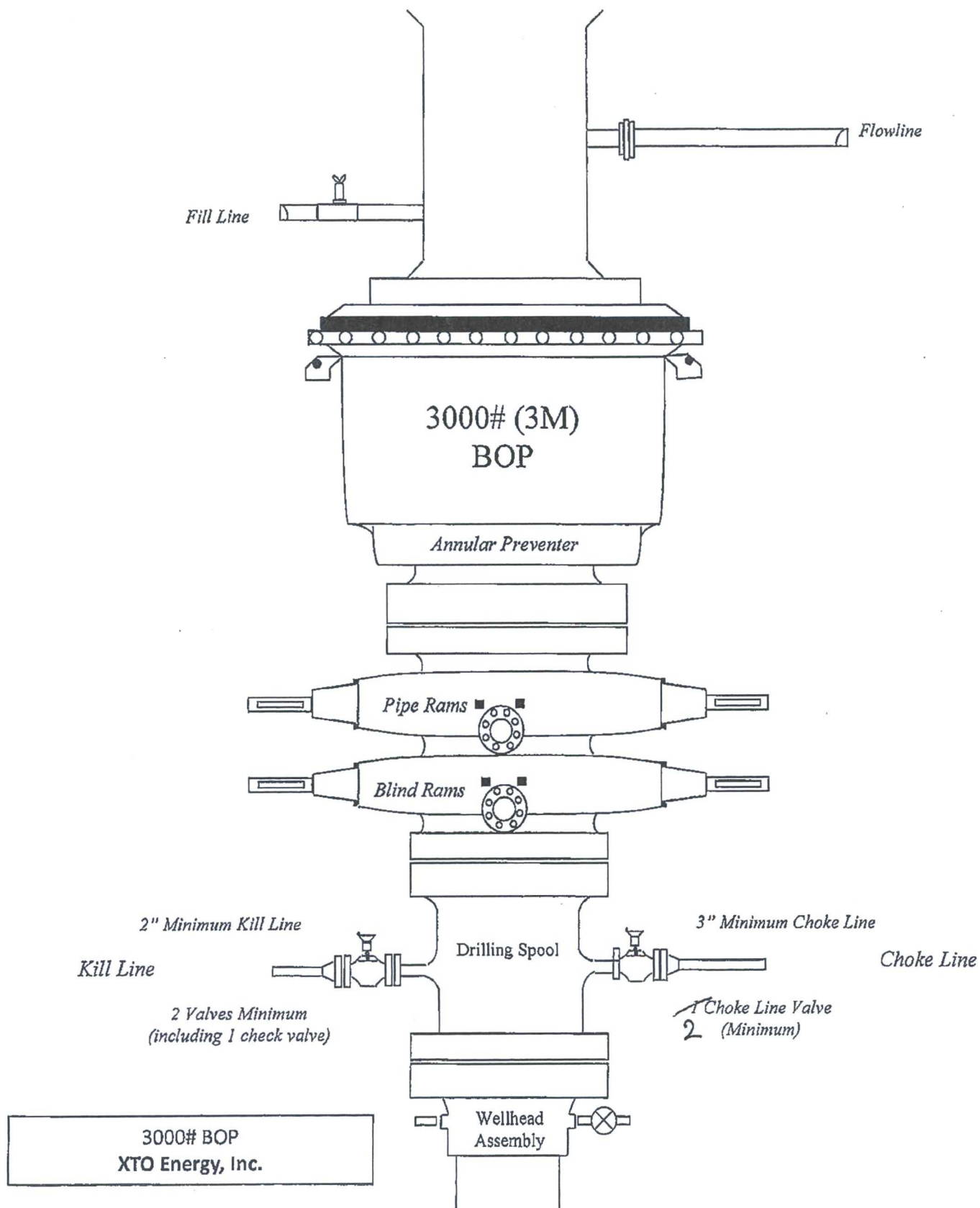


↑
S
|

↙
Prevailing Winds
Direction SW

H₂S Briefing Areas and Alarm Locations







XTO Energy Inc.
500 W. Illinois St Ste 100
Midland, Texas 79701

December 3, 2016

Bureau of Land Management
Attn: Adjudication.
620 E. Greene St.
Carlsbad, New Mexico 88220

Re: Perla Negra Federal Com #6H
T19S-R34E, Sec 24, SESW
Lea County, NM
Acceptability of Application for Permit to Drill (APD)

Pursuant to deficiency letter dated 10/21/2016, XTO Energy, Inc respectfully submits the necessary information for continued Application for Permit to Drill (APD) processing.

Surface Comments:

1. Location and Type of Water Supply Deficiency: Please include 2 sources of water supply
 - a. All water will come from private, 3rd party sources
 - i. Source 1:
Zia Water
Marathon Road Water Station (MRWS)
Section 3-T19S-R36E
Permit: L-5170-A
 - ii. Source 2:
Water Spur
Water Well Location: Section 19-T19S-R35E
2. Construction Materials Deficiency: Please include 2 sites of where construction material will come from.
 - a. All caliche material for pads and proposed roads will be obtained from the following locations:
 - i. Source 1:
Private Caliche Pit
Danny Berry, Section 25-T19S-R33E
 - ii. Source 2:
Private Caliche Pit
Kenneth Smith, Section 35-T20S-R34E

Engineering Review:

3. BOP Requirements Are Not Met: Need flex hose certification and pressure test chart.
 - a. Attached
4. Engineering Review: Dedicated Acres Missing on C-102.
 - a. Updated C-102 is Attached.

If there are additional questions or more information is needed, please contact me directly at your convenience:

Phone: 432-620-6714
Email: stephanie_rabadue@xtoenergy.com

Best Regards,

Stephanie Rabadue

Stephanie Rabadue
Regulatory Analyst
XTO Energy, Inc
432-620-6714

An ExxonMobil Subsidiary



Kendall Chance
Regulatory Analyst
XTO Energy Inc.
500 W. Illinois St Ste 100
Midland, Texas 79701
(432) 620-6749
Kendall_chance@xtoenergy.com

October 25, 2016

Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 88220

RE: Operating Agreement/Rights for Perla Negra Federal Com #5H, 6H, 7H, 8H

To Whom It May Concern:

XTO Energy, Inc. is has operating rights over leases: NMNM0381550C and NMNM26395. The lessor of record is Mobil Producing. XTO Energy, Inc is a subsidiary of ExxonMobil Corporation, which is the operator of all domestic Exxon and Mobil acreage.

Sincerely,

A handwritten signature in blue ink that reads "Kendall Chance".

Kendall Chance
Regulatory Analyst
XTO Energy, Inc



Certification

July 21, 2016

Kendall Chance
XTO Energy Inc.
500 W. Illinois, Ste. 100
Midland, TX 79701
432-620-6749
Kendall_chance@xtoenergy.com

Bureau of Land Management
620 E. Greene
Carlsbad, NM 88220
575-234-5972

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed in conformity with this APD package and terms and conditions under which it is approved. I also certify that I, or XTO Energy, Inc., am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 21st day of July 2016.

Thank you,

A handwritten signature in blue ink that reads "Kendall Chance".

Kendall Chance
Regulatory Analyst