

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1 Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2 Name of Operator

XTO Energy Inc.

3a Address

382 CR 3100 Aztec, NM 87410

3b Phone No. (include area code)

505-338-3630 Aztec Field Office

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)

660' FNL & 1160' FWL NWNW SEC 32 (D) - T30N-R13W N.M.P.M.

5 Lease Serial No

State

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

FORM-112588

State

8 Well Name and No.

PICWAY #1

9. API Well No

30-045-32127

10. Field and Pool, or Exploratory Area

FULCHER KUTZ PICTURED CLIFFS
BASIN FRUITLAND COAL

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

- ☒ Notice of Intent
- ☐ Subsequent Report
- ☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>DOWNHOLE</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>COMMINGLE</u> |
| <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 recompleat 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 recompleat 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 Inc. proposes to downhole commingle production from the Basin Fruitland Coal (71629) & the Fulcher Kutz Pictured Cliffs (77200) in this well. Both pools are in the NMOC pre-approved pool combinations for DHC in the San Juan Basin. Allocations are based on current producing zones & offset production (please see attachments). XTO proposes to downhole commingle these pools upon completion of the FC. Proposed allocations are as follows:

PC:	Oil:	100%	Water:	74%	Gas:	57%
FC:	Oil:	0%	Water:	26%	Gas:	43%

RCVD MAR 23 '10
OIL CONS. DIV.
DIST. 3

Ownership is diverse & owners were notified by CRR on 2/24/2010. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. The NMOC was notified of our intent to DHC via Form C103 on 3/16/2010.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

WANETTA McCauley

Title REGULATORY COMPLIANCE TECHNICIAN

Signature

Date 3/16/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title Geo

Date 3-22-10

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 FFB

Picway #1
Allocation Percentages

The proposed gas, oil, and water production allocation percentages are based on the current producing zones & offset production. The Pictured Cliffs was data comes from the previous six months of production. Offset production for the Fruitland Coal comes from three Picway wells in the same section. Please see attachments.

Proposed Allocation Percentages:

Pool	Oil	Water	Gas
Pictured Cliffs	100%	74%	57%
Fruitland Coal	0%	26%	43%

Basin Fruitland Coal (Test gas, oil and water prod.)

BOPM	BWPM	MCFM
0	433	3100

Kutz Pictured Cliffs (Test gas, oil and water prod.)

BOPM	BWPM	MCFM
0	1247	4037

Pictured Cliffs - currently open

Month	CF/mo	BW/mo	BOPD/mo
4/30/2009	3680	1510	0
5/31/2009	4196	1555	0
6/30/2009	3857	1065	0
7/31/2009	4557	1225	0
8/31/2009	4076	1070	0
9/30/2009	3857	1055	0
Average	4037	1247	0

Fruitland Coal - proposed

Three wells were completed in this section in 2008.

	CF/mo	BW/mo	BOPD/mo
Picway 2	4500	450	0
Picway 3	2800	275	0
Picway 4	2100	575	0
average	3100	433	0

Allocation:

	Gas	Water	Oil
Pictured Cliffs	57%	74%	0%
Fruitland Coal	43%	26%	0%