

30-025-04492



September 29, 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. may encounter H₂S while drilling the EMSU 200H located in Sec 4, T21S, R36E, in Lea County, New Mexico. As a precaution, I have attached an H₂S contingency plan along with a gas analysis of our well stream. Gas production from the existing well is approximately 3 MCFD. The projected and calculated ROE for 100 ppm is 41' and for 500 ppm, 19'. No public areas are in danger of exposure. We will have an H₂S monitoring and safety system on location and operational at rig up. If you need anything further, please contact me at the telephone number or email listed above.

Thank you,

Chip Amrock 10/5/2010

Chip Amrock
Sr. Drilling Engineer



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 H₂S, 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 H₂S 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
 - o Detection of H₂S, and
 - o Measures for protection against the gas,
 - o 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 (SO₂). 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 H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H₂S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO₂	2.21 Air = 1	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

MANLEY GAS TESTING, INC.P.O. DRAWER 193
OFFICE(432)367-3024

FAX(432)367-1166

ODESSA, TEXAS 79760
E-MAIL: MANLEYGAST@AOL.COM

CHARGE..... 67 - 0
REC. NO. 0
TEST NUMBER.. 5541DATE SAMPLED..... 09-27-10
DATE RUN..... 09-28-10
EFEC. DATE..... --

STATION NO. ...

SAMPLE NAME.... EMSU WELL #200

RECEIVED FROM.. XTO ENERGY - MIDLAND TX

FLOWING PRESSURE 18 PSIG FLOWING TEMPERATURE 75 F

SAMPLED BY: RC

CYLINDER NO. ...

FRACTIONAL ANALYSIS
CALCULATED @ 14.730 PSIA AND 60F

	MOL%	GPM (REAL)
HYDROGEN SULFIDE...	8.000	
NITROGEN.....	0.484	
CARBON DIOXIDE.....	12.490	
METHANE.....	47.912	
ETHANE.....	8.261	2.225
PROPANE.....	11.293	3.133
ISO-BUTANE.....	2.414	0.796
NOR-BUTANE.....	4.960	1.574
ISO-PENTANE.....	1.641	0.604
NOR-PENTANE.....	1.052	0.384
HEXANES +.....	1.493	0.657
TOTALS	100.000	9.373

H2S PPMV = 80000

'Z' FACTOR (DRY) = 0.9927

'Z' FACTOR (WET) = 0.9923

CALC. MOL. WT. = 31.13

..CALCULATED SPECIFIC GRAVITIES..IDEAL, DRY..... 1.0748
IDEAL, WET 1.0669
REAL, DRY 1.0823
REAL, WET 1.0748**..CALCULATED GROSS HEATING VALUES..**BTU/CF - IDEAL, DRY 1342.1
BTU/CF - IDEAL, WET 1318.7
BTU/CF - REAL, DRY 1352.0
BTU/CF - REAL, WET 1328.9

DISTRIBUTION AND REMARKS:

PDF T. ADUDELL

R. CARTWRIGHT

ANALYZED BY: JT

APPROVED: 



**DESIGN PLAN, OPERATING & MAINTENANCE PLAN, & CLOSURE PLAN
FOR OCD FOR C-144**

Eunice Monument South Unit #200H

DESIGN PLAN

Fluid & cuttings coming from drilling operations will pass over the Shale Shaker with the cuttings going to the CRI haul off bin and the cleaned fluid returning to the working steel pits.

Equipment includes:

- 2 – 500 bbl steel frac tanks (fresh water for drilling)
- 2 – 180 bbl steel working pits
- 1 – 20 cu yards steel haul off bin (calc'd cutting is 9.4 cu yards)
- 2 – Pumps (1 – PZ 7 and 1 – CE500)
- 1 – Shale shaker
- 1 – Mud cleaner (if needed)
- 1 – Centrifuge (if needed)

OPERATING AND MAINTENANCE PLAN

Inspection to occur every tour for proper operation of system and individual components. If any problems are found they will be repaired and/or corrected immediately.

CLOSURE PLAN

All haul bins containing cuttings will be removed from location and hauled to Controlled Recovery, Inc's (#R9166) disposal site located near mile marker 66 on Highway 62/180.

Chip Amrock 10/5/2010

Chip Amrock
Sr. Drilling Engineer

Surface Use Plan

(Additional data for form 3160-3)

XTO Energy, Inc.
Eunice Monument South Unit #200H
SHL 1940' FNL & 661' FWL
BHL 3270' FSL & 2618" FWL
SEC 4, T21S, R36E
Lea County, NM
NMLC #031740 B

1. EXISTING ROADS-

The road log to the location is as follows:

From the intersection of St. Hwy #8 and St. Hwy. #175, go west on St. Hwy #175 for approx 0.9 miles. Turn right and go north 0.5 miles to the existing EMSU #200 well pad. 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 — The existing access road(s) will be used (see 'John West Survey Map'). 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 - See attached 'One Mile Radius Map with Well Symbols'.
4. LOCATION OF EXISTING OR PROPOSED FACILITIES . See attached 'John West Survey Map' showing power lines and pipe lines. No surface facilities will be installed on this well. The existing pumping unit will remain on location. The production flowline leaves the well location and travels N-NE approximately 0.3 mi to the XTO - Satellite 3 header system.
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 well site pad will be obtained from an approved pit. No surface materials will be disturbed except those necessary for 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 tie-in to the flowline is made. No camps or airstrips will be constructed.

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

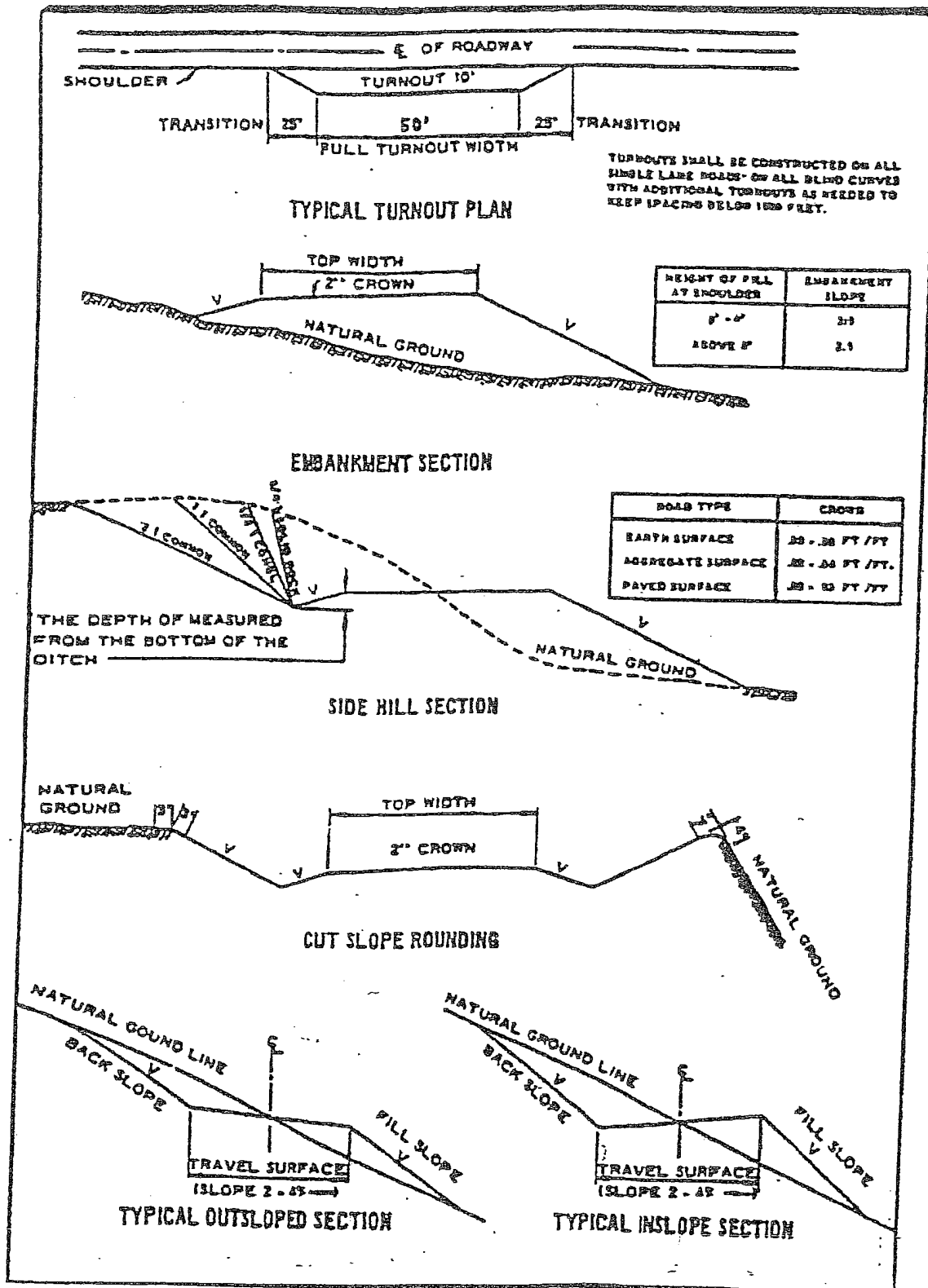
10. PLANS FOR SURFACE RESTORATION Reclamation of the surface location will be in accordance with the requirements set forth by the BLM. As stated earlier all waste generated by this operation will be disposed of in an approved manner, and the site restored as closely as possible to its pre-operation 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 dwellings exist within the vicinity of the location.

Arc Survey (work in progress, to be sent in by Southern NM Archaeological Serv) and Notice of Staking has been submitted (9/22/2010) to Bureau of Land Management.

11. OTHER INFORMATION -This well was originally drilled as a vertical well on state land, which put the well under the jurisdiction of the New Mexico OCD. This application being submitted to the BLM is to add a lateral to the existing vertical wellbore. The lateral being added will cross into federal land and the BHL will be under federal property, which changes this well from a state well to a federal well under the jurisdiction of the BLM. Drilling contractor: Key Energy Rig 36.

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 5th day of October, 2010

Well: EMSU #200H, Sec. 4, T21S, R36E, Lea Co., NM

Operator Name: XTO ENERGY INC

Signature:  Printed Name: Don Eubank

Title: Drilling Manager Date: 10-5-2010

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): Boogie Armes

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.

NOTICE OF STAKING

(Not to be used in place of Application for Permit to Drill Form 3160-3)

1. Oil Well <u>XX</u> Gas Well _____ Other (Specify) _____	
2. Name, Address, and Telephone of Operator XTO ENERGY INC 200 N. LORAIN ST., STE. 800, MIDLAND, TX 79701	
3. Name and Telephone of Specific Contact Person Kendall Chance (432) 620-6749	
4. Surface Location of Well Attatch: Existing surface location adding lateral. (a) Sketch showing road entry onto pad, pad dimensions, and reserve pit (b) Topographical or other acceptable map showing location, access road, and lease boundaries	
4a. A map (e.g., a USGS 7-1/2" Quadrangle) of the area including the proposed well location and access road	
5. Lease Number	11. Section, Township, Range, Meridian; or Block and Survey; or area SEC. 4; T21S; R36E; 1940'FNL & 661'FWL
6. If Indian, Allottee or Tribe Name	12. County, Parish, or Borough Lea County
7. Unit Agreement Name Eunice Monument South Unit	13. State NEW MEXICO
8. Well Name and Number 200H	14. Name and Depth of Formation Objective(s) Eunice Monument; Grayburg- San Andres
9. American Petroleum Institute Well Number (if available)	15. Estimated Well Depth 3900'
10. Field Name or Wildcat Eunice Monument	16. For directional or horizontal wells, anticipated bottom hole location, if known 3420' FSL & 2470' FWL
17. Additional Information (as appropriate; include surface owner's name, address, and if known, telephone). SHL: STATE, OCD, 1625 N French Dr., Hobbs, NM, 88240, 575-393-6161 BHL: BLM, 620 N. Green St., Carlsbad, NM 88220, 505-887-6544 (Cody Layton; Todd Suiter)	
18. Signed <u>Kendall Chance</u> Title <u>Drilling Tech</u> Date <u>9/22/10</u>	

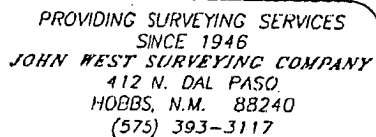
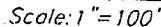
Note: When the Bureau of Land Management of Forest Service, as appropriate, receives this Notice, the agency will schedule the date of the onsite inspection. You must stake the location and flag the access road before the onsite inspection. Operators should consider the following before the onsite inspection and incorporate these considerations into the Notice of Staking Option, as appropriate:

- (a) H₂S Potential
- (b) Cultural Resources (Archeology)
- (c) Federal Right-of-way or Special Use Permit

NEW MEXICO



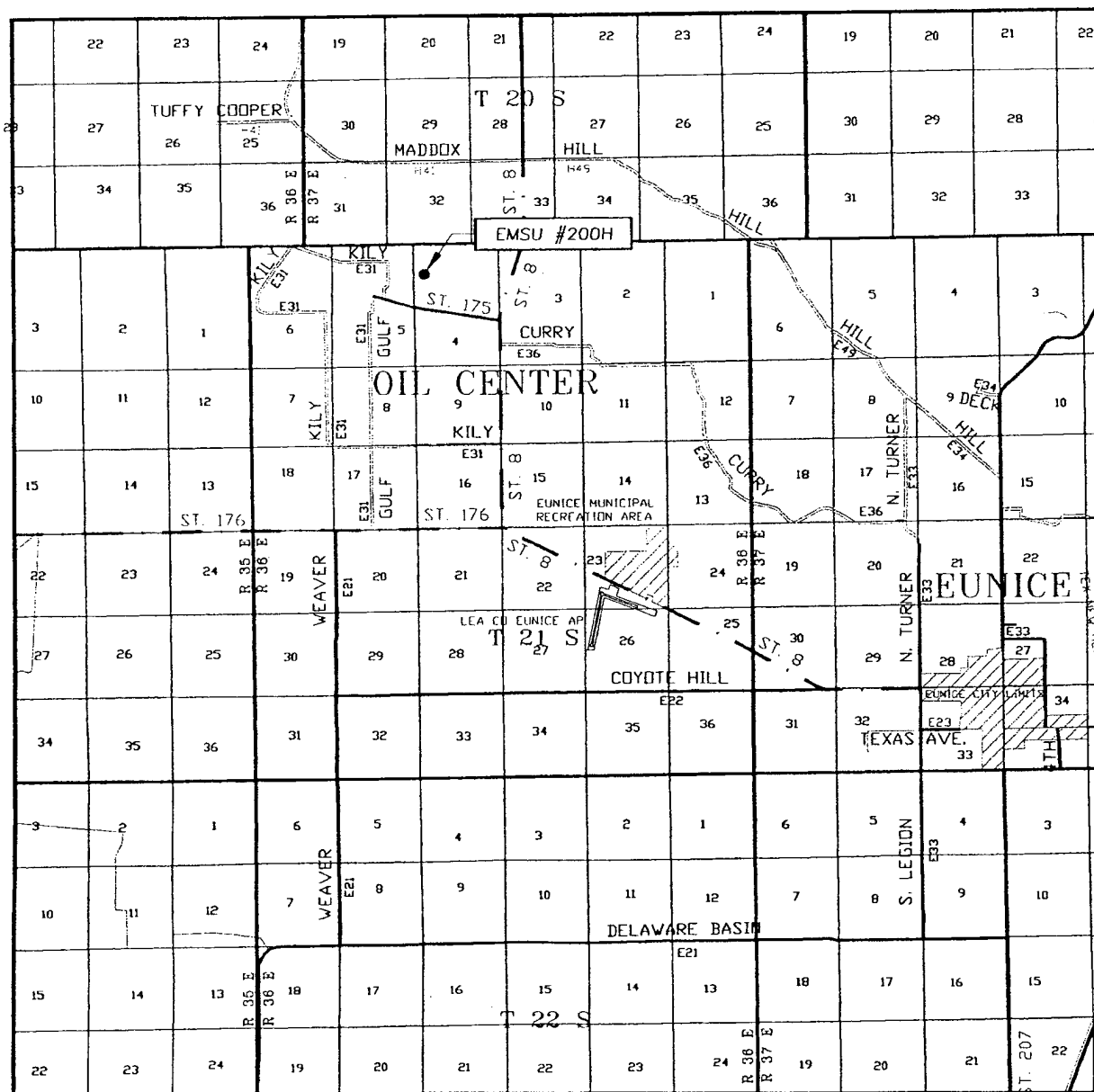
FROM THE INTERSECTION OF ST. HWY. #8 AND ST. HWY. #175, GO WEST ON ST. HWY. #175 APPROX. 0.9 MILES. TURN RIGHT AND GO NORTH 0.5 MILES TO THE EXISTING EMSU #200 WELL PAD.



EMSU #200H WELL
LOCATED 1940 FEET FROM THE NORTH LINE
AND 661 FEET FROM THE WEST LINE OF SECTION 4,
TOWNSHIP 21 SOUTH, RANGE 36 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 5/4/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.0624	Dr By: LA Rev 1:N/A
Date: 5/7/10	10110624 Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 4 TWP. 21-S RGE. 36-E

SURVEY N.M.P.M.

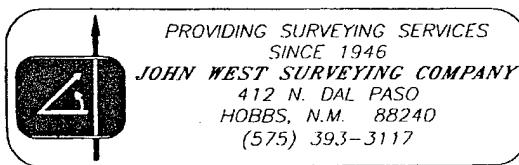
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1940' FNL & 661' FWL

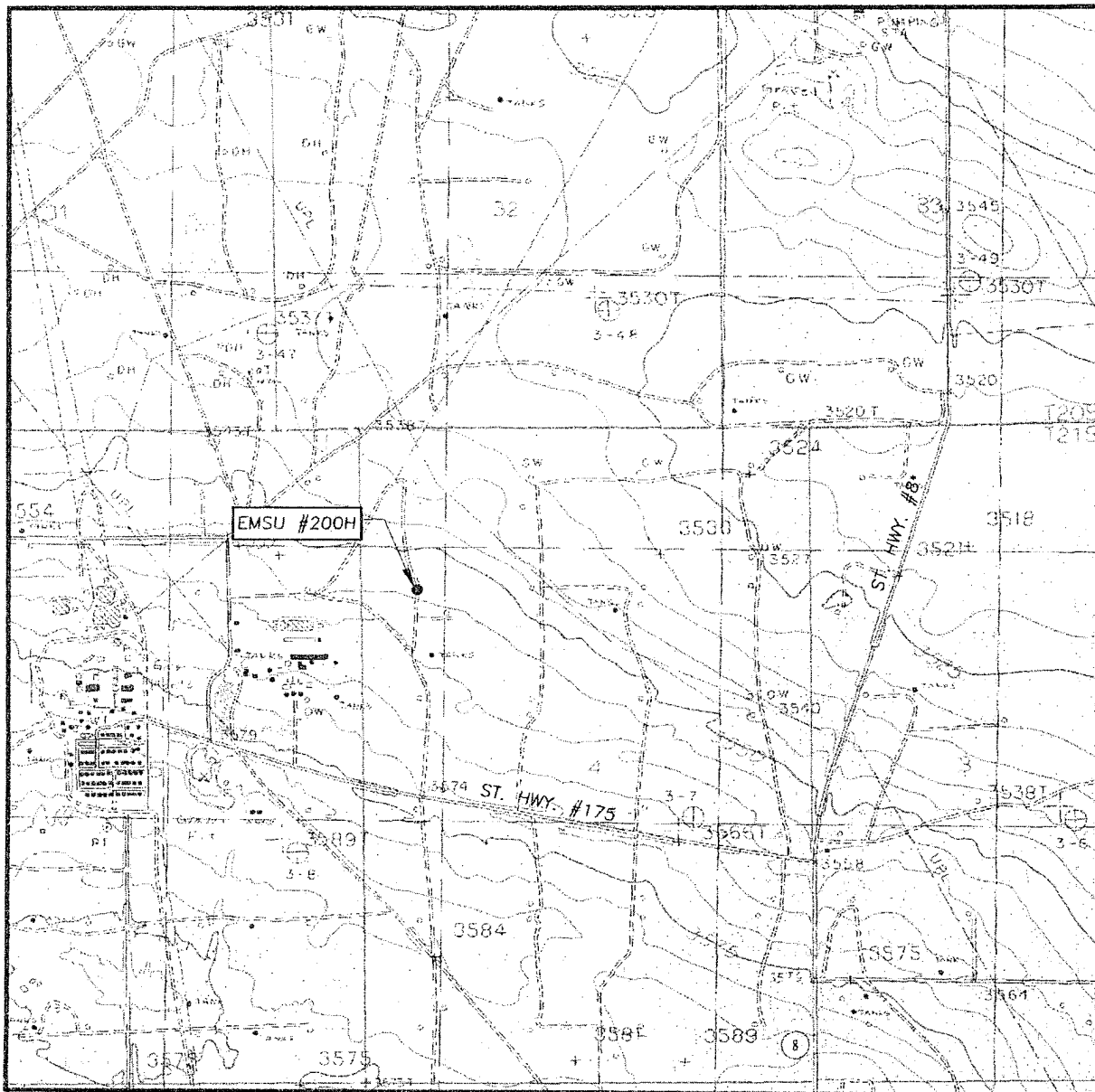
ELEVATION 3556'

OPERATOR XTO ENERGY

LEASE EMSU



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MONUMENT SOUTH, N.M. - 5'

SEC. 4 TWP. 21-S RGE. 36-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

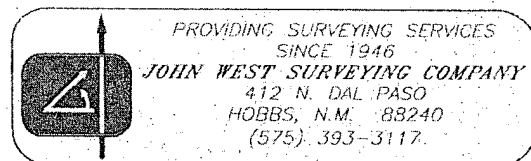
DESCRIPTION 1940' FNL & 661' FWL

ELEVATION 3556'

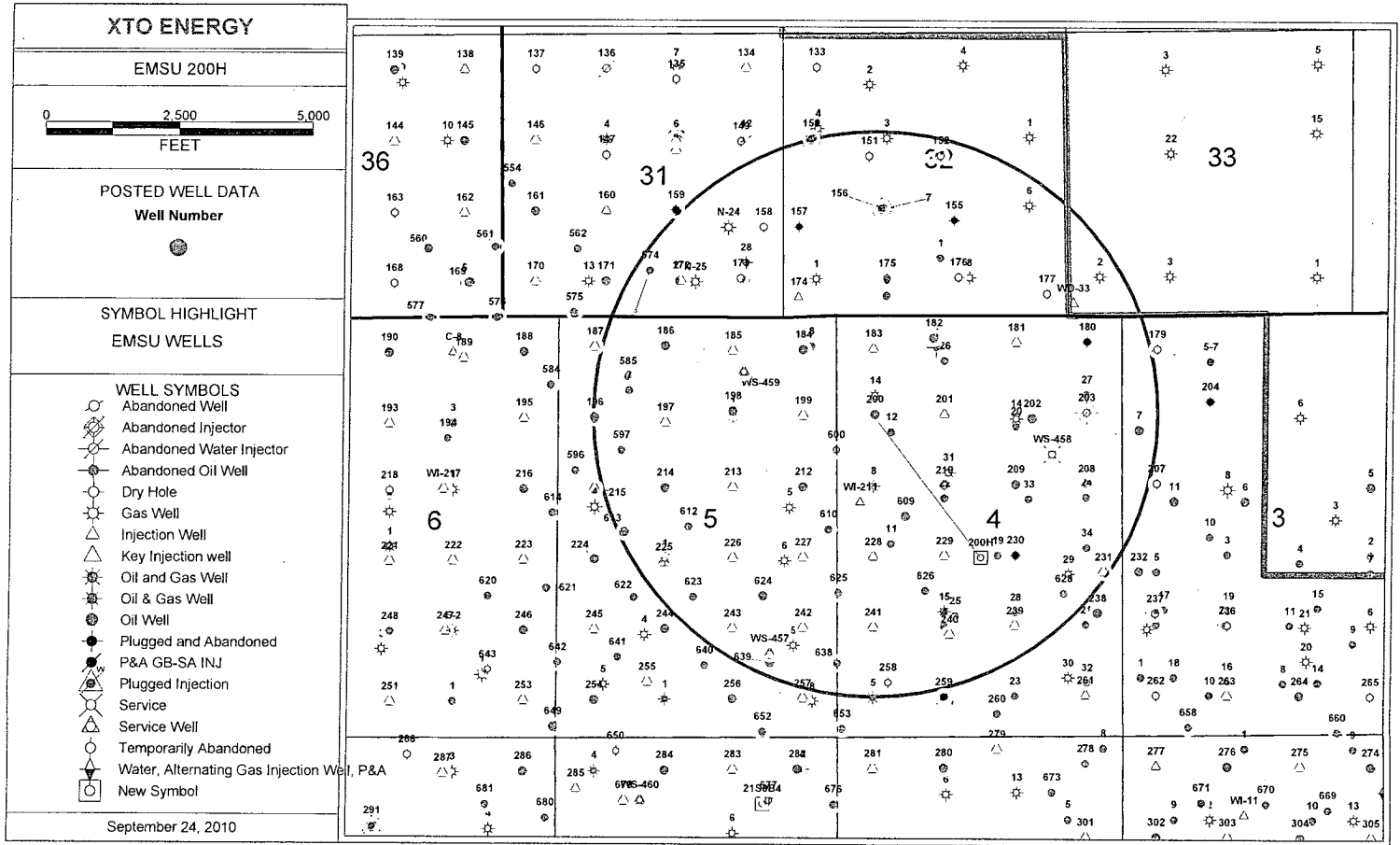
OPERATOR XTO. ENERGY

LEASE EMSU

U.S.G.S. TOPOGRAPHIC MAP
MONUMENT SOUTH, N.M.



One Mile Radius Map w/ well Legend Symbols Existing Wells



DAMAGE RELEASE

STATE OF NEW MEXICO)(

ss.

COUNTY OF LEA)(

For and in consideration of the sum of **Twenty Five Hundred and No/100 Dollars (\$2500.00)** and other good and valuable consideration cash in hand paid, the receipt of which is hereby acknowledged, the undersigned, hereinafter referred to as "Grantor", does hereby release, discharge, acquit and relinquish **XTO ENERGY INC.**, hereinafter referred to as "Grantee", its successors and assigns, the exclusive use and possession of the land herein described below, for the purpose of exploring, drilling, producing, processing, storing, transporting and marketing oil and gas produced from the land or other lands, and all related operations, and grantor does hereby discharge Grantee from any and all, damages, demands and causes of action for any and all injuries and damages to the surface of the tract of land, including an additional area of 50' X 100' area attached to the existing pad site, herein described and to the appurtenances and improvements thereon on said tract of land by the undersigned, their respective employees and/or tenants, arising directly or indirectly in connection with the construction of access roadway, and drillsite location, and the drilling and completion of any well located on and across said land, related to the EMSU #200H, well located on the following described lands owned by the undersigned:

Township 21 South, Range 36 East, NMPM
Section 4, Lot 5

Lea County, New Mexico

As described on attached survey plat

XTO ENERGY INC. agrees to conduct all operations in a good and workmanlike manner and shall use all normal precautions to prevent future damages to said land.

For the same consideration, the undersigned agrees to account to any party who may be entitled to any portion of the aforementioned sum, and to indemnify and hold harmless **XTO ENERGY INC.**, its successors and assigns, from any claim by any other party for damages to the above described lands.

It is hereby understood and agreed that this settlement covers all damages associated with the construction of 50'x100' extension, it being the purpose and intention of the parties named herein by granting this release to adjust, compromise and amicably settle in full, all claims, demands, or causes of action which may arise as the result of the operations set forth above.

IN WITNESS WHEREOF, this instrument is executed this 20th day of August, 2010.

Bank of America, Trustee
Millard Deck Estate
P.O. 270
Midland, TX 79702
Tax ID # 75-6366978

By: Jeff Petter
Its: AUP

ACKNOWLEDGEMENT

STATE OF TEXAS) (

ss.

COUNTY OF MIDLAND) (

The foregoing **DAMAGE RELEASE** was acknowledged before me this 20th day of Aug 2010 by, Jeff Petter,
Bank of America on behalf of said company as Trustee of the Millard Deck Estate.

My commission expires 06-21-2013

Lupe R. Alvarado
Texas Notary Public

RECEIVED

MAR 23 2011
HOBBSOCD

