30-015-38345

XTO ENERGY

July 16, 2010

Chip Amrock
XTO Energy Inc.
200 N. Loraine St., Ste. 800
Midland, TX 79701
432-620-4323
chip_amrock@xtoenergy.com

Bureau of Land Management
620 E. Greene
Carlsbad, NM 88220
575-887-6544

Dear Sirs:

XTO Energy Inc. does not anticipate encountering H2S while drilling the Nash #51H located in Section 18, T23S, R30E, in Eddy County, New Mexico. As a precaution, I have attached an H2S contingency plan along with a gas analysis of our well stream. If you need anything further, please contact me at the telephone number or email listed above.

Thank you,

Chip Amrock

Chip Amrock
Sr. Drilling Engineer

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

Hydrogen Sulfide Training:

All regularly assigned personnel, contracted or employed by XTO Energy, Inc. will receive training from qualified instructor(s) in the following areas prior to commencing drilling possible hydrogen sulfide bearing formations in this well:

The hazards and characteristics of hydrogen sulfide (H2S)
The proper use and maintenance of personal protective equipment and life support systems.
The proper use of H2S detectors, alarms, warning systems, briefing area, evacuation procedures & prevailing winds.
The proper techniques for first aid and rescue procedures.

Supervisory personnel will be trained in the following areas:

The effects of H2S on metal components. If high tensile tubulars are to be utilized, personnel will be trained in their special maintenance requirements.

Corrective action & shut-in procedures when drilling or reworking a well & blowout prevention / well control procedures.

The contents and requirements of the H2S Drilling Operations Plan

H2S SAFETY EQUIPMENT AND SYSTEMS:

Well Control Equipment:

Flare Line w/continuous pilot. Choke manifold with a minimum of one remote choke.
Blind rams and pipe rams to accommodate all pipe sizes w/properly sized closing unit.
Auxiliary equipment to include: annular preventer, ude-gas separator, rotating head & flare.

Protective Equipment for Essential Personnel:

Mark II Survive-air 30 minute units located in dog house & at briefing areas, as indicated on wellsite diagram.

H2S Detection and Monitoring Equipment:

Two portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.

One portable H2S monitor positioned near flare line.

H2S Visual Warning Systems:

Wind direction indicators are shown on wellsite diagram.
Caution / Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

Mud Program:

The Mud Program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weights, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones. A mud-gas separator will be utilized as needed.

Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves will be suitable for H2S service.

Communication:

Cellular telephone communications in company vehicles, rig floor and mud logging trailer.

HYDROGEN SULFIDE (H2S) CONTINGENCY PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H2S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H_2S, the first responder(s) must

- Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- Evacuate any public places encompassed by the 100 ppm ROE.
- Be equipped with H_2S monitors and air packs in order to control the release.
- Use the "buddy system" to ensure no injuries occur during the response
- Take precautions to avoid personal injury during this operation.
- Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- Have received training in the
  - Detection of H_2S, and
  - Measures for protection against the gas,
  - Equipment used for protection and emergency response.

Ignition of Gas source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever this is an ignition of the gas.

Characteristics of H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = I	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = I	2 ppm	N/A	1000 ppm

Contacting Authorities

XTO Energy Inc's personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. (Operator Name)'s response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

EUNICE OFFICE – EDDY & LEA COUNTIES

EMSU @ Oil Center, NM, 8/10ths mile west of Hwy 8 on Hwy 175
Eunice, NM 575-394-2089

Buckeye Office @ Lea County: From Hobbs, NM take Hwy 62/180 West
Approx. 10 miles to SH 529, turn NW on SH 529 for 3 miles, turn North
On Hwy 238, proceed North approx 8 miles to Buckeye field office
(1/4 mile North of Buckeye store) 575-396-0542

XTO ENERGY INC PERSONNEL:

Boogie Armes, Sr. Drilling Superintendent	432-556-7403
Bob Chance, Drilling Superintendent	432-296-3926
Chip Amrock, Sr. Drilling Engineer	432-638-8372
Jeff Raines, Construction Foreman	432-557-3159
Dudley McMinn, EH & S Manager	432-557-7976
Rick Wilson, Production Foreman	575-441-1147
Jerry Parker, Buckeye Production Foreman	575-441-1628
David Paschal, Eunice Monument Production Foreman	575-390-7167
Gene Hudson, Maintenance Foreman	575-441-1634
Guy Haykus, Production Superintendent	575-634-5677

SHERIFF DEPARTMENTS:

Eddy County	575-887-7551
Lea County	575-396-3611

NEW MEXICO STATE POLICE: 575-392-5588

FIRE DEPARTMENTS:

	911
Carlsbad	575-885-2111
Eunice	575-394-2111
Hobbs	575-397-9308
Jal	575-395-2221
Lovington	575-396-2359

HOSPITALS:

	911
Carlsbad Medical Emergency	575-885-2111
Eunice Medical Emergency	575-394-2112
Hobbs Medical Emergency	575-397-9308
Jal Medical Emergency	575-395-2221
Lovington Medical Emergency	575-396-2359

AGENT NOTIFICATIONS:

Bureau of Land Management	575-393-3612
New Mexico Oil Conservation Division	575-393-6161
Mosaic Potash - Carlsbad	575-887-2871

CONTRACTORS:

ABC Rental – Light Towers	575-394-3155
Bulldog Services – Trucking/Forklift	575-391-8543
Champion – Chemical	575-393-7726
Indian Fire & Safety	575-393-3093
Key – Dirt Contractor	575-393-3180
Key Tools – Light Towers	575-393-2415
Sweatt – Dirt Contractor	575-397-4541
RWI – Contract Gang	575-393-5305

XTO ENERGY INC

H2S BATTERY SURVEY

LOCATION	RESULTS	COMMENTS	TYPE GAS
Bar 4 Fed #1	0	Oil & Water tanks	
Bridges State 514	0	Oil & Water tanks	
Bridges State 120	2100 ppm	Oil & Water tanks	Sour
Bridges State 126	10,000 ppm	Oil & Water tanks	Sour
Bridges State 12	16,000 ppm	Oil tanks	Sour
Bridges State 95	200 ppm	Oil tanks	Sour
Bridges State 14	4,200 ppm	Oil & Water tanks	Sour
Federal DM #1	180,000 ppm	Oil & Water tanks	Sour
Greenstar 22 #1	0	Oil & Water tanks	
Gulf 5 Federal #1	0	Oil & Water tanks	
NVA North Prod Wtr Station	300 ppm	Water tanks	Sour
NVAE	350 ppm	Oil & Water tanks	Sour
NVAU #204	600 ppm	Oil & Water tanks	Sour
NVAU #134	600 ppm	Oil & Water tanks	Sour
NVAU #120	200 ppm	Oil & Water tanks	Sour
NVAU #131	8,000 ppm	Oil & Water tanks	Sour
NVAU #203	100 ppm	Oil & Water tanks	Sour
NVA South Prod Wtr Station	9,000 ppm	Water tanks	Sour
NVAU #95	100 ppm	Oil tanks	Sour
Remuda Basin 24 #1	0	Oil & Water tanks	
Remuda Basin #19	0	Oil & Water tanks	
Ross Draw 25 #1	0	Oil & Water tanks	
Yates #8	0	Oil & Water tanks	
Nash # 1, 6, 9, 13, 15, 19, 24, 33,34, 36, 38	0	Oil & Water tanks	
SDE #31	20	Oil & Water tanks	Sour
SDE #19	0	Oil & Water tanks	
SEMGSAU Battery #1	16,000 ppm	Oil & Water tanks	Sour
SEMGSAU Battery #2	8,000 ppm	Oil & Water tanks	Sour
Sprinkle B Federal #2	50 ppm	Oil & Water tanks	Sour
State N	200 ppm	Oil & Water tanks	
State XX	0	Oil & Water tanks	
State K	25 ppm	Oil & Water tanks	Sour
NM State BO	9,000 ppm	Oil & Water tanks	Sour
State M	0	Oil & Water tanks	
State Sec 27 SWD	2,200 ppm	Water tanks	Sour
State L & PP	0	Oil & Water tanks	
NM J State	100 ppm	Oil & Water tanks	Sour
Tex-Mack 5 State Comm	0	Oil & Water tanks	

Surface Use Plan

(Additional data for form 3160-3)

XTO Energy, Inc.
NASH UNIT #51H
SHL: 660' FSL & 210' FWL, Section 18, T23S, R30E, UL: M
BHL: 660' FSL & 340' FEL, Section 18, T23S, R30E, UL: P
Eddy County, NM
NMNM **0556863**

1. EXISTING ROADS-

   The road log to the location is as follows:

   From intersection of Highway #128 & CR #793 (Rawhide Rd), go South on Rawhide Rd approx 2.8 miles, turn Left at proposed road survey, follow proposed road survey East approx 35', this location stake approx 212' Northeast . All roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

2. PLANNED ACCESS ROAD —Approximately 35' of new W to E access road will be built from the CR #793. All lease roads will be graded in compliance with BLM standards and made a uniform width of 20', including shoulders.

3. LOCATION OF EXISTING WELLS -This will be the first well on lease. Water wells: None known; Disposal wells: none known; Drilling wells: none known. Producing Wells: Closest well is +/- 1500' N and slightly W, the #5 well. Abandoned wells: none known

4. LOCATION OF EXISTING OR PROPOSED FACILITIES .In the event this well is productive we will install new production facilities and install gas metering as per all BLM stipulations. Permanent tanks and gas measurement meter(s) will be utilized for this well as per BLM specifications.

Proposed Flowline on 1-mile radius map

5. LOCATION AND TYPE OF WATER SUPPLY .All water (fresh or otherwise) needed for the drilling and completion of this well will be purchased from a commercial source and trucked to the location via the existing and proposed access road. No water source wells will be drilled, and no surface water will be utilized.

6. SOURCE OF CONSTRUCTION MATERIALS .Construction material (caliche) required for the access road and well site pad will be obtained on location, if available, or from an approved pit. No surface materials will be disturbed except those necessary fir actual grading and construction of the drill site and access road.

7. METHODS FOR HANDLING WASTE DISPOSAL.

Closed Loop System. Waste Material will be stored then hauled to a state approved disposal facility. Drilling fluids will be contained in steel pits, fluids will be cleaned & reused. Water produced during testing will be contained in steel pits and disposal at a state approved facility. Any oil or condensate will be stored in test tanks until sold & hauled from site.

• Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site. Salts remaining after completion will be picked up by supplier including broken sacks.

• Any other waste generated by the drilling, completion, testing of this well will be through a closed loop system.
• A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well, and cleaned out periodically.

8. ANCILLARY FACILITIES - Upon completion, and/or testing of this well rental tanks, facilities will be utilized until permanent storage is established. No camps or airstrips will be constructed.

9. WELLSITE LAYOUT - Enclosed, please see "Drilling Rig Layout"

10. PLANS FOR SURFACE RESTORATION - Reclamation of the surface location will be in accordance with the requirements set forth by the BLM. As stated earlier all waste generated by this operation will be disposed of in an approved manner, and the site restored as closely as possible to its pre-operation appearance. The topsoil at the wellsite & access road is light/medium brown colored fine sand. Due to the topography of the area no problems are anticipated in achieving this status and no erosion or other detrimental effects are expected as a result of this operation.

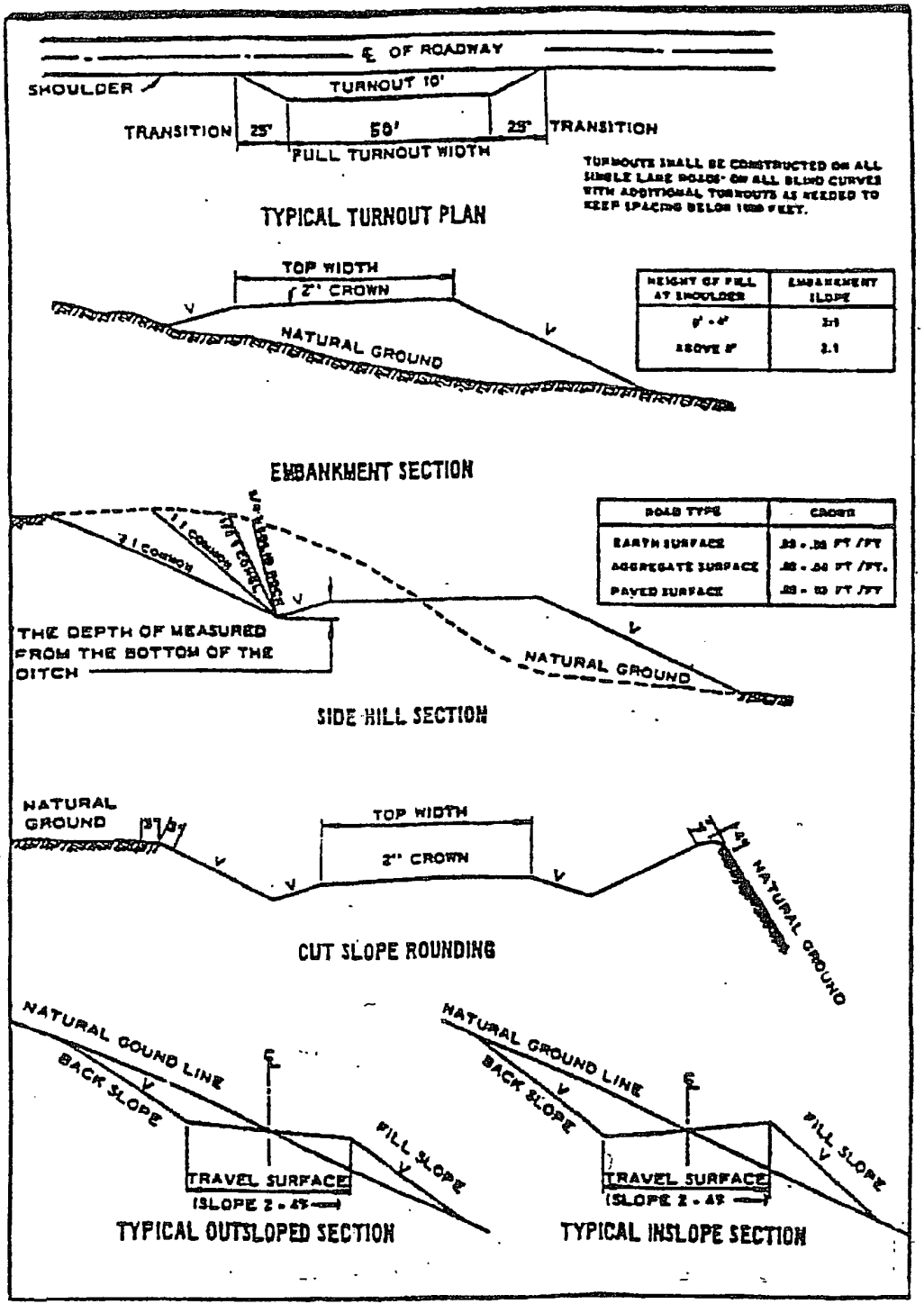
The vegetation at the wellsite is a sparse grass cover of three-awn, grama, bluestem, dropseed, burrograss, muhly and misc. native grasses. Plants are sparse mesquite, yucca, sage, shinnery oak brush, broomweed, and cacti w/misc. weeds. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove and quail all typical of the semi-arid desert land. There are no ponds or streams. No dwelling with 1.5 miles of location.

Arc Survey and Notice of Staking have been submitted to Bureau of Land Management.

11. OTHER INFORMATION - The surface ownership of the drill site and the access routes are under the control/ownership of: Bureau of Land Management, 620 E. Greene St., Carlsbad, NM 88220, 575-887-6544. Barry Hunt with the BLM can be reached at the BLM number or at 575-361-4078. Surface letter statement attached.

12. Drilling contractor: Pending.

Cross Sections and Plans For Typical Road Sections



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. GREENE STREET
CARLSBAD, NM 88220

OPERATOR CERTIFICATION

I HEARBY CERTIFY THAT I, OR SOMEONE UNDER MY DIRECT SUPERVISION, HAVE INSPECTED THE DRILL SITE AND ACCESS ROUTE PROPOSED HEREIN; THAT I AM FAMILIAR WITH THE CONDITIONS WHICH CURRENTLY EXIST; THAT I HAVE FULL KNOWLEDGE OF STATE AND FEDERAL laws applicable to this operation; that the statements made in the 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 the terms and conditions under which it is approved. I also certify that I, or the company I represent, 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 8TH day of AUGUST, ~~2008~~ 2010

Well: NASH UNIT #51H, SHL: 660' FSL & 210' FWL, Sec. 18, T23S, R30E, UL: M, Eddy Co, NM

Operator Name: XTO ENERGY INC

Signature: _____ **Printed Name:** Don Eubank

Title: Drilling Manager Date: 8-6-2010

Email (optional): don_eubank@xtoenergy.com

Street or Box: 200 N. Loraine St., Ste. 800

City, State, Zip Code: Midland, TX 79701

Telephone: 432-682-8873

Field Representative (if not above signatory): _____

Address (if different from above): _____

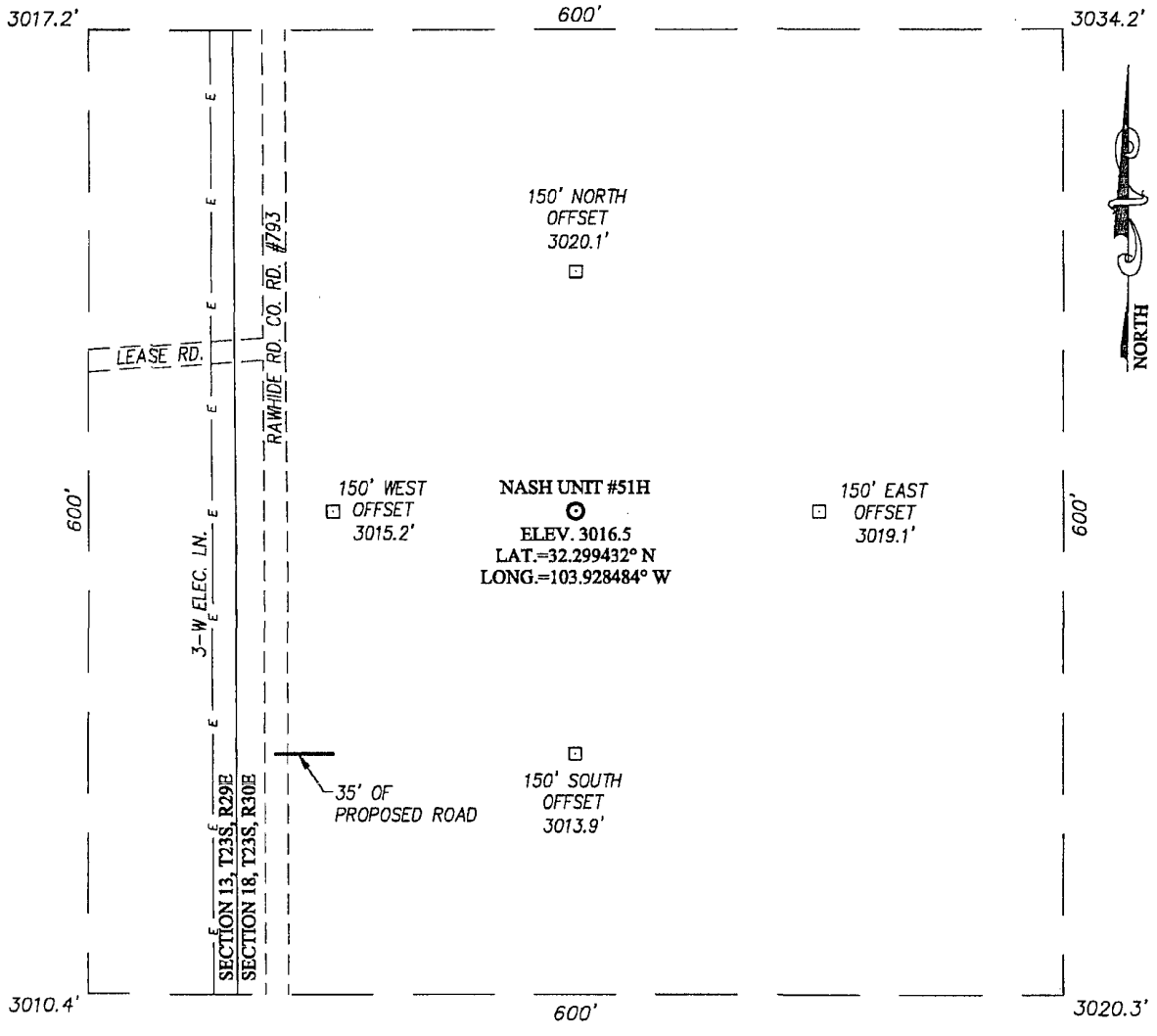
Telephone (if different from above): _____

Email (optional): _____

Agents not directly employed by the operator must submit a letter from the operator authorizing that the agent to act or file this application on their behalf.

SECTION 18, TOWNSHIP 23 SOUTH, RANGE 30 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF HIGHWAY #128 AND CO. RD. #793 (RAWHIDE RD), GO SOUTH ON RAWHIDE ROAD APPROX. 2.8 MILES. TURN LEFT AT PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY EAST APPROX. 35'. THIS LOCATION STAKE IS APPROX. 212' NORTHEAST.

100 0 100 200 Feet

Scale: 1"=100'

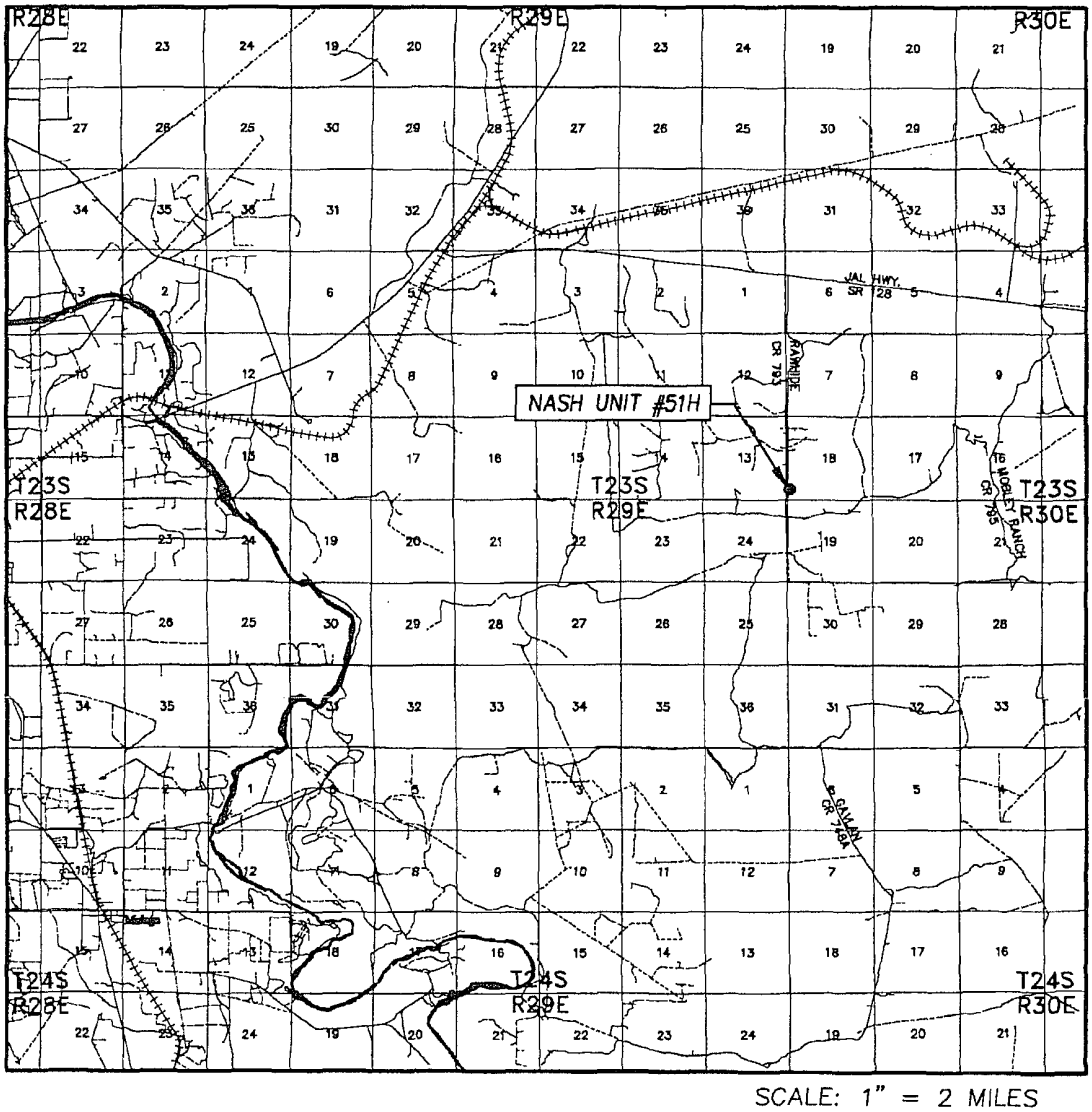
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

XTO ENERGY

NASH UNIT #51H WELL
LOCATED 660 FEET FROM THE SOUTH LINE
AND 210 FEET FROM THE WEST LINE OF SECTION 18,
TOWNSHIP 23 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

Survey Date: 6/28/10		Sheet 1 of 1 Sheets	
W.O. Number: 10.11.0877	Dr. By: DSS		Rev 1:
Date: 6/29/10	Rel. W.O.: .	10110877	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 18 TWP. 23-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FSL & 210' FWL

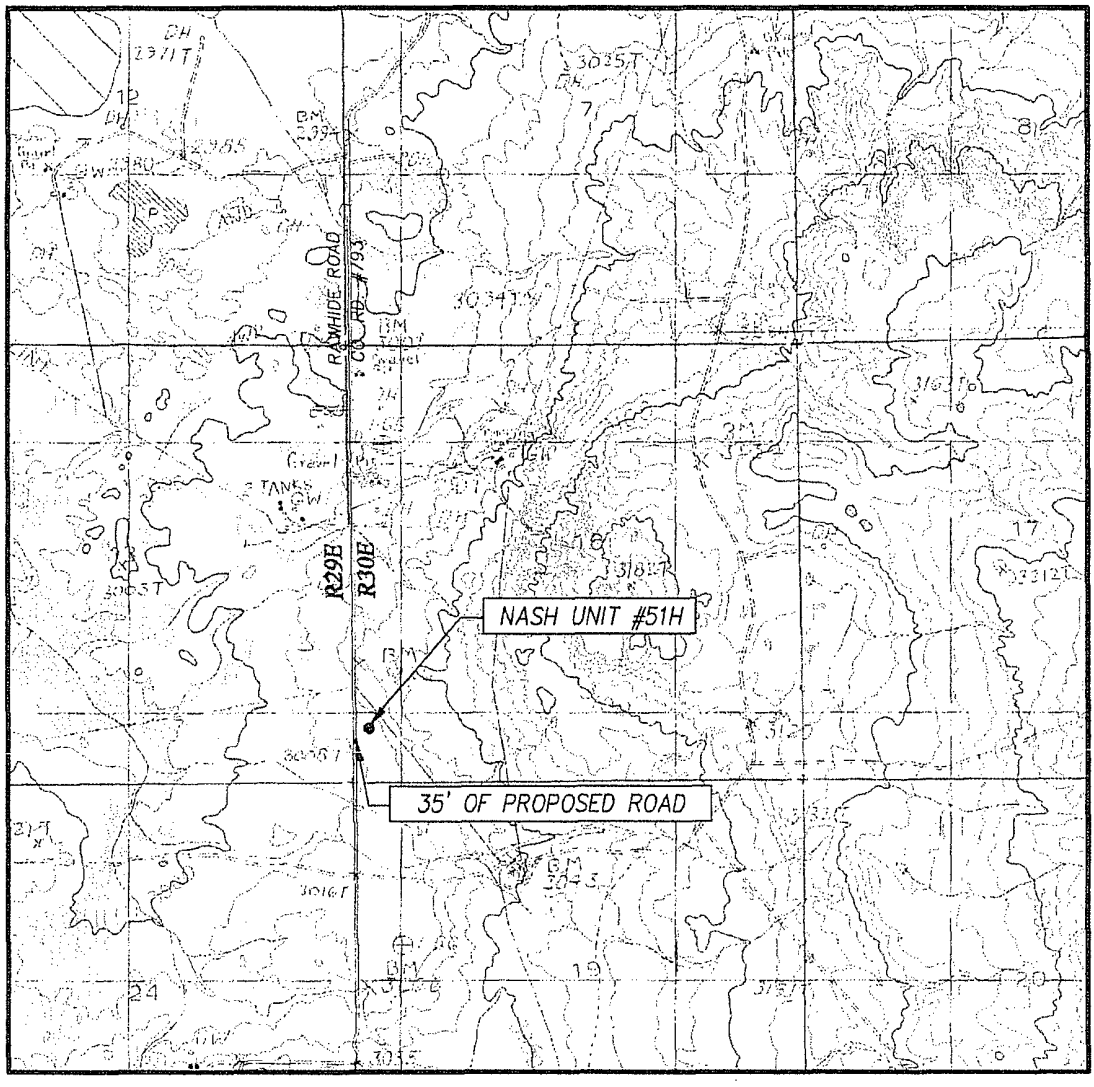
ELEVATION 3016'

OPERATOR XTO ENERGY

LEASE NASH UNIT

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
REMUDA BASIN, N.M. – 10'

SEC. 18 TWP. 23-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FSL & 210' FWL

ELEVATION 3016'

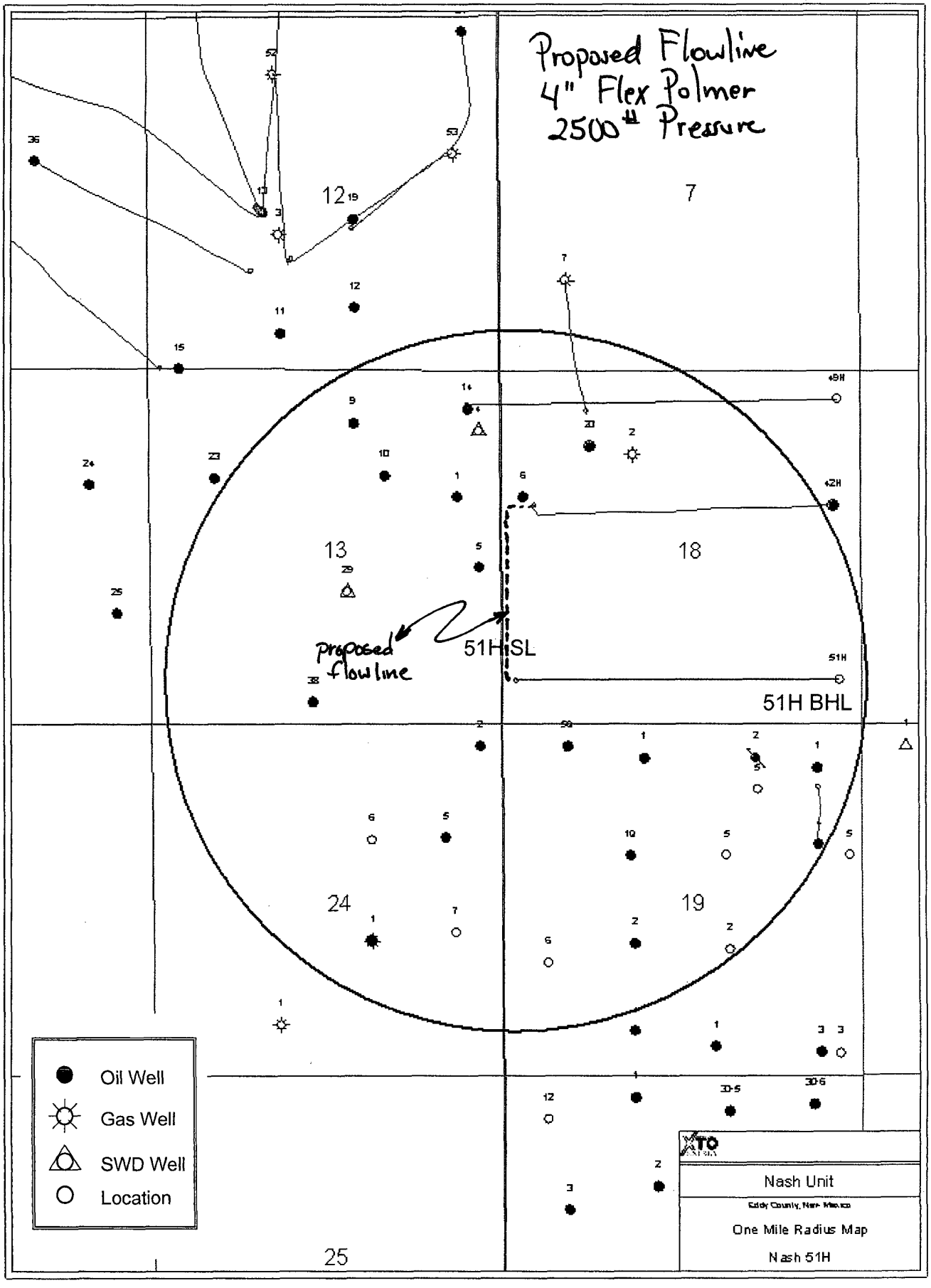
OPERATOR XTO ENERGY

LEASE NASH UNIT

U.S.G.S. TOPOGRAPHIC MAP
REMUDA BASIN, N.M.

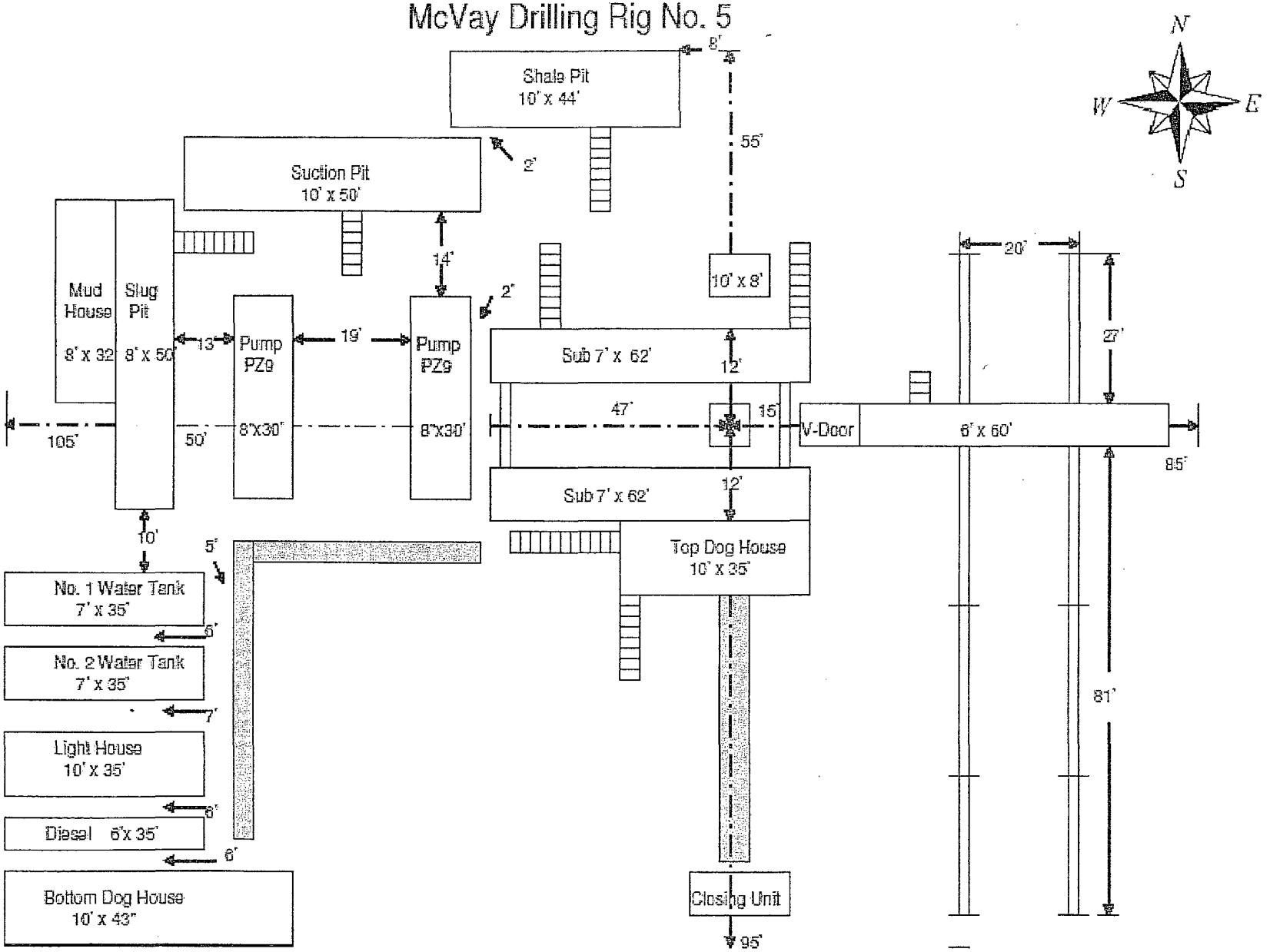
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

Added 8/23/10 TEW



Nash Unit #51H

McVay Drilling Rig No. 5

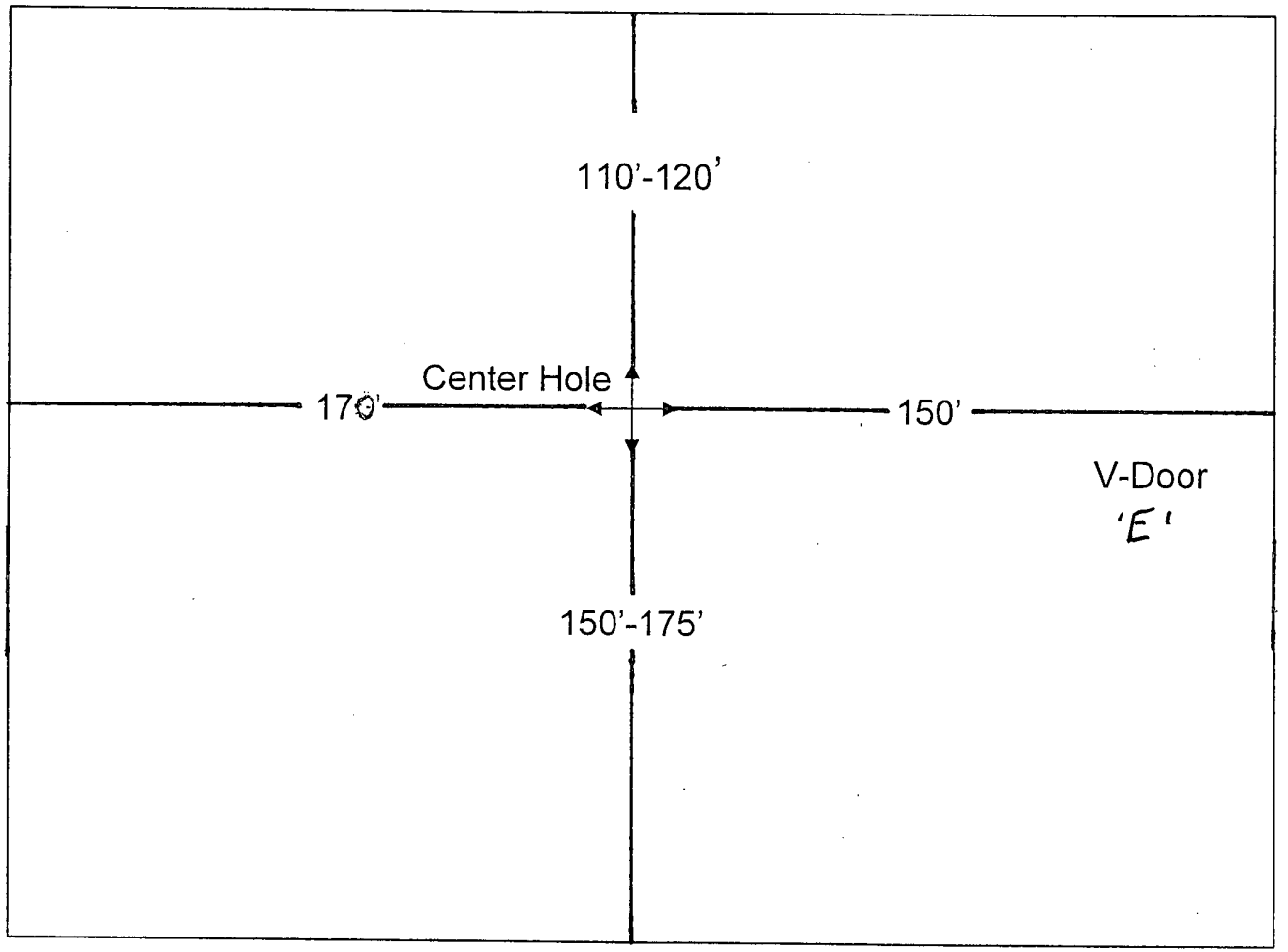


McVay Drilling Co.

Closed Loop Location Platt

Rig 10

Added 4/24/10 TEN



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#51H

McVay Drilling Co.

Closed Loop Location Platt

Rig 10