

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No. **NMNM-0 003380**
6. If Indian, Allottee or Tribe Name **N/A**

1a. Type of Work: DRILL REENTER **2004 OCT 6 AM 11 39**

7. If Unit or CA Agreement, Name and No. **N/A**

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

8. Lease Name and Well No. **Florance 74**

2. Name of Operator **XTO Energy Inc.**

9. API Well No. **30-045- 32607**

3a. Address **2700 Farmington Ave., Bldg K-1
Farmington, NM 87401**

3b. Phone No. (include area code)
(505) 324-1090

10. Field and Pool, or Exploratory
**Blanco PC South, Blanco Mesa Verde, &
Basin Dakota**

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface **2250' FSL & 790' FEL**
At proposed prod. zone **Same**

11. Sec., T., R., M., or Blk. and Survey or Area
I 19-27n-8w NMPM

14. Distance in miles and direction from nearest town or post office*
13 air miles SE of Blanco Post Office

12. County or Parish **San Juan** 13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **1,850'**

16. No. of Acres in lease **2,400.96**

17. Spacing Unit dedicated to this well
SE4 (160 acres) & E2 (320 acres)

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **1,538****

19. Proposed Depth **7,675'**

20. BLM/BIA Bond No. on file
BLM nation wide: 57 91 73

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6,754' ungraded

22. Approximate date work will start*
Upon Approval

23. Estimated duration
4 weeks

24. Attachments

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

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

Comments

*to XTO's Florance 67
APD/ROW (GulfTerra)



cc: BLM (& OCD), Patton

25. Signature *[Signature]* Name (Printed/Typed) **Brian Wood** Date **10-3-04**

Title **Consultant** Phone: **505 466-8120** FAX: **505 466-9682**

Approved by (Signature) *[Signature]* Name (Printed/Typed) **Wayne Townsend** Date **12/14/04**

Title **Acting AFM** Office **FFO**

Application approval does not warrant or certify 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.

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

NMOCOD

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DISTRICT I
1825 N. Fench Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Avenue, 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 87504-2088

Form C-102
Revised June 10, 2003
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|--|--|--|--|--------------------------------|
| ¹ API Number 30-045-32607 | | ² Pool Code 72439, 72319 & 71599 | | ³ Pool Name BLANCO PC SOUTH, BLANCO MESA VERDE, & BASIN DAKOTA | |
| ⁴ Property Code 22608 | | ⁵ Property Name FLORANCE | | | ⁶ Well Number 74 |
| ⁷ OCRD No. 167067 | | ⁸ Operator Name XTO ENERGY INC. | | | ⁹ Elevation 6754 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| 1 | 19 | 27-N | 8-W | | 2250 | SOUTH | 790' | 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 160 & 320 | | ¹³ Joint or Infill | | ¹⁴ Consolidation Code | | ¹⁵ Order No. | | | |

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

¹⁶

SEC. CORNER
FD 3 1/4" BC
BLM 1955

WITNESS COR.
FD 3 1/4" BC
BLM 1955 BC
N 53°18' E 28.4'

QTR. CORNER
FD 3 1/4" BC
BLM 1955

LAT: 36°33'32" N. (NAD 27)
LONG: 107°42'57" W. (NAD 27)

N 87°14'02" W
2508.9' (M)

N 01°53'18" E
5302.5' (M)

Mesa Verde

Dakota

Pic. Cliff

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Brian Wood
Signature

BRIAN WOOD
Printed Name

CONSULTANT
Title

OCT. 3, 2004
Date

¹⁸ SURVEYOR CERTIFICATION

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.

JAN 8 2004
Date of Survey

James A. Vukomich
Signature and Seal of Professional Surveyor

NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
14831

14831
Certificate Number

XTO Energy Inc.
 Florance 74
 2250' FSL & 790' FEL
 Sec. 19, T. 27 N., R. 8 W.
 San Juan County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

| <u>Formation Name</u> | <u>GL Depth</u> | <u>KB Depth</u> | <u>Elevation</u> |
|-----------------------|-----------------|-----------------|------------------|
| San Jose Sandstone | 0' | 12' | +6,754' |
| Nacimiento Fm | 100' | 112' | +6,654' |
| Ojo Alamo Sandstone | 1,804' | 1,816' | +4,950' |
| Kirtland Shale | 2,004' | 2,016' | +4,750' |
| Fruitland Coal | 2,554' | 2,566' | +4,200' |
| Pictured Cliffs Ss | 2,779' | 2,791' | +3,975' |
| Lewis Shale | 2,904' | 2,916' | +3,850' |
| Cliff House Sandstone | 4,354' | 4,366' | +2,400' |
| Mesa Verde Sandstone | 5,054' | 5,066' | +1,700' |
| Gallup Sandstone | 6,254' | 6,266' | +500' |
| Greenhorn Limestone | 7,054' | 7,066' | -300' |
| Dakota Sandstone | 7,154' | 7,166' | -400' |
| Morrison | 7,429' | 7,441' | -675' |
| Total Depth (TD)* | 7,675' | 7,687' | -921' |

* all elevations reflect the ungraded ground level of 6,754'

2. NOTABLE ZONES

Gas & Oil Zones

Fruitland
 Pictured Cliffs
 Mesa Verde
 Dakota

Water Zones

Ojo Alamo
 Fruitland

Coal Zones

Fruitland

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the geologist's recommendations.

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico,
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

| |
|--|
| WELL API NO. 30-045-32607 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. NMNM003380 |
| 7. Lease Name or Unit Agreement Name FLORANCE |
| 8. Well Number #74 |
| 9. OGRID Number 167067 |
| 10. Pool name or Wildcat BLANCO S. PC / BLANCO MV / BASIN DK |

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
XTO ENERGY INC.

3. Address of Operator
2700 FARMINGTON AVE, SUITE K-1, FARMINGTON, NM 87401

4. Well Location
 Unit Letter I : 2,250' feet from the SOUTH line and 790' feet from the EAST line
 Section 19 Township 27N Range 08W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6,754' GR

Pit or Below-grade Tank Application or Closure

Pit type Produced Wtr Depth to Groundwater >100' Distance from nearest fresh water well >1 mile Distance from nearest surface water >1 mile

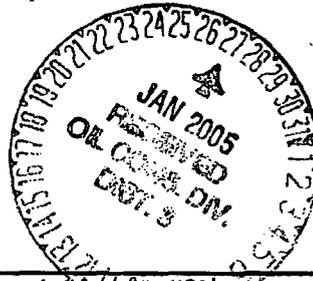
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 100 bbls; Construction Material EARTHEN

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| | | | |
|--|---|--|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: <u>INSTALL PITS</u> <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy plans to install a lined, earthen drilling reserve pit that will be reclaimed after drilling is completed on this well. XTO plans to also install a temporary 100 bbl steel pit for produced water during completion.



I hereby certify that the information above is true and complete to the best of my knowledge and belief, and further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Kelly K. Small TITLE DRILLING ASSISTANT DATE 01/26/05
 Type or print name KELLY K. SMALL E-mail address: kelly_small@xtoenergy.com Telephone No. 505-324-1090

For State Use Only

APPROVED BY: Denny Faust TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #1 DATE JAN 27 2005
 Conditions of Approval (if any):

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

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 reverse side

5. Lease Serial No. **NRW03380**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No. **FLORANCE #74**

9. API Well No. **30-045-32607**

10. Field and Pool, or Exploratory Area **BLANCO MESAVERDE / PC**
BASIN DAKOTA

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 | TYPE OF ACTION | | | |
|--|--|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

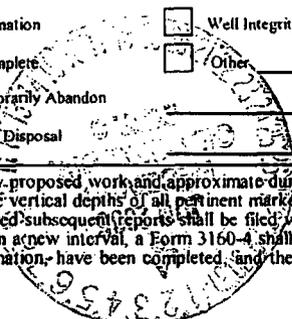
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths 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 recompletion 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.)

XTO Energy Inc. proposes to change casing in the following manner:

Surface: Set 9-5/8", 36.0#, J-55, ST&C casing @ 275' with 200 sx cement with additives mixed at 14.6 ppg & 1.41 cuft. Circ cement to surface.

Intermediate Casing: Set 7", 20.0#, J-55, ST&C casing @ 3,000' with 300 sx lite weight cement with additives mixed at 11.4 ppg & 3.03 cuft followed by 150 sx cement with additives mixed @ 14.6 ppg & 1.41 cuft. Circ cement to surface.

Production casing: Set 4-1/2", 10.5#, J-55, ST&C casing in 9.0 ppg mud @ TD (7,675') with 300 sx Premium Lite HS cement with additives mixed at 12.5 ppg & 2.01 cuft/sx followed by 100 sx cement with additives mixed at 14.2 ppg & 1.52 cuft/sx. Top of cement will be circulated +/- 500' into the casing overlap (TOC +/- 2500').



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **HOLLY C. PERKINS** Title **REGULATORY COMPLIANCE TECH**

Date **5/19/2005**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **[Signature]** Title **Pet. Eng** Date **5/19/05**

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. Office **FFO**

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.

NMOC



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 6, 2005

XTO Energy, Inc.
c/o **Permits West, Inc.**
37 Verano Loop
Santa Fe, New Mexico 87505

Attention: Brian Wood
brian@permitswest.com

Administrative Order NSL-5161

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, XTO Energy, Inc. ("XTO"), submitted to the New Mexico Oil Conservation Division ("Division") on January 18, 2005 (*administrative application reference No. pMES0-501859833*); and (ii) the Division's records in Aztec and Santa Fe: all concerning XTO's request for a replacement Pictured Cliffs gas well within a former standard 160-acre gas spacing unit in the South Blanco-Pictured Cliffs Pool (72439) comprising the SE/4 of Section 19, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico.

Your application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the South Blanco-Pictured Cliffs Pool*", as promulgated by Division Order No. R-10987, issued in Case No. 11705 on May 7, 1998.

From the Division's records, initial development of South Blanco-Pictured Cliffs gas production within this 160-acre unit commenced in 1956 when El Paso Natural Gas Company drilled and completed the Florance "D-LS" Well No. 7 (API No. 30-045-06313), located at a standard gas well location 900 feet from the South line and 1850 feet from the East line (Unit O) of Section 19. Last reported production from this well was in October, 2000. This well was plugged and abandoned by XTO in August, 2004.

It is further understood the E/2 of Sections 19 comprises a single Federal lease (*United States Government lease No. NM-03380*) in which XTO is the leasehold operator.

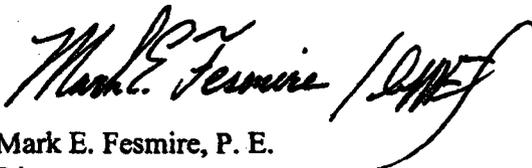
XTO Energy, Inc.
March 6, 2005
Page 2

Division Administrative Order NSL-5161

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the South Blanco-Pictured Cliffs Pool, the following described well to be drilled as a replacement Pictured Cliffs gas well within this former 160-acre unit at an unorthodox gas well location is hereby approved:

Florance Well No. 74
2250' FSL & 790' FEL (Unit I)
(API No. 30-045-32607).

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington