

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED

DEC 09 2009

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NMM-0498
2. Name of Operator XTO ENERGY INC		6. If Indian, Allottee or Tribe Name
3a. Address 382 CR 3100 AZTEC, NM 87410	3b. Phone No. (include area code) 505-333-3630	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 737' FNL & 1686' FWL NENW SEC 8(C)-T30N-R12W N.M.P.M.		8. Well Name and No FEDERAL 8 #3
		9. API Well No 30-045-30528
		10. Field and Pool, or Exploratory Area FLORA VISTA FS/BASIN FC/ AZTEC PICTURED CLIFFS
		11. County or Parish, State SAN JUAN NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other DOWNHOLE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	COMMINGLE
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

XTO Energy requests approval for an exception to NMOC Rule 303-C to permit DHC of production from the Flora Vista Fruitland Sand (76600), Basin Fruitland Coal (71629) & the Aztec Pictured Cliffs (71280) in the Federal 8 #3. XTO would like to DHC upon completion of the FC & FS. Allocations are based on a 9-section EUR & are calculated as follows: **DHC4237**

Fruitland Coal:	Oil: 0%	Water: 19%	Gas: 38%
Fruitland Sand:	Oil: 0%	Water: 29%	Gas: 12%
Pictured Cliffs:	Oil: 100%	Water: 52%	Gas: 50%

Interest owners are common; therefore, owner notification was not necessary. Commingling of these pools will minimize operating costs, add reserves & improve economics of the well. The OCD has been notified of our intent to DHC by submission of a C-107A on 12/07/2009.

RCVD DEC 14'09
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) WANETT MCCAULEY		Title REGULATORY COMPLIANCE TECHNICIAN
Signature <i>Wanett McCauley</i>		Date 12/07/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>Joe Hewitt</i>	Title Geo	Date 12-9-09
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office FFD	

Federal 8 #3
Allocation Percentages

The proposed gas and oil production allocation percentages are based on estimated average ultimate recovery per well of the 11 Pictured Cliff wells, 9 Fruitland Sand wells and 9 Fruitland Coal wells in the 9 sections surrounding Sec. 8, T30N R12W. Water allocation is based on E.U.R. water production per well. Please see attached Pictured Cliffs, Fruitland Sand, and Fruitland Coal E.U.R. analysis.

Proposed Allocation Percentages:

Pool	Oil	Water	Gas
Fruitland Coal	0%	19%	38%
Fruitland Sand	0%	29%	12%
Pictured Cliffs	100%	52%	50%

Basin Fruitland Coal Pool (Per well avg. est. ultimate gas, oil and water recovery prod.)

BO	BW	MCF
0	15,475	607,538

Flora Vista Fruitland Sand Pool (Per well avg. est. ultimate gas, oil and water recovery prod.)

BO	BW	MCF
0	24,506	193,047

Aztec Pictured Cliffs Pool (Per well avg. est. ultimate gas, oil and water recovery prod.)

BO	BW	MCF
0	42,798	786,317

	OIL	GAS	WATER
	EUR, Bbls	EUR, MCF	CUM, Bbls
Fruitland Coal	0	607538	15475
Fruitland Sand	0	193047	24506
Pictured Cliffs	0	786317	42798
Total	0	1586902	82779

	OIL	GAS	WATER
	%	%	%
Fruitland Coal	0%	38%	18.7%
Fruitland Sand	0%	12%	29.6%
Pictured Cliffs	100%	50%	51.7%
Total	100%	100%	100%