

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

Sec : 03 Twp : 30N Rng : 12W Section Type : NORMAL

06/30/06 14:09:10
OGOMES -TOM9
PAGE NO: 1

8 39.19 Federal owned A	7 39.49 Federal owned A	6 39.73 Federal owned A	5 39.94 Federal owned A
9 39.26 Federal owned	10 39.69 Federal owned	11 39.62 Federal owned A	12 39.96 Federal owned C A
16 39.68 Federal owned	15 40.47 Federal owned C A	14 39.95 Federal owned	13 39.95 Federal owned A
17 39.92 Federal owned A A	18 40.71 Federal owned A	19 39.75 Federal owned	20 39.75 Federal owned A

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-081239
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 checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XFO Energy Inc.		7. Unit or CA Agreement Name and No. N/A
3a. Address 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM	3b. Phone No. (include area code) 505-324-1090	8. Lease Name and Well No. LC Kelly #20
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 815' FSL x 2515' FWL in Sec 3, T30N, R12W At proposed prod. zone SAME		9. API Well No. 30-045-33441
14. Distance in miles and direction from nearest town or post office* Approx 4 miles North of the Flora Vista, NM post office		10. Field and Pool, or Exploratory Basin Dakota/Blanco Mesaverde
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 815'	16. No. of Acres in lease 2522.59	11. Sec., T., R., M., or Blk. and Survey or Area (N) Sec 3, T30N, R12W
8. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 900'	19. Proposed Depth 7000'	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5812' Ground Elevation	22. Approximate date work will start* winter 2005	13. State NM
17. Spacing Unit dedicated to this well DK 318.41 W/2 - MV 318.41 W/2		
20. BLM/BIA Bond No. on file UTB-000138		
23. Estimated duration 2 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:

- 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 shall 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 authorized officer.

25. Signature <i>Kyla Vaughan</i>	Name (Printed/Typed) Kyla Vaughan	Date 2005 11/17/05
Title Regulatory Compliance Tech		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) [Name]	
Title AFM	Office FEO	

Application approval does not warrant or certify that the applicant has 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.

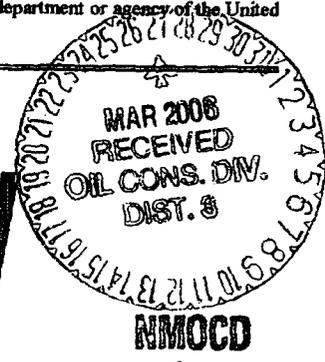
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

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

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

APD/ROW



DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., 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 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33441		² Pool Code 71599		³ Pool Name Basin Dakota	
⁴ Property Code 22620		⁵ Property Name L. C. KELLY			⁶ Well Number 20
⁷ ORD No. 167067		⁸ Operator Name XTO ENERGY INC.			⁹ Deviation 5812'

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
N	3	30-N	12-W	18	815	SOUTH	2515	WEST	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 w/2 318.41		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

<p>LOT 8</p> <p>LOT 7</p> <p>LOT 6</p> <p>LOT 5</p> <p>LOT 9</p> <p>LOT 10</p> <p>LOT 11</p> <p>LOT 12</p> <p>QTR. CORNER FD 3 1/4" BC BLM 1976</p> <p>N 01-19-44 W 2564.1' (M)</p> <p>3</p> <p>LOT 14</p> <p>LOT 13</p> <p>LAT: 36°50'10.3" N. (NAD 27) LONG: 108°05'07.6" W. (NAD 27)</p> <p>LOT 17</p> <p>LOT 18</p> <p>LOT 19</p> <p>LOT 20</p> <p>SEC. CORNER FD 3 1/4" BC BLM 1975</p> <p>S 87-03-18 E 2781.6' (M)</p> <p>QTR. CORNER FD 3 1/4" BC BLM 1975</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information furnished herein is true and complete to the best of my knowledge and belief.</p> <p>RECEIVED FARMINGTON 21 PM 1 03</p> <p><i>Henry K. Smoot</i> Signature</p> <p><i>Henry K. Smoot</i> Printed Name</p> <p>Drilling Assistant Title</p> <p>01/18/05 Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MAR 10 2005 NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 14937</p> <p>_____ Signature</p> <p>_____ Date</p> <p>_____ Certificate Number</p>

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

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, 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 87505

Form C-102
Revised June 10, 2003

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33441		² Pool Code 72319	³ Pool Name Blanco Mesaverde
⁴ Property Code 22620	⁵ Property Name L. C. KELLY		⁶ Well Number 20
⁷ OGRD No. 167067	⁸ Operator Name XTO ENERGY INC.		⁹ Elevation 5812'

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
N	3	30-N	12-W	18	B15	SOUTH	2515	WEST	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 1.012 318.41									
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					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Kelly K Small</i> Signature Kelly K Small Drilling Assistant Title 5/18/05 Date	
LAT: 36°50'10.3" N. (NAD 27) LONG: 108°05'07.6" W. (NAD 27)					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. M.A.D. [Signature] Date: [Signature] Signature: [Signature] Certificate Number: 14831	

Submit 3 Copies To Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources

Form C-103 May 27, 2004

District I 1625 N. French Dr., Hobbs, NM 87240
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

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

WELL API NO 30045-33441
5. Indicate Type of Lease STATE [] FEE []
6. State Oil & Gas Lease No. SF-081239
7. Lease Name or Unit Agreement Name: IC Kelly
8. Well Number #20
9. OGRID Number 167067
10. Pool name or Wildcat Basin Dakota/Blanco Mesavende
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5812'

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 [x] Other
2. Name of Operator XTO Energy Inc.
3. Address of Operator 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401
4. Well Location Unit Letter N 815 feet from the South line and 2515 feet from the West line
Section 3 Township 30N Range 12W NMPM NMEM County SAN JUAN
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5812'
Pit or Below-grade Tank Application [x] or Closure []
Pit type DRILL Depth to Groundwater <50 Distance from nearest fresh water well >1000 Distance from nearest surface water >1000
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 8000 bbls; Construction Material

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPLETION []
OTHER: PIT [x]

SUBSEQUENT REPORT OF:

REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT []
CASING TEST AND CEMENT JOB []
OTHER: []

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 intends to install a pit on location for drilling.

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

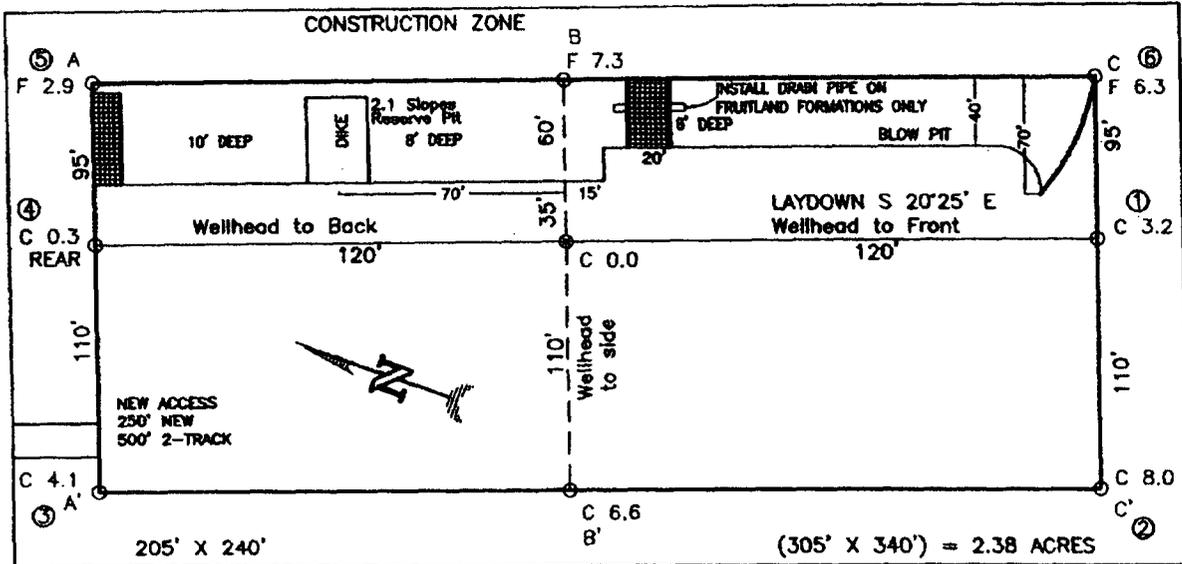
SIGNATURE Kyla Vaughan TITLE Regulatory Compliance Tech DATE 11/17/05
E-mail address: kyla_vaughan@xtoenergy.com Telephone No. 505-564-6726

For State Use Only APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 30 DATE MAR 27 2006

EXHIBIT D

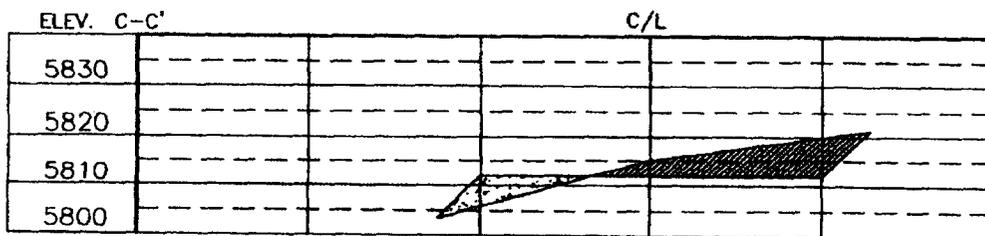
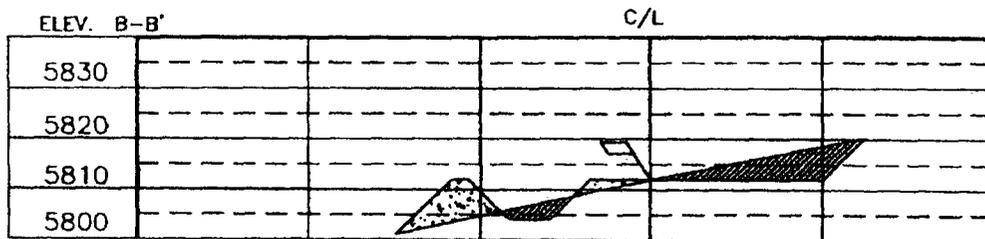
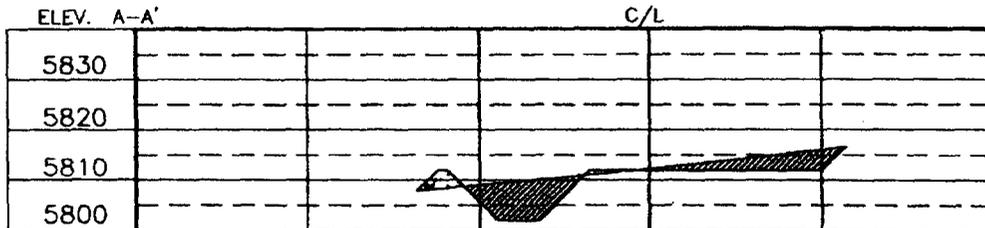
XTO ENERGY INC.
 L. C. KELLY No. 20, 815' FSL 2515' FWL
 SECTION 3, T30N, R12W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 5812', DATE: MARCH 17, 2005

LAT. = 36°50'10.3" N.
 LONG. = 108°05'07.6" W
 MAD 27



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15068 • Farmington, NM 87401
 Phone (505) 399-1772 • Fax (505) 399-8019
 NEW MEXICO P.L.S. No. 14631
 TERRY CRANFORD
 DATE: 03/22/05
 SHEET: 03/22/05

EXHIBIT E

XTO ENERGY INC.

LC Kelly #20

APD Data

November 17, 2005

Location: 815' FSL x 2515' FWL Sec 3, T30N, R12W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 7000'
APPROX GR ELEV: 5812'

OBJECTIVE: Basin Dakota / Blanco Mesaverde
Est KB ELEV: 5824' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 360'	360' to 2900'	2900' to 7000
HOLE SIZE	12.25"	7.875"	7.875"
MUD TYPE	FW/Spud Mud	FW/Polymer	LSND / Gel Chemical
WEIGHT	8.6-9.0	8.4-8.8	8.6- 9.20
VISCOSITY	28-32	28-32	45-60
WATER LOSS	NC	NC	8-10

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: 8.625" casing to be set at $\pm 360'$ 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	SF Burst	SF Ten
0'-360'	360'	24.0#	J-55	ST&C	1370	2950	244	8.097	7.972	7.950	17.13	28.24

Production Casing: 5.5" casing to be set at TD ($\pm 7000'$) in 7-7/8" 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	SF Burst	SF Ten
0'-7000	7000'	15.5#	J-55	ST&C	4040	4810	202	4.950	4.825	1.21	1.44	1.86

3. WELLHEAD:

- Casing Head: Larkin Fig 92 (or equivalent), 9" nominal, 2,000 psig WP (4,000 psig test) with 8-5/8" 8rnd thread on bottom and 11-3/4" 8rnd thread on top.
- Tubing Head: Larkin Fig 612 (or equivalent), 6.456" nominal, 2,000 psig WP (4,000 psig test), 5-1/2" 8rnd female thread on bottom (or slip-on, weld-on), 8-5/8" 8rnd thread on top.

EXHIBIT F

4. CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):

A. Surface: 8.625", 24.0#, J-55, ST&C casing to be set at $\pm 360'$ in 12-1/4" hole.

214 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is 297 ft³, 100% excess of calculated annular volume to 360'.

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at $\pm 7000'$ in 7.875" hole.

LEAD:

± 730 sx of Premium Lite HS (Type III/Poz/Gel) with 2% salt, 1/4 pps cello, 0.2% dispersant, 0.5% fluid loss & 2% LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III with 5% bonding additive, 1/4 pps cello, 2% LCM, 0.3% dispersant & 0.2% fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 1698 ft³.

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

5. LOGGING PROGRAM:

A. Mud Logger: The mud logger will come on at 2,900' and will remain on the hole until TD. The mud will be logged in 10' intervals.

B. Open Hole Logs as follows: Run Array Induction/SFL/GR/SP fr/TD (7000') to the bottom of the surface csg. Run Neutron/Lithodensity/Pe/GR/Cal from TD (7000') to 3,000'.

EXHIBIT F

6. FORMATION TOPS:

Est. KB Elevation: 5824'

FORMATION	Sub-Sea Elev.	WELL DEPTH	FORMATION	Sub-Sea Elev.	WELL DEPTH
Ojo Alamo SS	5300	524	Gallup Ss	120	5,704
Kirtland Shale	5214	610	Greenhorn Ls	-640	6,464
Farmington SS	5090	734	Graneros Sh	-700	6,524
Fruitland Formation	4115	1,709	1 ST Dakota Ss*	-770	6,594
Lower Fruitland Coal	3915	1,909	2 ND Dakota Ss	N/A	
Pictured Cliffs SS	3715	2,109	3 RD Dakota Ss*	-820	6,644
Lewis Shale	3515	2,309	4 TH Dakota Ss	N/A	
Chacra SS**	2650	3,174	5 TH Dakota Ss**	-860	6,684
Cliffhouse SS	2050	3,774	6 TH Dakota Ss**	-904	6,728
Menefee*	2015	3,809	Burro Canyon Ss**	-1008	6,832
Point Lookout SS*	1388	4,436	Morrison Fm**	-1020	6,844
Mancos Shale	1060	4,764	Total Depth	-1176	7,000

* Primary Objective

** Secondary Objective

**** Maximum anticipated BHP should be <2,000 psig (<0.30 psi/ft) ****

7. COMPANY PERSONNEL:

Name	Title	Office Phone	Home Phone
Jeff Patton	Drilling Engineer	505-324-1090	505-632-7882
John Egelston	Drilling Engineer	505-564-6734	505-330-6902
Dennis Elrod	Drilling foreman	505-486-6460	505-326-2024
Red Meek	Project Geologist	817-885-2800	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWP
11/17/05

EXHIBIT F

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

ROTATING HEAD (OPTIONAL)

FILL UP LINE

FLOW LINE TO PIT

PIPE RAMS

BLIND RAMS

KILL LINE 2" dia min.

TO CHOKE MANIFOLD 2" dia min.

See Choke Manifold drawing for specifications

HCR VALVE (OPTIONAL)

MUD CROSS

2" (MIN) FULL OPENING VALVE

** Remove check or ball from check valve and press test to same press as BOP's. **

1. Test BOP after installation:
 Pressure test BOP to 200-300 psig (low pressure) for $\frac{5}{10}$ min.
 Test BOP to Working Press or to 70% internal yield of surf csg (10 min) or which ever is less.
2. Test operation of (both) rams on every trip.
3. Check and record Accumulator pressure on every tour.
4. Re-pressure test BOP stack after changing out rams.
5. Have kelly cock valve with handle available.
6. Have safety valve and subs to fit all sizes of drill string on the rig floor and ready to go.

TESTING PROCEDURE

EXHIBIT F

CHOKE MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

TESTING PROCEDURE

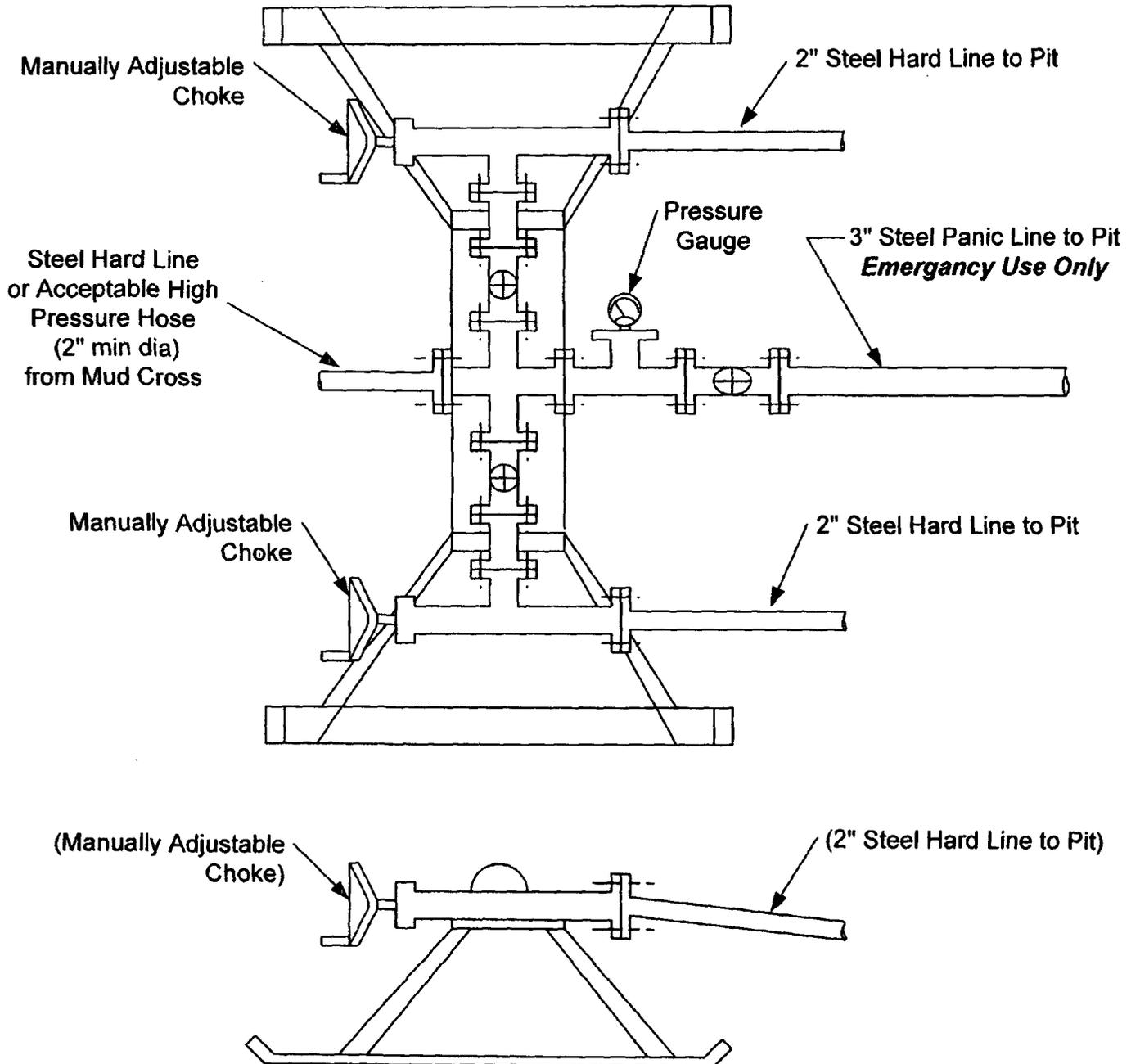


EXHIBIT F

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF081239
2. Name of Operator XTO Energy Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 2700 Farmington Ave., Bldg. K, Ste 1 Farmington,	3b. Phone No. (include area code) 505-324-1090	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 815' FSL & 2515' FWL SEC 3-T30N-R12W		8. Well Name and No. LC KELLY #20
		9. API Well No. 30-045-33441
		10. Field and Pool, or Exploratory Area BASIN DAKOTA BLANCO MESAVERDE
		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 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 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 the drilling procedure from a single-stage cement design to a two-stage cement design per attached document.



2006 MAY 4 AM 9 08
RECEIVED
070 FARMINGTON NM

14. I hereby certify that the foregoing is true and correct Name (Printed/typed) HOLLY C. PERKINS	Title REGULATORY COMPLIANCE TECH
<i>Holly C. Perkins</i>	Date 5/1/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i>	Title Peter Eng	Date 5/5/06
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.

NMOCL

XTO ENERGY INC.

LC Kelly #20
APD Data
May 1, 2006

Location: 815' FSL x 2515' FWL Sec 3, T30N, R12W County: San Juan State: New Mexico

GREATEST PROJECTED TD: 7000'
APPROX GR ELEV: 5812'

OBJECTIVE: Basin Dakota / Blanco Mesaverde
Est KB ELEV: 5824' (12' AGL)

4. CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):

A. Surface: 8.625", 24.0#, J-55, ST&C casing to be set at $\pm 360'$ in 12-1/4" hole.

214 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is 297 ft³, 100% excess of calculated annular volume to 360'.

B. Production: 5.5", 15.5#, J-55 (or K-55), ST&C casing to be set at $\pm 7000'$ in 7.875" hole. DV Tool set @ $\pm 4000'$

1st Stage

LEAD:

± 247 sx of Premium Lite HS (Type III/Poz/Gel) with 2% salt, 1/4 pps cello, 0.2% dispersant, 0.5% fluid loss & 2% LCM mixed at 12.5 ppg, 2.01 ft³/sk, 10.55 gal wtr/sx.

TAIL:

150 sx Type III with 5% bonding additive, 1/4 pps cello, 2% LCM, 0.3% dispersant & 0.2% fluid loss mixed at 14.2 ppg, 1.54 cuft/sx, 8.00 gal/sx.

2nd Stage

LEAD:

± 331 sx of Type III with 8% gel, 1/4 pps cello & 2% LCM mixed at 11.9 ppg, 2.54 ft³/sk, 15.00 gal wtr/sx.

TAIL:

100 sx Type III neat mixed at 14.5 ppg, 1.39 cuft/sx, 6.3 gal/sx.

Total estimated slurry volume for the 5-1/2" production casing is 1708 ft³.

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



TABULATION OF DEVIATION TESTS

XTO Energy Inc.

Depth	Degrees	Depth	Degrees	Depth	Degrees
92'	0 °	4117'	2 ¼ °		
241'	¼ °	4306'	1 °		
457'	1 °	4619'	1 ½ °		
957'	¼ °	5119'	1 ½ °		
1467'	½ °	5467'	1 °		
1964'	¾ °	5967'	1 ¼ °		
2465'	1 °	6500'	3 ½ °		
2962'	¼ °	5800'	1 ¾ °		
3225'	½ °				

A F F I D A V I T

THIS IS TO CERTIFY that to the best of my knowledge the above survey details the deviation tests taken on XTO ENERGY INC'S

LC KELLY #20
in UL N, Section 3, T30N, R12W,
API #30-045-33441
San Juan County, New Mexico.



Signed

Brent H. Martin

Printed Name

Brent H. Martin

Title

Drilling Manager

THE STATE OF NEW MEXICO)

) SS.

COUNTY OF SAN JUAN)



BEFORE ME, the undersigned authority, on this day personally, **Brent H. Martin**, known to me to be **Drilling Manager** for **XTO Energy Inc** and to be the person whose name is subscribed to the above statement, who, being by me duly sworn on oath, states that he has knowledge of the facts stated herein and that said statement is true and correct. **SUBSCRIBED AND SWORN** to before me, a Notary Public in and for said County and State this 1st day of June, 2006.

Notary Public

Lorri D. Bingham

My Commission Expires:

9/17/06

B