

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

RECEIVED

MAY 21 2010

Bureau of Land Management

## 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)

505-333-3630

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

900' FNL &amp; 990' FWL NWNW Sec.12 (D) -T27N-R12W N.M.P.M.

## 5. Lease Serial No

NMSF079116

## 6. If Indian, Allottee or Tribe Name

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

## 8. Well Name and No

HANCOCK #7

## 9. API Well No

30-045-06734

## 10. Field and Pool, or Exploratory Area

WEST 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

☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other DOWNHOLECOMMINGLE

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 West Kutz Pictured Cliffs (79680) & the Basin Fruitland Coal (71629) pools in this well. Both pools are in the NMOCD pre-approved pool combinations for DHC in the San Juan Basin. XTO proposes to DHC upon completion of the FC. PC allocations are based upon prior production and FC allocations are based upon production of wells in adjacent Section 2 (please see attached spreadsheet).

Allocations are as follows:

FC:	Oil:	0%	Gas:	71%	Water:	100%
PC:	Oil:	100%	Gas:	29%	Water:	0%

RCVD MAY 26 '10

OIL CONS. DIV.

DIST. 3

Ownership is diverse & owners were notified by certified, return receipt mail on 4/30/2010. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. The NMOCD was notified of our intent to DHC via Form C-103 on 5/20/2010.

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

WANETT MCCAULEY

Title REGULATORY COMPLIANCE TECHNICIAN

Signature

Date 5/20/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title Geo

Date 5-24-10

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

FF0

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

The Harmon A 2S and Harmon A 1S in adjacent Section 2 were completed in 2006 into the Fruitland Coal.

Production in the Harmon A 2S stabilized at a 10% decline at a rate of 1200 MCF/mo  
6 month production average at that time is:

	OIL	GAS	WATER
12/31/2007	0	1136	60
1/31/2008	0	1033	0
2/29/2008	0	1162	0
3/31/2008	0	1058	75
4/30/2008	0	1062	0
5/31/2008	0	1111	60
<b>Average</b>	<b>0</b>	<b>1094</b>	<b>33</b>

Production in the Harmon A 1S stabilized at a 10% decline at a rate of 1700 MCF/mo  
6 month production average at that time is:

	OIL	GAS	WATER
9/30/2008	0	1811	0
10/31/2008	0	1761	0
11/30/2008	0	1634	0
12/31/2008	0	1714	0
1/31/2009	0	1698	0
2/28/2009	0	1489	0
<b>Average</b>	<b>0</b>	<b>1685</b>	<b>0</b>

The Hancock 7 is currently idle due to poor economics.

The prior 6 mos. Pictured Cliffs production are:

	OIL	GAS	WATER
3/31/2009	0	385	0
4/30/2009	0	366	0
5/31/2009	0	401	0
6/30/2009	0	780	0
7/31/2009	0	834	0
8/31/2009	0	699	0
<b>Average</b>	<b>0</b>	<b>578</b>	<b>0</b>

Production from the Hancock 7 is expected to be comparable to these two wells.

#### Monthly Production

	OIL	GAS	WATER
Fruitland Coal	0	1389	16
Pictured Cliffs	0	578	0
<b>Total</b>	<b>0</b>	<b>1967</b>	<b>16</b>

Average if Harmon A 1S and Harmon A 2S  
Prior 6 mos average production Hancock 7

#### Allocation

##### Percent

	OIL	GAS	WATER
Fruitland Coal	0%	71%	100%
Pictured Cliffs	100%	29%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>