

SECRETARY'S POTASH

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

HOBBS OCD

SEP 07 2016

RECEIVED

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

15-005

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SHL:NMNM175774/BHL:NMNM103235
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator XTO Energy, Inc (5780)		7. If Unit or CA Agreement, Name and No.
3a. Address 500 W. Illinois Ste 100 Midland, Texas 79701		8. Lease Name and Well No. (316778) Ocioso 21 Federal Com #2H
3b. Phone No. (include area code) 432-620-6714		9. API Well No. 30-025-4341
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 500'FNL & 2375'FWL, C-28-T19S-R32E At proposed prod. zone 330'FSL & 2290'FWL 200'FNL + 1800'FWL, N-21-T19S-R32E		10. Field and Pool, or Exploratory Lusk; Bone Spring, East 41442
14. Distance in miles and direction from nearest town or post office*		11. Sec., T. R. M. or Blk. and Survey or Area C-28-T19S-R32E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 500'FWL		12. County or Parish Lea
16. No. of acres in lease 440		13. State NM
17. Spacing Unit dedicated to this well 160		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1790' to #1H Well		20. BLM/BIA Bond No. on file UTB000138
19. Proposed Depth TVD: 9418' MD: 14,791'		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3582'		22. Approximate date work will start*
		23. Estimated duration 45 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:

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

25. Signature <i>Stephanie Rabadue</i>	Name (Printed/Typed) Stephanie Rabadue	Date 05/02/2015
Title Regulatory Analyst		
Approved by (Signature) <i>/s/George MacDonell</i>	Name (Printed/Typed) George MacDonell	Date SEP 6 - 2016
Title FIELD MANAGER	Office 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)

Capitan Controlled Water Basin

Kas
09/07/16

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

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

XTO Energy Inc.
Ocioso 21 Federal COM 2H
Projected TD: 14791' MD / 9418' TVD
SHL: 500' FNL & 2375' FWL, SECTION 28, T19S, R32E
BHL: 200' FNL & 1800' FWL, SECTION 21, T19S, R32E
Lea County, NM

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	880'	Water
Top of Salt	1005'	
Base of Salt	2491'	
Delaware	4760'	Water
Brushy Canyon	5817'	Water/Oil/Gas
Bone Spring	7293'	Water/Oil/Gas
1 st Bone Spring Ss	8488'	Water/Oil/Gas
2 nd Bone Spring Ss	9184'	Water/Oil/Gas
Target/Land Curve	9418'	Water/Oil/Gas
3 rd Bone Spring Ss	10031'	Water/Oil/Gas
Wolfcamp	10473'	Water/Oil/Gas
Strawn	11394'	Water/Oil/Gas
Pilot Hole TD	11601'	Water/Oil/Gas

*** Hydrocarbons @ Brushy Canyon

*** Groundwater depth 223' (per NM State Engineers Office).

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 @ 925' above the salt and circulating cement back to surface. The salt will be isolated by setting 9-5/8" casing at 4725' and circulating cement to surface. An 8-3/4" pilot hole will be drilled into the Strawn. It will then be plugged back. An 8-3/4" curve and lateral hole will be drilled to MD/TD and 5-1/2" casing with sliding frac sleeves 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' - 925'	13-3/8"	48#	STC	H-40	New	4.94	1.75	7.25
12-1/4"	0' - 4725'	9-5/8"	40#	LTC	J-55	New	1.02	1.41	3.06
8-3/4"	0' - 14791'	5-1/2"	17#	BTC	P-110	New	1.12	1.66	2.26

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: *See COA*

- A. **Surface Casing:** 13-3/8", 48#, NEW H-40, STC casing to be set at ± 925'.

Lead: 20 bbls FW, then 515 sx ExtendaCem-CZ (mixed at 13.7 ppg, 1.68 ft³/sk, 8.72 gal/sx wtr)

Tail: 305 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", 40#, NEW J-55, LTC casing to be set at ± 4725'.

Lead: 20 bbls FW, then 1405 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: 250 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. **Pilot Hole Plugs:** 8-3/4" open hole *See COA*

Plug 1: 11400' - 10400'

580 sx HalCem-H (mixed at 16.4 ppg, 1.08 ft³/sk, 4.52 gal/sx wtr)

Plug 2: 8950' - 8450'

335 sx HalCem-H + 0.5% CFR-3 + 0.2 HR-601 (mixed at 17.5 ppg, 0.95 ft³/sk, 3.52 gal/sx wtr)

***All volumes 50% excess in open hole.

- D. **Production Casing:** 5-1/2", 17#, NEW P-110, BTC casing to be set at ± 14791'. Casing will be cemented and will include sliding sleeves for the completion.

Lead: 20 bbls FW, then 460 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: 1385 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~~ *Toc ~ 50' above Capitan Reef ~ 3000' - See COA*

*Low Cement
See COA*

5. PRESSURE CONTROL EQUIPMENT. See COA

The blow out preventer equipment (BOP) for this well consists of a 13-5/8" minimum 5M Hydril and a 13-5/8" minimum 5M Double Ram BOP. Max bottom hole pressure of the pilot hole should not exceed 5800 psi. Max bottom hole pressure of the lateral should not exceed 4525 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" 3M 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 5000 psi. All BOP tests will include a low pressure test as per BLM regulations. The 5M BOP diagrams are attached. Blind rams will be functioned tested each trip, pipe rams will be functioned tested each day.

See COA 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 925'	17-1/2"	FW/Native	8.4 - 8.8	35 - 40	NC
925' to 4725'	12-1/4"	Brine/Gel Sweeps	9.8 - 10.2	30 - 32	NC
4725' to 11601' (Pilot Hole)	8-3/4"	FW / Cut Brine / Poly-Sweeps	8.6 - 9.6	29 - 32	NC - 20
8845' to 14791' (Curve/Lateral)	8-3/4"	FW / Cut Brine / Poly-Sweeps	8.6 - 9.2	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: *See COA*

Mud Logger: Mud Logging Unit (2 man) on below intermediate casing.

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 175 F is anticipated. *H2S might be present - See COA* ~~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.

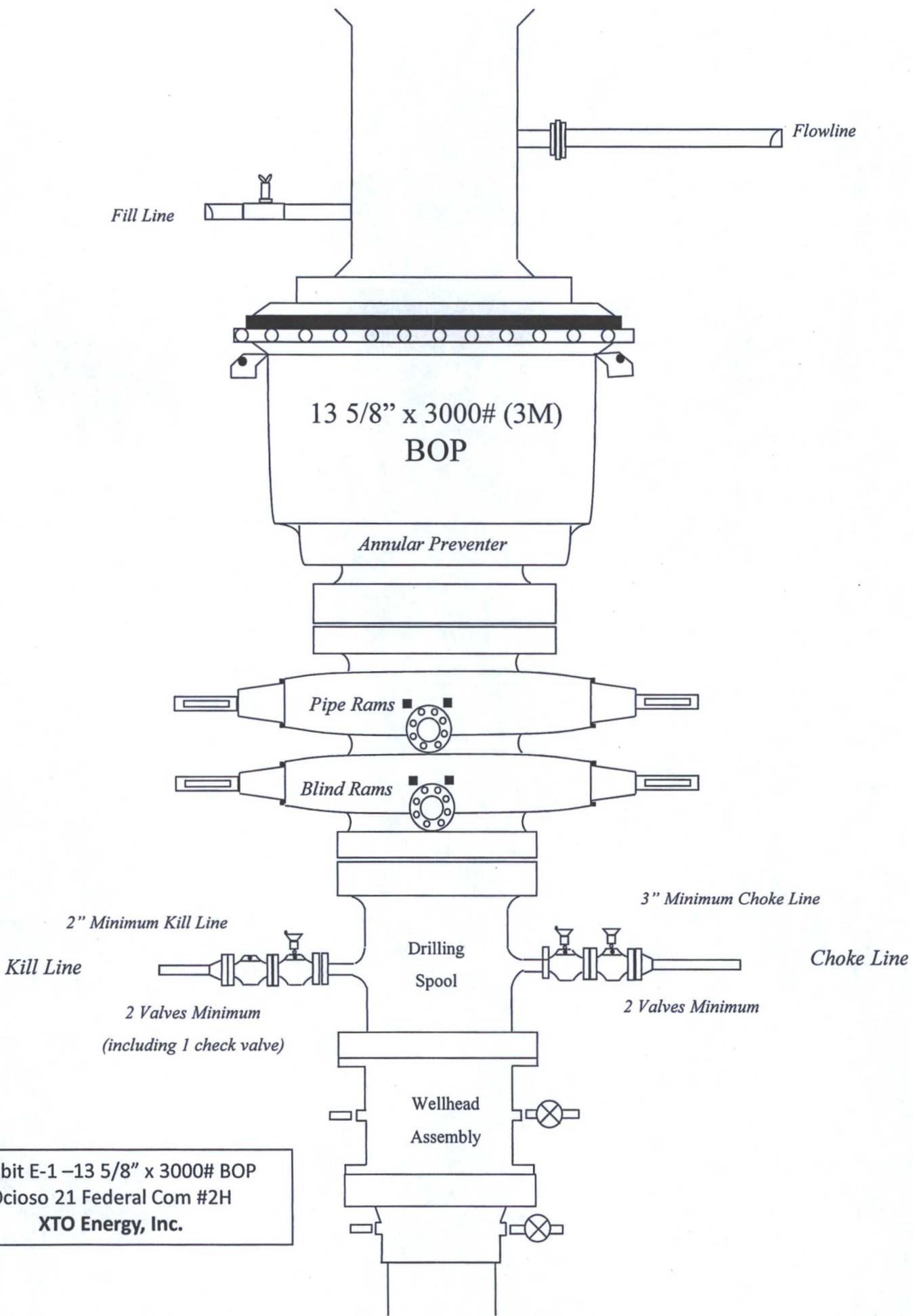


Exhibit E-1 - 13 5/8" x 3000# BOP
 Ocoso 21 Federal Com #2H
 XTO Energy, Inc.

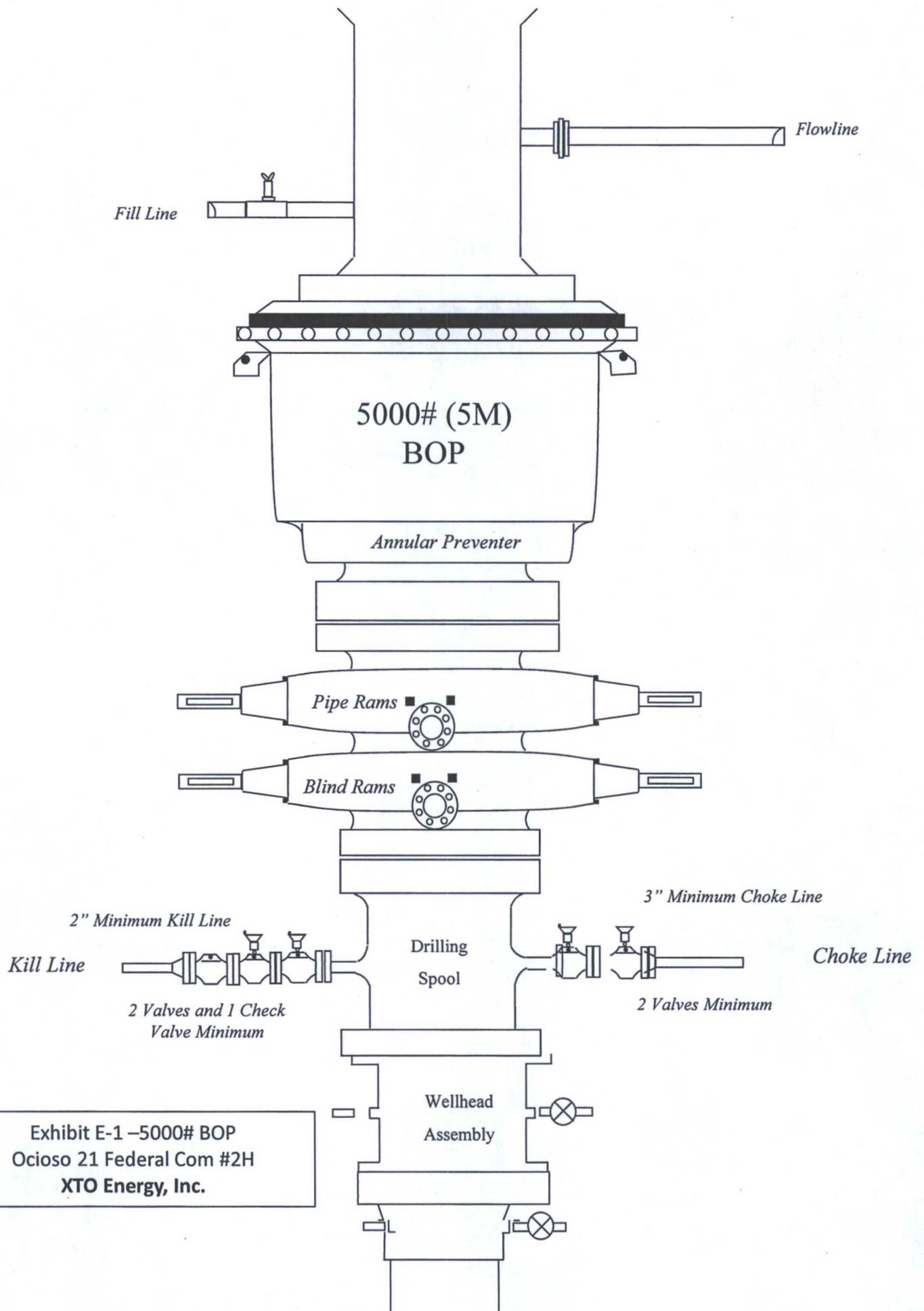
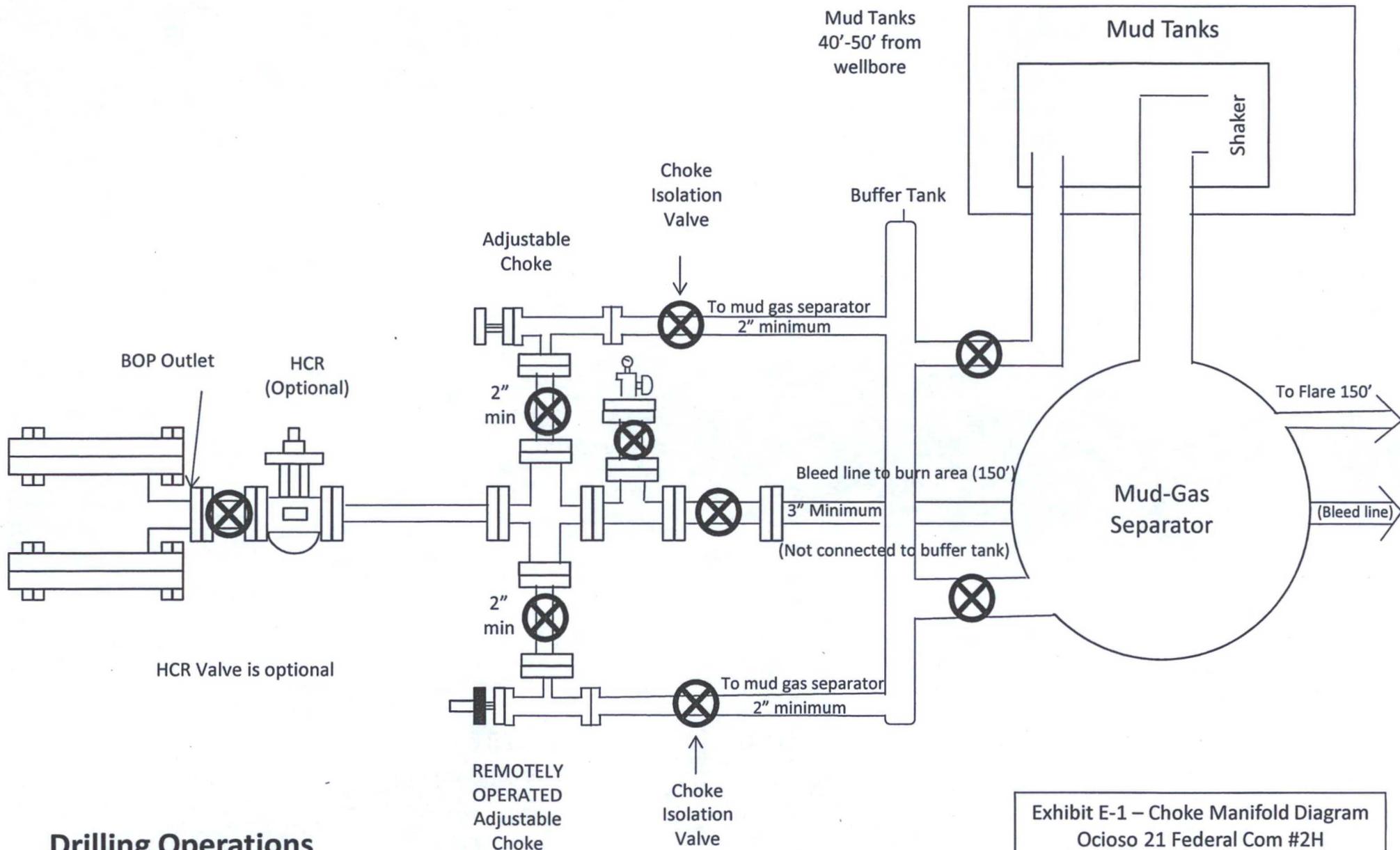
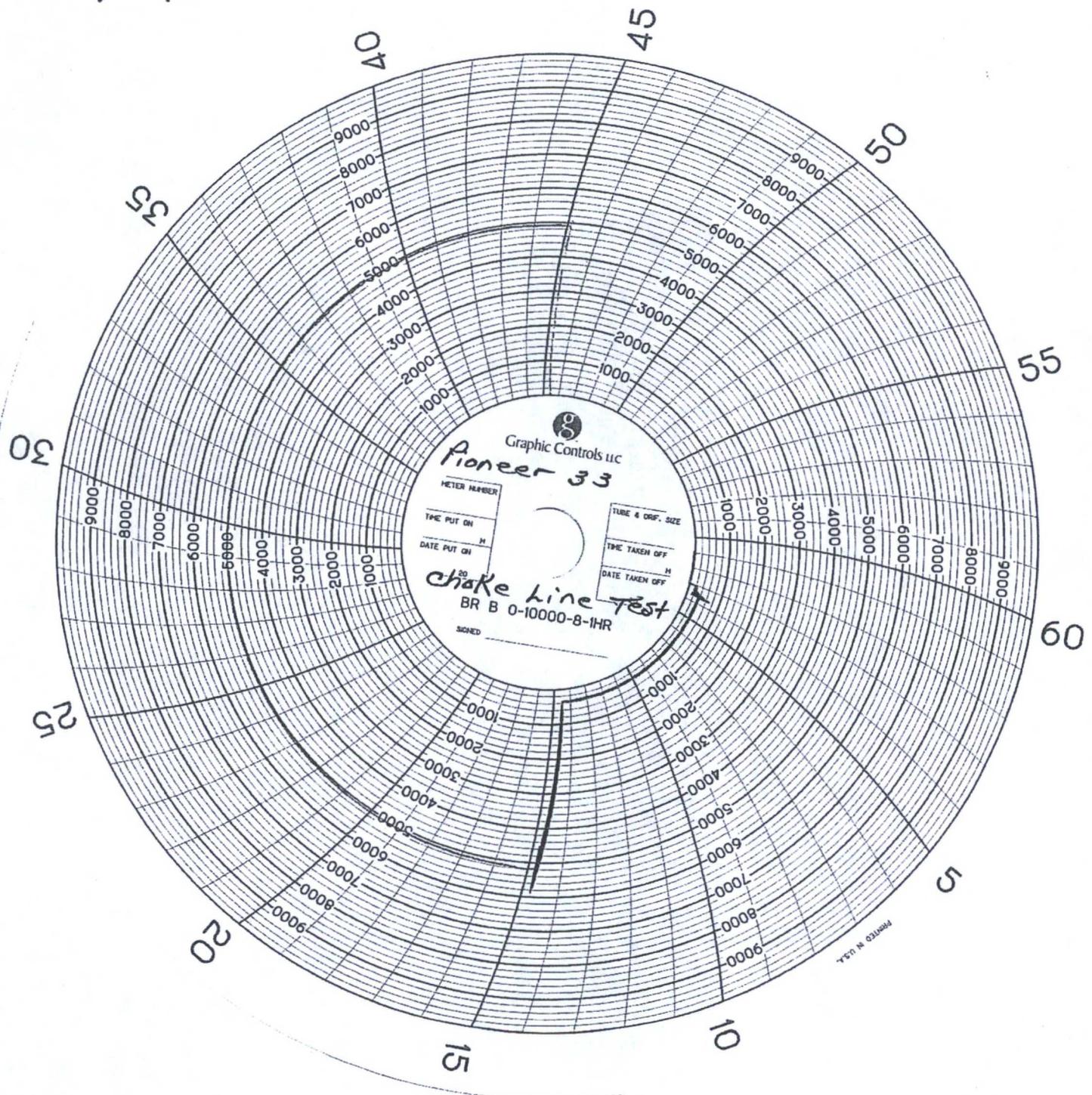


Exhibit E-1 -5000# BOP
Ocioso 21 Federal Com #2H
XTO Energy, Inc.



**Drilling Operations
Choke Manifold**

Exhibit E-1 – Choke Manifold Diagram
Ocioso 21 Federal Com #2H
XTO Energy, Inc..



Graphic Controls Inc
Pioneer 33

METER NUMBER

TIME PUT ON

DATE PUT ON

TIME TAKEN OFF

DATE TAKEN OFF

Choke Line Test

BR B 0-10000-8-1HR

SIGNED

PRINTED IN U.S.A.



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 :	<i>[Signature]</i>	Signature :	<i>[Signature]</i>

NOON

1

2

5-11

HOSE I.D. 2 1/2 IN LENGTH 42 FT END 1 4 1/16 SKAF END 2 4 1/16 SKAF

GRADE D WORKING PRESSURE 5,000 PS.I.

TEST PRESSURE 7,500 PS.I. ASSEMBLY DATE 6-8-14

TEST DATE 6-8-14 SERIAL # L33090011513D-060814-R4000

NAME D. J. B. CR # 25613

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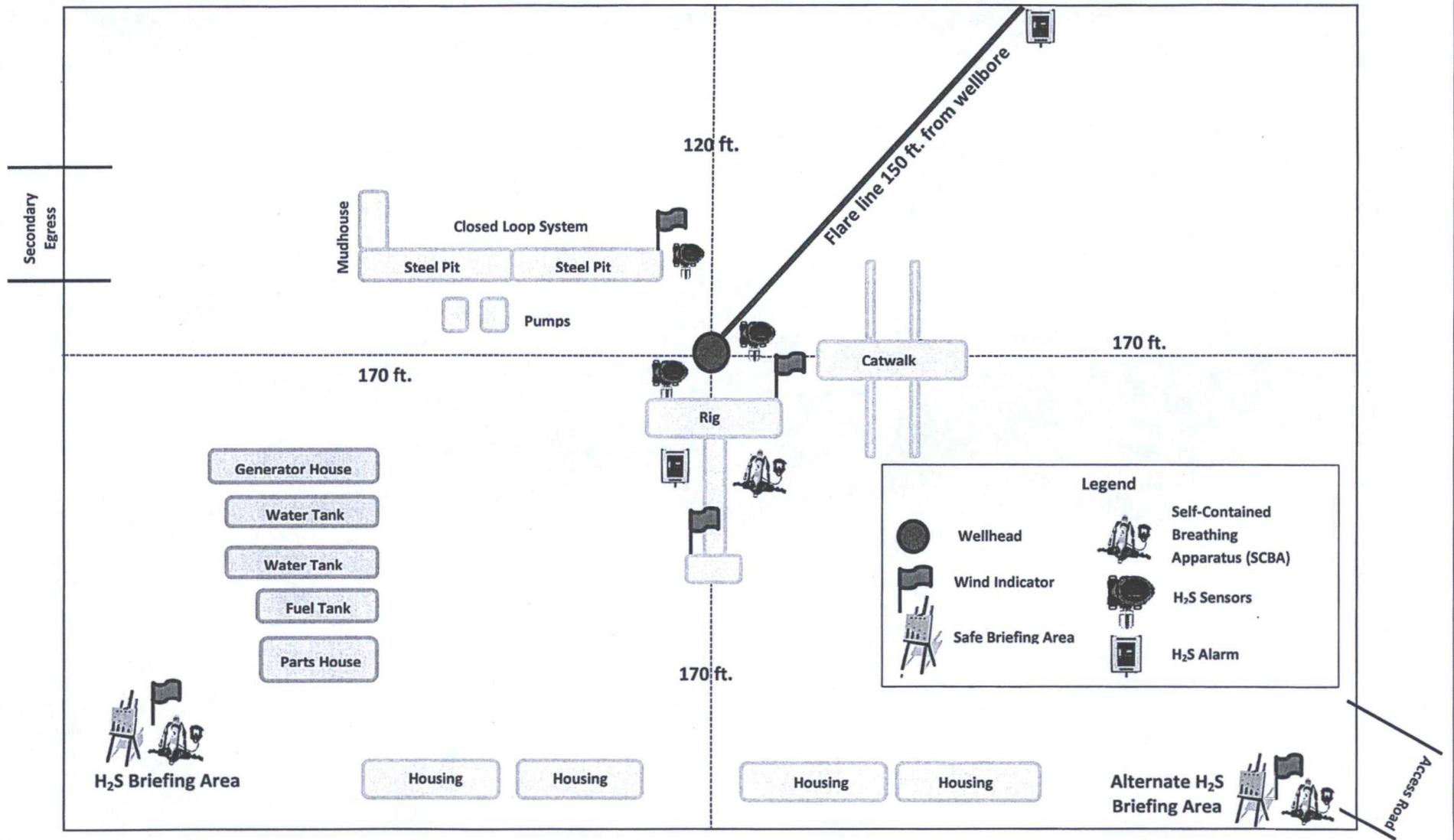
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4



↗
Prevailing Winds
Direction SW

H2S Briefing Areas and Alarm Locations





May 30, 2015

Stephanie Rabadue
XTO Energy Inc.
500 W. Illinois St Ste 100
Midland, TX 79701
432-620-6714
stephanie_rabadue@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 Ocioso 21 Federal Com #2H located in Section 28, T19S, R32E, in Lea 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,

A handwritten signature in cursive script that reads 'Stephanie Rabadue'.

Stephanie Rabadue
Regulatory Analyst