

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT

| APPLICATION FOR PERMIT TO DRILL | | | | | | 1. WELL NAME and NUMBER AP 7-2J | | | | | |
|--|-----------|-------------------|---|---------|--|--|--------------|----------|-------|--------|--|
| 2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/> | | | | | | 3. FIELD OR WILDCAT ALGER PASS | | | | | |
| 4. TYPE OF WELL Gas Well <input checked="" type="checkbox"/> Coalbed Methane Well: NO <input type="checkbox"/> | | | | | | 5. UNIT or COMMUNITIZATION AGREEMENT NAME | | | | | |
| 6. NAME OF OPERATOR XTO ENERGY INC | | | | | | 7. OPERATOR PHONE 505 333-3159 | | | | | |
| 8. ADDRESS OF OPERATOR 382 Road 3100, Aztec, NM, 87410 | | | | | | 9. OPERATOR E-MAIL kyla_vaughan@xtoenergy.com | | | | | |
| 10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) ML-36213 | | | 11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> | | | 12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> | | | | | |
| 13. NAME OF SURFACE OWNER (if box 12 = 'fee') | | | | | | 14. SURFACE OWNER PHONE (if box 12 = 'fee') | | | | | |
| 15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') | | | | | | 16. SURFACE OWNER E-MAIL (if box 12 = 'fee') | | | | | |
| 17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN') | | | 18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/> | | | 19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/> | | | | | |
| 20. LOCATION OF WELL | | FOOTAGES | | QTR-QTR | SECTION | TOWNSHIP | RANGE | MERIDIAN | | | |
| LOCATION AT SURFACE | | 1738 FNL 2023 FEL | | SWNE | 2 | 11.0 S | 19.0 E | S | | | |
| Top of Uppermost Producing Zone | | 1738 FNL 2023 FEL | | SWNE | 2 | 11.0 S | 19.0 E | S | | | |
| At Total Depth | | 1738 FNL 2023 FEL | | SWNE | 2 | 11.0 S | 19.0 E | S | | | |
| 21. COUNTY UINTAH | | | 22. DISTANCE TO NEAREST LEASE LINE (Feet) 1738 | | | 23. NUMBER OF ACRES IN DRILLING UNIT 625 | | | | | |
| 27. ELEVATION - GROUND LEVEL 5463 | | | 25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completion) 731 | | | 26. PROPOSED DEPTH MD: 9682 TVD: 9682 | | | | | |
| | | | 28. BOND NUMBER 104312762 | | | 29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE 43-10991 | | | | | |
| Hole, Casing, and Cement Information | | | | | | | | | | | |
| String | Hole Size | Casing Size | Length | Weight | Grade & Thread | Max Mud Wt. | Cement | Sacks | Yield | Weight | |
| Surf | 12.25 | 9.625 | 0 - 2200 | 36.0 | J-55 ST&C | 8.4 | Type V | 183 | 3.82 | 11.0 | |
| | | | | | | | Class G | 225 | 1.15 | 15.8 | |
| Prod | 7.875 | 5.5 | 0 - 9682 | 17.0 | N-80 LT&C | 9.2 | Premium Plus | 501 | 3.12 | 11.6 | |
| | | | | | | | Class G | 300 | 1.75 | 13.0 | |
| ATTACHMENTS | | | | | | | | | | | |
| VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES | | | | | | | | | | | |
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | | | | | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN | | | | | | |
| <input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE) | | | | | <input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER | | | | | | |
| <input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED) | | | | | <input checked="" type="checkbox"/> TOPOGRAPHICAL MAP | | | | | | |
| NAME Krista Wilson | | | TITLE Permitting Tech | | | PHONE 505 333-3647 | | | | | |
| SIGNATURE | | | DATE 10/05/2011 | | | EMAIL krista_wilson@xtoenergy.com | | | | | |
| API NUMBER ASSIGNED 43047520520000 | | | | | APPROVAL | | | | | | |

Returned Unapproved

XTO ENERGY INC.

AP 7-2J
APD Data
May 29, 2008

Location: 1738' FNL & 2023' FEL, Sec. 2, T11S,R19E **County:** Uintah **State:** Utah

GREATEST PROJECTED TD: 9682' MD **OBJECTIVE:** Wasatch/Mesaverde
APPROX GR ELEV: 5463' **Est KB ELEV:** 5477' (14' AGL)

1. MUD PROGRAM:

| | | |
|------------|-------------|-------------------------------|
| INTERVAL | 0' to 2200' | 2200' to 9682' |
| HOLE SIZE | 12.25" | 7.875" |
| MUD TYPE | FW/Spud Mud | KCl Based LSND / Gel Chemical |
| WEIGHT | 8.4 | 8.6-9.20 |
| VISCOSITY | NC | 30-60 |
| WATER LOSS | NC | 8-15 |

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. The mud system will be monitored visually/manually.

2. CASING PROGRAM:

Surface Casing: 9.625" casing set at ± 2200' in a 12.25" hole filled with 8.4 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'-2200' | 2200' | 36# | J-55 | ST&C | 2020 | 3.66 | 394 | 8.921 | 8.765 | 2.10 | 3.66 | 4.97 |

Production Casing: 5.0" casing set at ±9682' in a 7.875" hole filled with 9.2 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'-9682' | 9682' | 17# | N-80 | LT&C | 6280 | 7740 | 348 | 4.892 | 4.767 | 1.71 | 2.11 | 2.11 |

Collapse and burst loads calculated at TVD with 0.1 psi/ft gas gradient back up.

3. WELLHEAD:

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

4. CEMENT PROGRAM:

- A. **Surface:** 9.625", 36#, J-55, ST&C casing to be set at ±2200' in 12.25" hole.

LEAD:

±183 sx of Type V cement (or equivalent) typically containing accelerator and LCM mixed at 11.0 ppg, 3.82 cu. ft./sk..

TAIL:

225 sx of Class G (or equivalent) typically containing accelerator and LCM mixed at 15.8 ppg, 1.15 cu. ft./sk.

Total estimated slurry volume for the 9.625" surface casing is 956.5 ft³. Slurry includes 35% excess of calculated open hole annular volume to 2200'.

B. **Production:** 5.5", 17#, N-80 (or equiv.), LT&C casing to be set at ±9682' in 7.875" hole.

LEAD:

±501 sx of Premium Plus V Blend. (Type V/Poz/Gel) or equivalent, with dispersant, fluid loss, accelerator, & LCM mixed at 11.6 ppg, 3.12 ft³/sk, 17.71 gal wtr/sx.

TAIL:

300 sx Class G or equivalent cement with poz, bonding additive, LCM, dispersant, & fluid loss mixed at 13.0 ppg, 1.75 cuft/sx, 9.09 gal/sx.

Total estimated slurry volume for the 5.5" production casing is 2089 ft³. Slurry includes 15% excess of calculated open hole annular volume.

Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined from the caliper logs plus 15% or greater excess. The cement is designed to circulate on surface casing string.

5. LOGGING PROGRAM:

- A. Mud Logger: The mud logger will come on at surface casing point 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 (9682') to the bottom of the surface cas. Run Neutron/Lithodensity/Pe/GR/Cal from TD (9682') to 2200'.

6. FORMATION TOPS:

| FORMATION | Sub-Sea Elev. (@SHL) | TVD (@SHL) |
|---------------------|----------------------|------------|
| Green River | 4,565 | 917 |
| Mahogany Bench Mbr. | 3,735 | 1,747 |
| Wasatch Tongue | 1,695 | 3,787 |
| Green River Tongue | 1,340 | 4,142 |
| Wasatch* | 1,200 | 4,282 |
| Chapita Wells* | 355 | 5,127 |
| Uteland Buttes | -850 | 6,332 |
| Mesaverde* | -1,715 | 7,197 |
| Castlegate | N/A | N/A |
| TD** | -4,200 | 9,682 |

* Primary Objective

7. ANTICIPATED OIL, GAS, & WATER ZONES:

A.

| Formation | Expected Fluids | Well Depth Top |
|---------------------|-----------------|----------------|
| Green River | Water/Oil Shale | 917 |
| Mahogany Bench Mbr. | Water/Oil Shale | 1,747 |
| Wasatch Tongue | Oil/Gas/Water | 3,787 |
| Green River Tongue | Oil/Gas/Water | 4,142 |
| Wasatch* | Gas/Water | 4,282 |
| Chapita Wells* | Gas/Water | 5,127 |
| Uteland Buttes | Gas/Water | 6,332 |
| Mesaverde* | Gas/Water | 7,197 |
| Castlegate | Gas/Water | N/A |

- B. Appropriately weighted mud will be used to isolate potential gas, oil, and water zones until such time as casing can be cemented into place for zonal isolation.
- C. There are no known potential sources of H₂S.
- D. Expected bottom hole pressures are between 4100 psi and 4600 psi.
- E. Base of Moderately Saline Water (USGS) at 3987'.

8. BOP EQUIPMENT:

Surface will not utilize a bop stack.

Production hole will be drilled with a 3000 psi BOP stack.

Minimum specifications for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double ram with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50% of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- when initially installed:
- whenever any seal subject to test pressure is broken
- following related repairs: and
- at 30 day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No.2 for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Test pressures for BOP equipment are as follows:

- Annular BOP -- 1500 psi
- Ram type BOP -- 3000 psi
- Kill line valves -- 3000 psi
- Choke line valves and choke manifold valves -- 3000 psi
- Chokes -- 3000 psi
- Casing, casinghead & weld -- 1500 psi
- Upper kelly cock and safety valve -- 3000 psi
- Dart valve -- 3000 psi

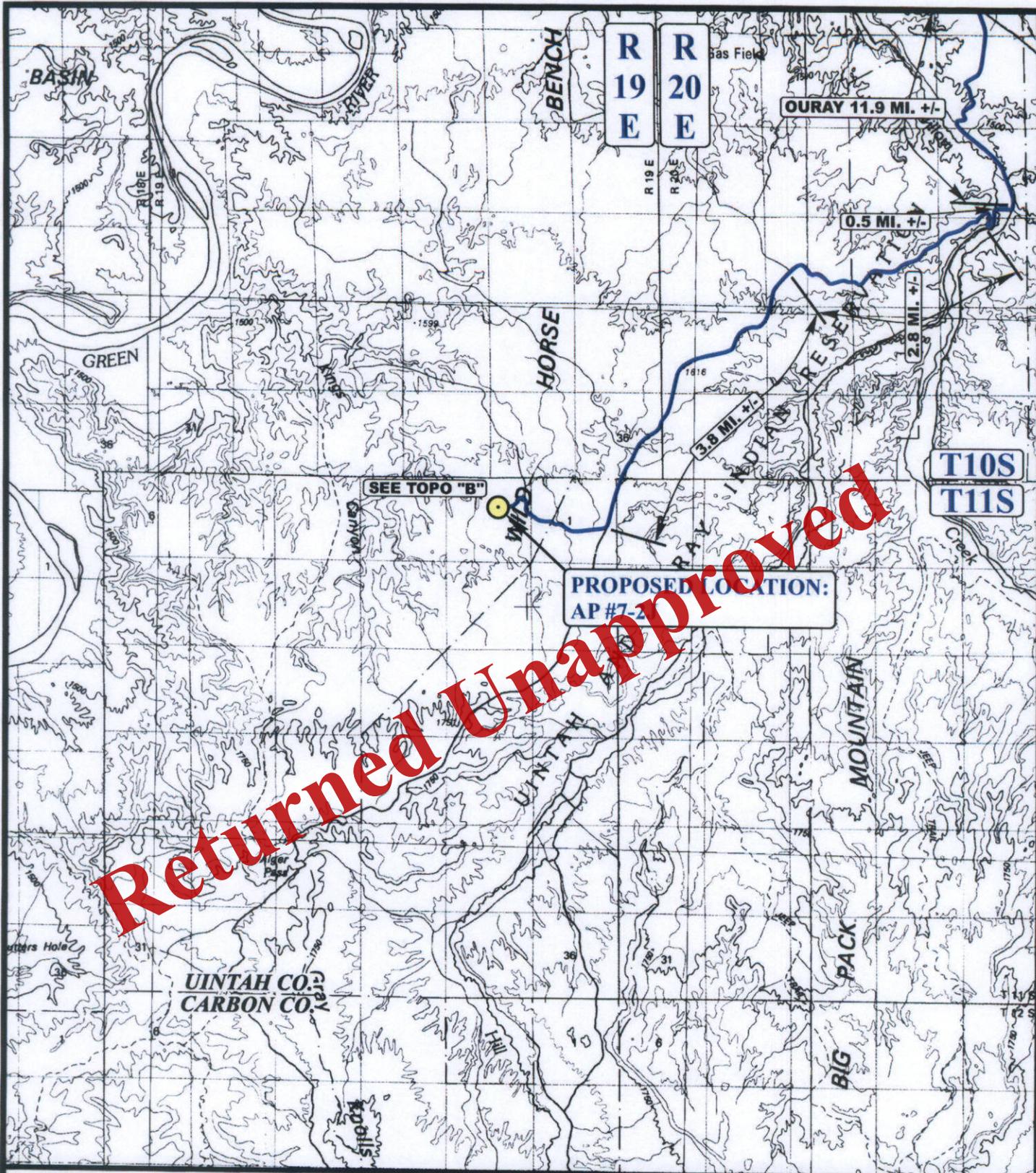
Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The BLM in Vernal, UT shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram.
- b. A choke line and a kill line are to be properly installed.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.
- e. See attached BOP & Choke manifold diagrams.

9. COMPANY PERSONNEL:

| <u>Name</u> | <u>Title</u> | <u>Office Phone</u> | <u>Home Phone</u> |
|-------------------|-------------------------|---------------------|-------------------|
| John Egelston | Drilling Engineer | 505-333-3163 | 505-330-6902 |
| Bobby Jackson | Drilling Superintendent | 505-333-3224 | 505-486-4706 |
| Glen Christiansen | Project Geologist | 817-885-2800 | |



Returned Unapproved

PROPOSED LOCATION:
AP #7-2J

LEGEND:

PROPOSED LOCATION



XTO ENERGY, INC

AP #7-2J
SECTION 2, T11S, R19E, S.L.B.&M.
1738' FNL 2023' FEL



Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP 11 13 07
MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00



SURFACE USE PLAN

Name of Operator: XTO Energy Inc.

Address: 382 CR 3100
Aztec, NM 87410

Well Location: AP 7-2J
Surface: 1738' FNL & 2023' FEL, SW/4 NE/4
Section 2, T11S, R19E, SLB&M, Uintah County, Utah

The surface owner or surface owner representative and dirt contractor will be provided with an approved copy of the surface use plan of operations and approved conditions of approve before initiating construction.

1. Existing Roads:

- a. The proposed access route to the location shown on the USGS quadrangle map (see Exhibit "A").
- b. The proposed well site is located approximately 14.23 miles southwest of Ouray, Utah.
- c. Proceed in a westerly direction from Vernal, Utah along U.S. Highway 40 for approximately 14.0 miles to the junction of State Highway 88. Exit left and proceed in a southerly direction for approximately 17.0 miles to Ouray, Utah. Proceed in a southerly, then southeasterly direction for approximately 9.1 miles on the Seep Ridge Road to the junction of this road and an existing road to the south. Turn right and proceed in a southerly direction for approximately 2.8 miles to the junction of this road and an existing road to the west. Turn right and proceed in a westerly, then southwesterly direction for approximately 0.5 miles to the junction of this road and an existing road to the north. Turn right and proceed in a northerly, then southwesterly direction for approximately 2.8 miles to the junction of this road and an existing road to the southwest. Proceed in a southwesterly direction for approximately 3.8 miles to the junction of this road and an existing road to the southwest. Turn right and proceed in a southwesterly, then northwesterly direction for approximately 1.2 miles to the junction of this road and an existing road to the southwest. Turn left and proceed in a southwesterly direction for approximately 0.25 miles to the beginning of the proposed access to the west. Follow the road flags in a westerly direction for approximately 380' to the proposed location.
- d. All existing roads within a one (1) mile radius of the proposed well site are shown in Exhibit "B". If necessary, all existing roads that will be used for access to the proposed well location will be maintained to the current condition, or better, unless BLM or SITLA approval or consent is given to upgrade the existing road(s).
- e. The use of roads under State and County Road Department maintenance are necessary to access the Algiers Pass Unit Area. However, an encroachment permit is not anticipated since no upgrades to the State or County Road system are anticipated at this time.
- f. All existing roads will be maintained and kept in good repair during all phases of operation.

- g. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- h. Since no improvements are anticipated to the to the State, County, Tribal or BLM access roads, no topsoil stripping will occur.
- i. All disturbances (wellsite, access and pipeline corridors) will be contained within the existing SITLA lease boundary with no additional SITLA or Federal surface use required.

2. Planned Access Roads:

- a. Location (centerline): From the existing AP 05-2J access road, a new access is proposed trending west approximately 380' along new disturbance to the proposed well site. The access crosses no significant drainages.
- b. The proposed access road will consist of a 24' travel surface within a 30' disturbed area.
- c. A road design plan is not anticipated at this time.
- d. SITLA approval to construct and utilize the proposed access road is requested with this application.
- e. No turnouts are proposed since adequate sight distance exists in all directions.
- f. A maximum grade of 10% will be maintained throughout the project.
- g. No gates or cattle guards are anticipated at this time.
- h. Surface disturbance and vehicular travel will be limited to the approved location access road.
- i. Adequate drainage structures and culverts will be incorporated into the road where practical.
- j. No surfacing material will come from SITLA, Federal, or Tribal lands.
- k. All access roads and surface disturbing activities will conform to the standards outlined in the Bureau of Land Management and Forest Service Publication: Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development (Gold Book – Fourth Edition – Revised 2007).
- l. The operator will be responsible for all maintenance of the access roads, including any anticipated drainage structures.
- m. Other: See general information below.
 - If any additional Right-of-Way is necessary, no surface disturbing activities shall take place on the subject Right-of-Way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any Right-of-Way facilities.
 - If a Right-of-Way is secured, boundary adjustments in the lease or unit shall automatically amend this Right-of-Way to include that portion of

- If at any time the facilities located on public lands authorized by the terms of this lease are no longer included in the lease (due to a contraction in the unit or lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations as determined by the BLM.
- If the well is productive, the access road will be rehabilitated as needed and brought to Resource (Class II) Road Standards within a time period specified by SITLA or the BLM. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Field Office Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells:

- a. All wells in a one (1) mile radius are shown within Exhibit "C".

4. Location of Existing and or Proposed Production Facilities:

- a. On-site facilities: Typical on-site facilities will consist of a wellhead, flowlines (typically 3" dia.), artificial lifting system (if necessary), wellhead compression (if necessary), gas/oil/water separator (3 phase), gas measurement and water measurement equipment, and a heated enclosure/building for weather and environmental protection. The tank battery will typically be constructed and surrounded by a berm of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. The tanks typically necessary for the production of this well will be 1 – 300 bbl steel, above ground tank for oil/condensate and 1 – 300 bbl steel, above ground tank for produced water. All loading lines and valves for these tanks will be placed inside the berm surrounding the tank battery.

- All oil/condensate production and measurement shall conform to the provision of 43 CFR 3162.7 and Onshore Oil and Gas Order No. 4, if applicable. Other on-site equipment and systems may include methanol injection and winter weather protection.
- All permanent (in place for six (6) months or longer) structures constructed or installed on the well site location will be painted a flat, non-reflective color, matching the ground and not sky, slightly darker than the adjacent landscape, as specified by the COA's in the approved APD. All facilities will be painted within six (6) months of installation. Facilities required to comply with the Occupations Safety and Health Act (OSHA) may be excluded.
- Site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.

- b. Off- site facilities: None.

- c. A gas meter run will be constructed and located on lease within 500 feet of the well head. Meter runs will be housed and/or fenced. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- d. A tank battery will be constructed on this lease; it will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- e. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- f. A pipeline corridor containing a single steel gas pipeline and a single steel or poly water pipeline is associated with this application and is being applied for at this time. The proposed pipeline corridor will leave the east side of the well site and traverse 342' east to the existing AP 5-2J pipeline corridor (see Exhibit "B").
- g. XTO Energy Inc. also requests permission to upgrade the existing pipeline corridor to contain a single steel gas pipeline and a single steel or poly pipe water pipeline within the previously approved pipeline corridor and traverse between the existing AP 5-2J and the east line of Section 2 along the previously approved route. The federal segment will be upgraded through a separate Right-of-Way amendment.
- h. The new and upgraded segments of the gas pipeline will be a 12' or less buried line and the water pipeline will be 12' or less buried line within a 75' wide disturbed pipeline corridor. The use of the existing well site and access roads will facilitate the staging of the pipeline corridor upgrade.
- i. The proposed pipeline and pipeline upgrade are contained within SITLA surface.
- j. XTO Energy Inc. intends to bury the pipeline where possible and connect the pipeline together utilizing conventional welding technology.

5. Location and Type of Water Supply:

- a. No water supply pipeline will be laid for this well.
- b. No water well will be drilled for this well.
- c. Drilling water for this well will be hauled on the road(s) shown in Exhibit "B".
- d. Water will be hauled from one of the following sources:
 - Water Permit # 43-10991, Section 9, T8S, R20E;
 - Water Permit # 43-2189, Section 33, T8S, R20E;
 - Water Permit # 49-2158, Section 33, T8S, R20E;
 - Water Permit # 49-2262, Section 33, T8S, R20E;
 - Water Permit # 49- 1645, Section 5, T9S, R22E;
 - Water Permit # 43-9077, Section 32, T6S, R20E;
 - Tribal Resolution 06-183, Section 22, T10S, R20E.

6. Source of Construction Material:

- a. The use of materials will conform to 43 CFR 3610.2-3.
- b. No construction materials will be removed from SITLA, Ute Tribal or BLM Lands.
- c. If any gravel is used, it will be obtained from a state approved gravel pit.

7. Methods of Handling Waste:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried on site.
- c. The reserve pit will be located outboard of the location and along the south side of the pad.
- d. The reserve pit will be constructed so as not to leak, breach, or allow for any discharge.
- e. The reserve pit will be lined with a 20 ml minimum thickness plastic nylon reinforced liner material. The liner will overlay a felt liner pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe etc., that could puncture the liner will be disposed of in the pit. The pit walls will be sloped not greater than 2:1. A minimum 2-foot of freeboard will be maintained in the pit at all times during the drilling and completion operations.
- f. The reserve pit has been located in cut material. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced and a bird net installed as soon as drilling is completed, and shall remain until the pit is dry. After the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completion of the well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities will be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completion of the well.
- h. Trash will be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Uintah County Landfill near Vernal, Utah.
- i. Produced fluids from the well other than water will be produced into a test tank until such time as the construction of the production facilities is complete. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.
- j. After initial clean-up, a 400 bbl tank will be installed to contain produced waste water. This water will be transported from the tank to an approved XTO Energy Inc. disposal well for proper disposal.

- k. Produced water from the production well will be disposed of at the RBU 13-11F or RBU 16-19F disposal wells in accordance with Onshore Order No. 7.
- l. Any salts and/or chemical, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- m. Sanitary facilities will be onsite at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with state and county regulations.

8. Ancillary Facilities:

- a. Garbage containers and portable toilets are the only ancillary facilities proposed in this application.
- b. No camps, airstrips or staging areas are proposed with this application.

9. Well Site Layout: (See Exhibit "E")

- a. The well will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the east.
- c. The pad and road designs are consistent with BLM and SITLA specifications.
- d. A pre-construction meeting with responsible company representatives, contractors, and SITLA will be conducted at the project site prior to commencement of surface disturbing activities. The pad and road will be constructed or staked prior to this meeting.
- e. The pad has been staked at its maximum size; however, it will be constructed smaller, if possible, depending on rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- f. All surface disturbing activities will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specification in the approved plans.
- g. All cut and fill sloped will be such that stability can be maintained for the life of the activity.
- h. Diversion ditches will be constructed and storm water BMP's installed around the well site to prevent surface water from entering the well site.
- i. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- j. The reserve pit will be properly fenced and a bird net installed to prevent any livestock, wildlife or migratory bird entry, and will remain so until site clean-up.
- k. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe and useable condition.

- l. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a windrow on the uphill side of the location to prevent possible contamination. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss and/or contamination.
- m. The blooie line will be located at least 100 feet from the well head.
- n. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

10. Plans for Restoration of the Surface (Interim Reclamation and Final Reclamation):

- a. Site reclamation for the production well will be accomplished for the portions of the site not required for the continued operation of the well.
- b. Upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1. Once the reserve pit is dry, the plastic nylon liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that torn portion of the location not needed for production facilities/operations will be re-contoured to match the appropriate natural contours of the area.
- c. Following the BLM published Best Management Practices and per the signed 2009 Reclamation Plan, the interim reclamation will be completed within 90 days of well completion or 120 days of well spud (weather permitting) to reestablish vegetation, reduce dust and erosion and compliment the visual resources of the area.
 - All equipment and debris will be removed from the area proposed for interim reclamation and the pit area will be backfilled and re-contoured to match the surrounding topography.
 - The area outside the rig anchors and other disturbed areas not needed for the operation of the well will be re-contoured to blend in with the surrounding topography and reseeded as prescribed by SITLA.
 - Reclaimed areas receiving incidental disturbance during the life of the producing well will be re-contoured and reseeded as soon as practical.
- d. The operator will control noxious weeds along the access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the SITLA or the appropriate County Extension Office. On SITLA administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides, pesticides or other possibly hazardous chemicals.
- e. Prior to final abandonment of the site, all disturbed areas, including access roads will be scarified and left with a rough surface. The site will then be reseeded and/or planted as prescribed by SITLA. A SITLA recommended seed mix will be detailed within their approval documents.

11. Surface and Mineral Ownership:

- a. Surface Ownership – State of Utah – under the management of the SITLA – State Office, 675 East 500 South, Salt Lake City, Utah 84102; 801-538-5100.
- b. Surface Ownership – State of Utah – under the management of the SITLA – State Office, 675 East 500 South, Salt Lake City, Utah 84102; 801-538-5100.

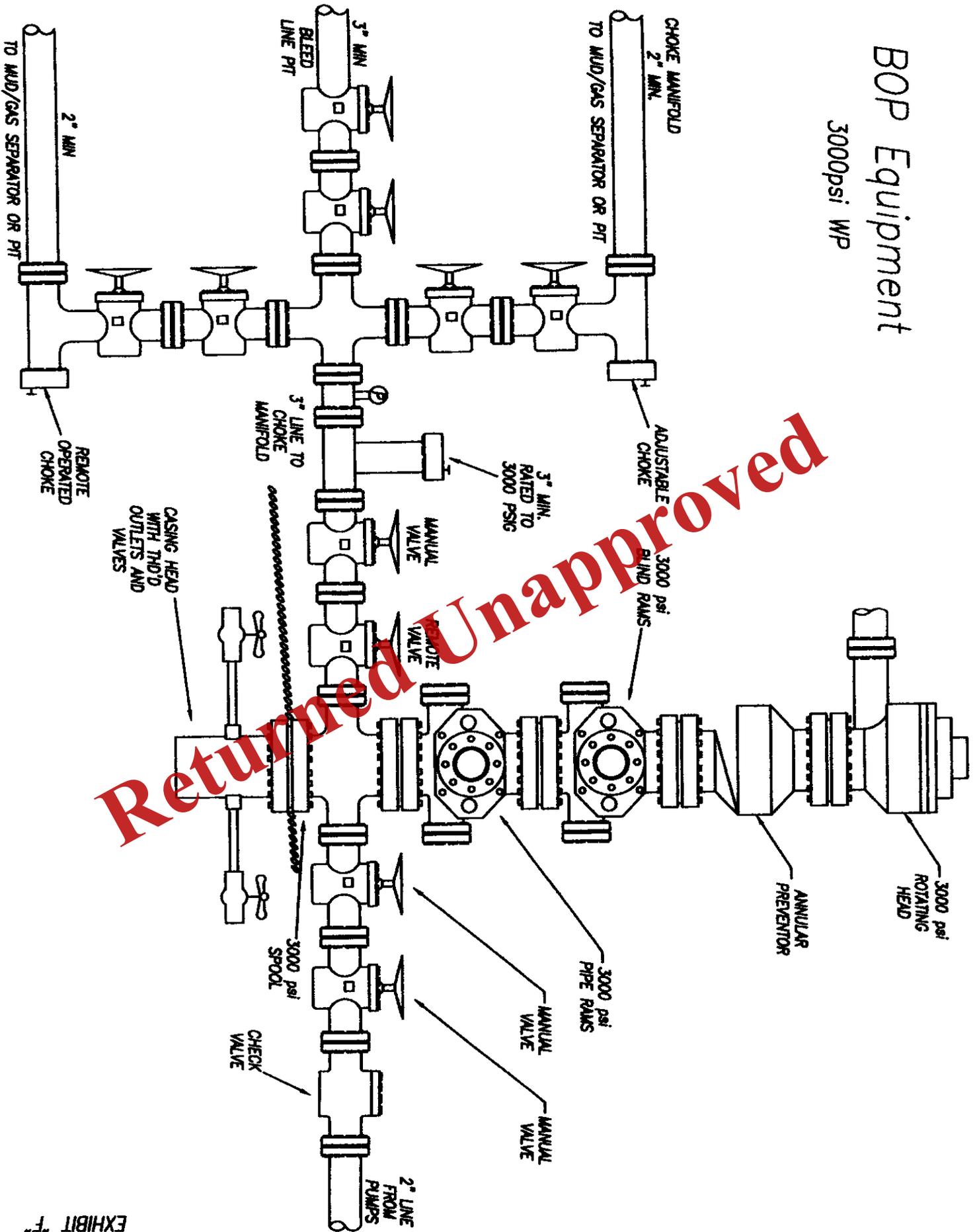
12. Other Information:

- a. AIA Archaeological conducted a Class III archeological survey. A copy of the report was submitted under separate cover to the appropriate agencies with the first filing of this proposed APD
- b. Alden Hamblin conducted a paleontological survey. A copy of the original report was submitted under separate cover to the appropriate agencies with the first filing of this proposed APD.

Returned Unapproved

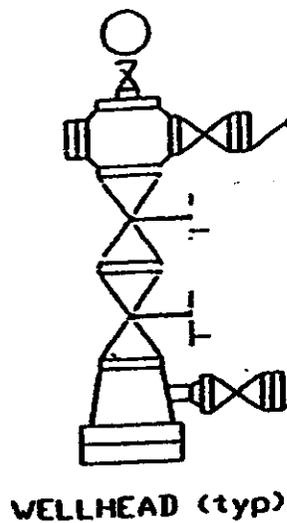
BOP Equipment

3000psi WP

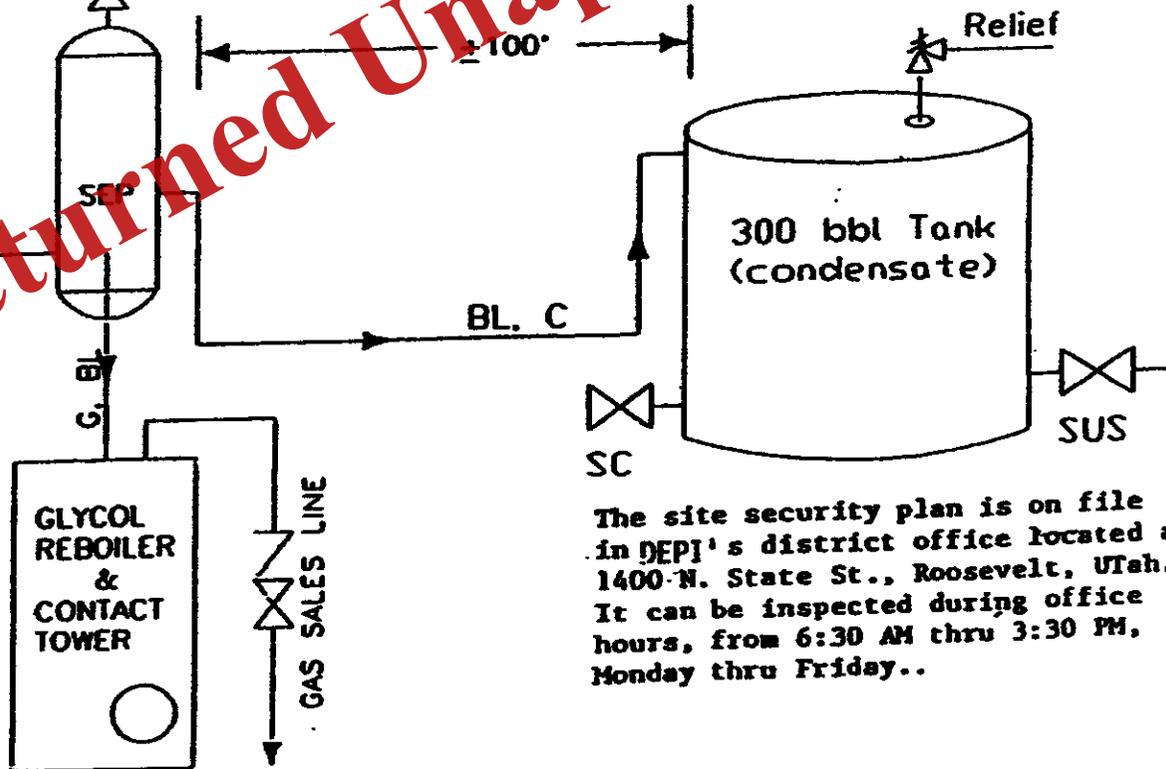
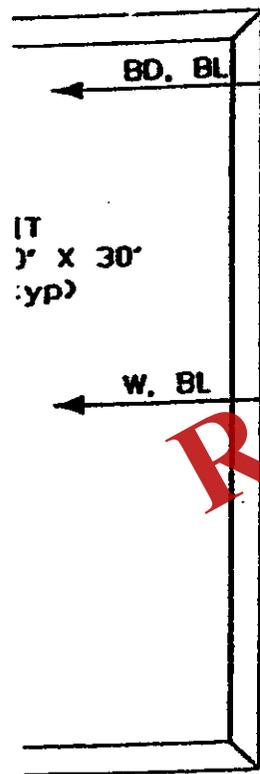


Returned Unapproved

EXHIBIT "F"



BL, G, C, W
(± 100')



LEGEND

- O = Oil Line
- G = Gas Line
- W = Water Line
- R = Relief Line (Pressure)
- C = Condensate Line
- V = Vent Line
- D = Drain Line
- M = Gas Meter
- P = Pump
- BP = Back Pressure Valve
- SWS = Sealed When Shipping
- SUS = Sealed Unless Shipping
- T = Heat Traced Line
- H = Heater
- BL = Buried Line
- ⊗ = Valve
- ⌞ = Check Valve
- SC = Sealed (Closed) Valve
- NC = Normally Closed
- BD = Blow-down Line

The site security plan is on file in DEPI's district office located at 1400 N. State St., Roosevelt, Utah. It can be inspected during office hours, from 6:30 AM thru 3:30 PM, Monday thru Friday..

Operator Certification:

a. Permitting and Compliance:

Krista Wilson
Permitting Tech.
XTO Energy Inc.
382 CR 3100
Aztec NM 87410
505-333-3100

b. Drilling and Completions:

Justin Niederhofer
XTO Energy Inc.
382 CR 3100
Aztec, NM 87410
505-333-3100

c. Certification:

I hereby 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 this 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 XTO Energy Inc., are 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 4th day of October, 2011.

Signature: _____

Krista Wilson

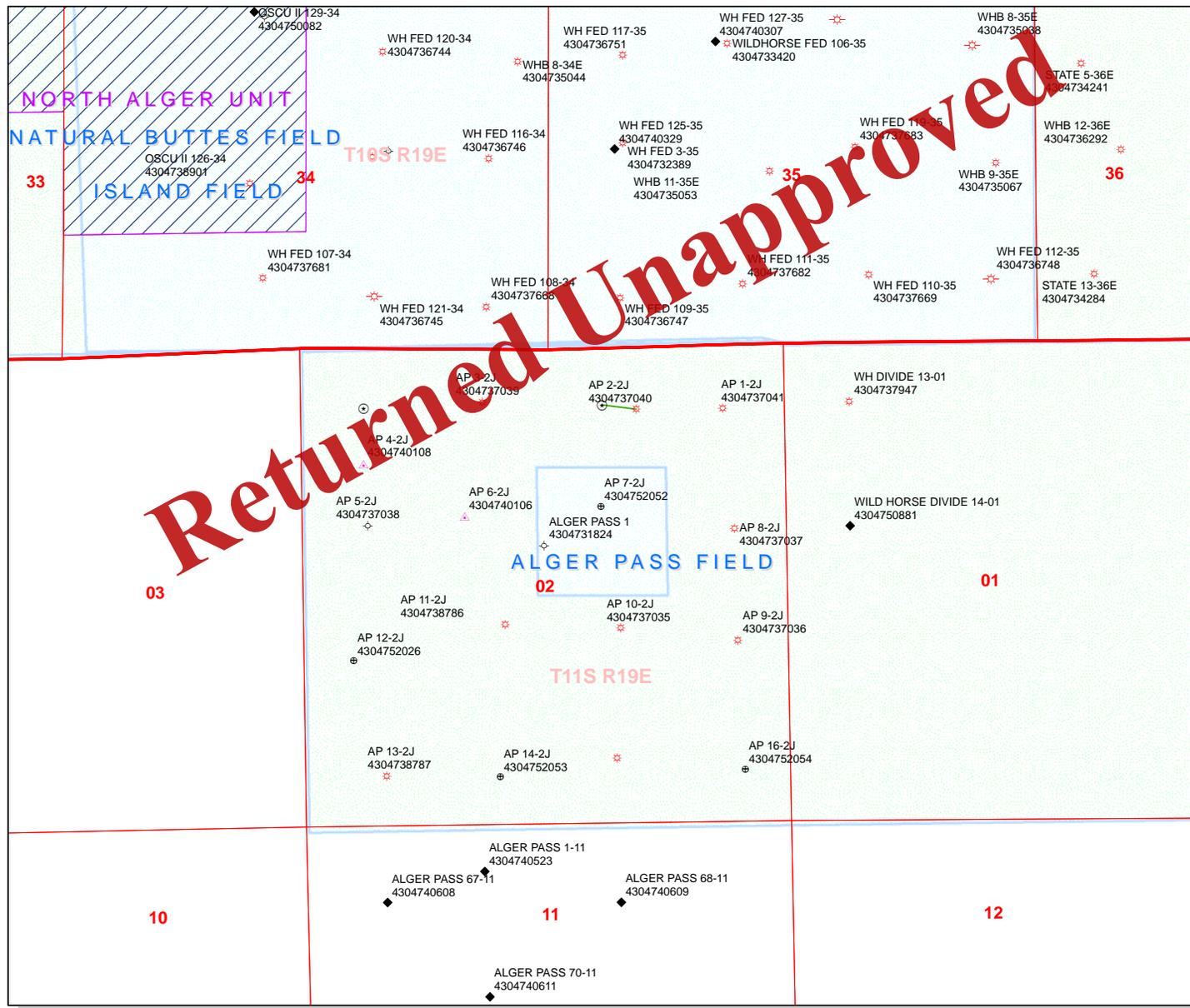
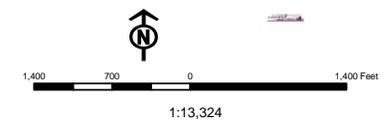
Krista Wilson

Returned Unapproved

API Number: 4304752052
Well Name: AP 7-2J
Township T11.1 . Range R1.9 . Section 02
Meridian: SLBM
Operator: XTO ENERGY INC

Map Prepared:
 Map Produced by Diana Mason

| Units Status | Wells Query Status |
|---------------|------------------------------------|
| ACTIVE | APD - Approved Permit |
| EXPLORATORY | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE | GIW - Gas Injection |
| NF PP OIL | GS - Gas Storage |
| NF SECONDARY | LA - Location Abandoned |
| PI OIL | LOC - New Location |
| PP GAS | OPS - Operation Suspended |
| PP GEOTHERMAL | PA - Plugged Abandoned |
| PP OIL | PGW - Producing Gas Well |
| SECONDARY | POW - Producing Oil Well |
| TERMINATED | RET - Returned APD |
| Unknown | SGW - Shut-in Gas Well |
| ABANDONED | SOW - Shut-in Oil Well |
| ACTIVE | TA - Temp. Abandoned |
| COMBINED | TW - Test Well |
| INACTIVE | WDW - Water Disposal |
| STORAGE | WIW - Water Injection Well |
| TERMINATED | WSW - Water Supply Well |



Returned Unapproved

API Well Number: 43047520520000

BOPE REVIEW XTO ENERGY INC AP 7-2J 43047520520000

| | | | | |
|--|---------------------------------------|-------|--|--|
| Well Name | XTO ENERGY INC AP 7-2J 43047520520000 | | | |
| String | Surf | Prod | | |
| Casing Size(") | 9.625 | 5.500 | | |
| Setting Depth (TVD) | 2200 | 9682 | | |
| Previous Shoe Setting Depth (TVD) | 0 | 2200 | | |
| Max Mud Weight (ppg) | 8.4 | 9.2 | | |
| BOPE Proposed (psi) | 0 | 3000 | | |
| Casing Internal Yield (psi) | 3520 | 7740 | | |
| Operators Max Anticipated Pressure (psi) | 4600 | 9.1 | | |

| | | | |
|---|--|-------|---|
| Calculations | Surf String | 9.625 | " |
| Max BHP (psi) | .052*Setting Depth*MW= | 961 | |
| | | | BOPE Adequate For Drilling And Setting Casing at Depth? |
| MASP (Gas) (psi) | Max BHP-(0.12*Setting Depth)= | 697 | NO |
| MASP (Gas/Mud) (psi) | Max BHP-(0.22*Setting Depth)= | 477 | NO Common in area |
| | | | *Can Full Expected Pressure Be Held At Previous Shoe? |
| Pressure At Previous Shoe | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | 477 | NO |
| Required Casing/BOPE Test Pressure= | | 2200 | psi |
| *Max Pressure Allowed @ Previous Casing Shoe= | | 0 | psi *Assumes 1psi/ft frac gradient |

| | | | |
|---|--|-------|---|
| Calculations | Prod String | 5.500 | " |
| Max BHP (psi) | .052*Setting Depth*MW= | 4632 | |
| | | | BOPE Adequate For Drilling And Setting Casing at Depth? |
| MASP (Gas) (psi) | Max BHP-(0.12*Setting Depth)= | 3476 | NO |
| MASP (Gas/Mud) (psi) | Max BHP-(0.22*Setting Depth)= | 2902 | YES OK |
| | | | *Can Full Expected Pressure Be Held At Previous Shoe? |
| Pressure At Previous Shoe | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | 2986 | NO OK |
| Required Casing/BOPE Test Pressure= | | 3000 | psi |
| *Max Pressure Allowed @ Previous Casing Shoe= | | 2200 | psi *Assumes 1psi/ft frac gradient |

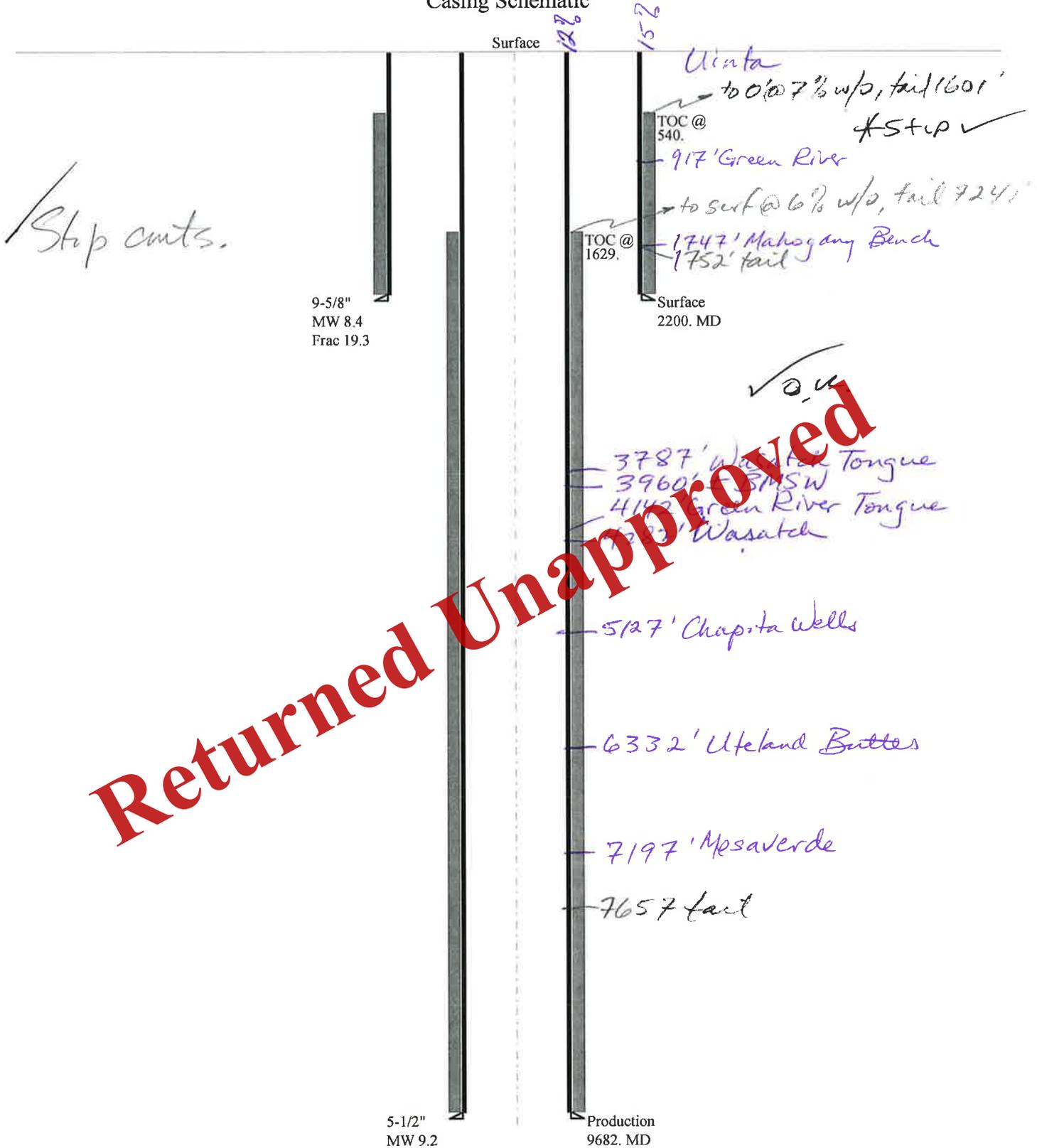
| | | | |
|---|--|--|---|
| Calculations | String | | " |
| Max BHP (psi) | .052*Setting Depth*MW= | | |
| | | | BOPE Adequate For Drilling And Setting Casing at Depth? |
| MASP (Gas) (psi) | Max BHP-(0.12*Setting Depth)= | | NO |
| MASP (Gas/Mud) (psi) | Max BHP-(0.22*Setting Depth)= | | NO |
| | | | *Can Full Expected Pressure Be Held At Previous Shoe? |
| Pressure At Previous Shoe | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | | NO |
| Required Casing/BOPE Test Pressure= | | | psi |
| *Max Pressure Allowed @ Previous Casing Shoe= | | | psi *Assumes 1psi/ft frac gradient |

| | | | |
|---|--|--|---|
| Calculations | String | | " |
| Max BHP (psi) | .052*Setting Depth*MW= | | |
| | | | BOPE Adequate For Drilling And Setting Casing at Depth? |
| MASP (Gas) (psi) | Max BHP-(0.12*Setting Depth)= | | NO |
| MASP (Gas/Mud) (psi) | Max BHP-(0.22*Setting Depth)= | | NO |
| | | | *Can Full Expected Pressure Be Held At Previous Shoe? |
| Pressure At Previous Shoe | Max BHP-.22*(Setting Depth - Previous Shoe Depth)= | | NO |
| Required Casing/BOPE Test Pressure= | | | psi |
| *Max Pressure Allowed @ Previous Casing Shoe= | | | psi *Assumes 1psi/ft frac gradient |

Returned Unapproved

43047520520000 AP 7-2J

Casing Schematic



Step cuts.

Returned Unapproved

| | | | |
|--------------|------------------------|-------------|--------------|
| Well name: | 43047520520000 AP 7-2J | | |
| Operator: | XTO ENERGY INC | Project ID: | 43-047-52052 |
| String type: | Surface | | |
| Location: | UINTAH COUNTY | | |

Design parameters:

Collapse

Mud weight: 8.400 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 74 °F
 Bottom hole temperature: 105 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 100 ft
 Cement top: 540 ft

Burst

Max anticipated surface pressure: 1,936 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 2,200 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.70 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on air weight.
 Neutral point: 1,926 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 9,682 ft
 Next mud weight: 9.200 ppg
 Next setting BHP: 4,627 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 2,200 ft
 Injection pressure: 2,200 psi

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost (\$) |
|---------|---------------------|-------------------------|-------------------------|------------------|----------------------|----------------------|---------------------|-------------------------|-----------------------|
| 1 | 2200 | 9.625 | 36.00 | J-55 | ST&C | 2200 | 2200 | 8.796 | 19122 |
| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (kips) | Tension Strength (kips) | Tension Design Factor |
| 1 | 960 | 2020 | 2.104 | 2200 | 3520 | 1.60 | 79.2 | 394 | 4.97 J |

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Mining

Phone: 801 538-5357
 FAX: 801-359-3940

Date: December 30, 2011
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2200 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

| | | | |
|--------------|------------------------|--|--------------|
| Well name: | 43047520520000 AP 7-2J | | |
| Operator: | XTO ENERGY INC | | Project ID: |
| String type: | Production | | 43-047-52052 |
| Location: | UINTAH COUNTY | | |

Design parameters:

Collapse

Mud weight: 9.200 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 74 °F
 Bottom hole temperature: 168 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 100 ft
 Cement top: 1,629 ft

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP 0 psi

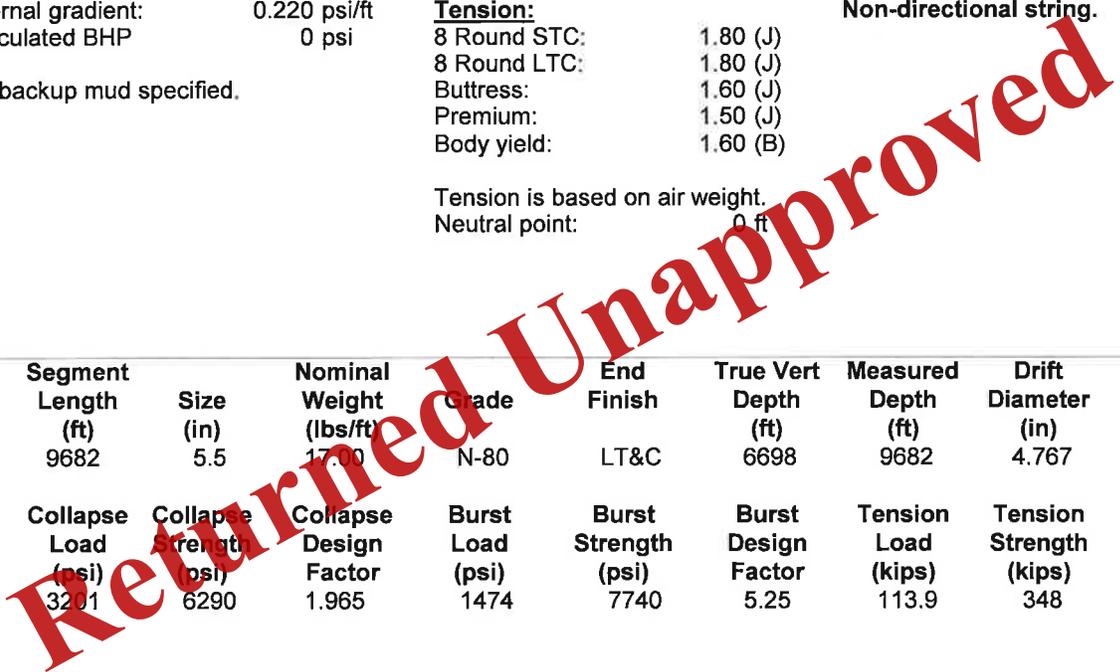
No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.60 (B)

Non-directional string.

Tension is based on air weight.
 Neutral point: 0 ft



| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost (\$) |
|---------|---------------------|-------------------------|-------------------------|------------------|----------------------|----------------------|---------------------|-------------------------|-----------------------|
| 1 | 9682 | 5.5 | 17.00 | N-80 | LT&C | 6698 | 9682 | 4.767 | 54572 |
| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (kips) | Tension Strength (kips) | Tension Design Factor |
| 1 | 3201 | 6290 | 1.965 | 1474 | 7740 | 5.25 | 113.9 | 348 | 3.06 J |

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Mining

Phone: 801 538-5357
 FAX: 801-359-3940

Date: December 30, 2011
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 9682 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 09, 2012

XTO ENERGY INC
382 Road 3100
Aztec, NM 87410

Re: Application for Permit to Drill - UINTAH County, Utah

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the AP 7-2J well, API 43047520520000 that was submitted October 05, 2011 is being returned unapproved. If you plan on drilling this well in the future, you must first submit a new application.

Should you have any questions regarding this matter, please call me at (801) 538-5312.

Sincerely,

Diana Mason
Environmental Scientist

Enclosure

cc: Bureau of Land Management, Vernal, Utah

