

| | | | | | |
|-------------------------|--------------------|----------------------|---------------------------|-------------|---------------------------|
| DATE IN 14. March.07 | SPONSOR 3/15/07 | ENGINEER W. Jones | LOGGED IN 15. March.07 | TYPE DHC | APP NO. 2CLP0707426942 |
|-------------------------|--------------------|----------------------|---------------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

3866

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

| | | | |
|--------------------|-----------|-------|----------------|
| Print or Type Name | Signature | Title | Date |
| | | | e-mail Address |



2700 Farmington Ave, K-1 Farmington, NM 87401
Phone: (505) 324-1090 FAX: (505) 564-6700

March 9, 2007

Mr. Will Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Subject: Downhole Commingle Application
Gallegos #13E Sec 35-T26N- R11W
Basin Dakota & Wildcat Basin Mancos
NMNM12259; San Juan, NM

Dear Mr. Jones:

Enclosed please find an administrative application form (C107A) and attachments for downhole commingling of the Basin Dakota and Wildcat Basin Mancos pools. XTO Energy Inc. is drilling this well now and will downhole commingle at completion. All interest owners were notified by certified mail, return receipt requested on March 9, 2007. The director may approve the proposed downhole commingling in the absence of any valid objections from any offset operator or any interest owners within 20 days after the receipt of the application if, in his opinion, waste will not result thereby and correlative rights will not be violated.

Any questions pertaining to this matter, please call me at (505) 324-1090.

Sincerely,

A handwritten signature in black ink that reads 'Holly C. Perkins'. The signature is written in a cursive style with a large, prominent 'H'.

Holly C. Perkins
Regulatory Compliance Tech

xc: Well file
Ft. Worth Land
Brock Hendrickson

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

| |
|--|
| WELL API NO. 30-045-34008 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name: GALLEGOS |
| 8. Well Number 13E |
| 9. OGRID Number 5380 |
| 10. Pool name or Wildcat BASIN DAKOTA / WC BASIN MANCOS |

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
XTO Energy Inc.

3. Address of Operator
2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401

4. Well Location
 Unit Letter **L** : **1890** feet from the **SOUTH** line and **1020** feet from the **WEST** line
 Section **35** Township **26N** Range **11W** NMPM County **SJ**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6269'

Pit or Below-grade Tank Application or Closure
 Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
 Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPLETION
 OTHER: **DOWNHOLE COMMINGLE**

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
 CASING TEST AND CEMENT JOB
 OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

XTO Energy requests approval to DHC production from the Basin DK (71599) & WC Basin Mancos (97232) upon completion of the well. The proposed allocations are based upon individual pool average EUR of wells located in a 12-section surrounding area:
 Basin Dakota: Gas: 36% Water: 30% Oil: 5% WC Basin Mancos: Gas: 64% Water: 70% Oil: 95%
 Ownership is diverse & owners were notified via return receipt certified mail on 3/9/2007. The DHC will offer an economical method of production, protect against reservoir damage, waste of reserves & correlative rights. Attached is supporting documentation for allocations, plats & copy of our 3160-5 sundry filed 3/9/2007.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 3/9/2007
 Type or print name HOLLY C. PERKINS E-mail address: Holly_perkins@xtoenergy.com Telephone No. 505-324-1090

For State Use Only

APPROVED BY _____ TITLE _____ DATE _____
 Conditions of Approval, if any:

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised June 10, 2003

APPLICATION TYPE

Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator XTO Energy Inc. Address 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401

Lease GALLEGOS Well No. 13E Unit Letter-Section-Township-Range L 35 26N 11W County SAN JUAN

OGRID No. 5380 Property Code _____ API No. 30-045-34008 Lease Type: Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|--|------------------------------------|-----------------------------|
| Pool Name | <u>WILDCAT BASIN MANCOS</u> <i>Gas</i> | <u>BASIN DAKOTA</u> <i>Pro Gas</i> | |
| Pool Code | <u>97232</u> | <u>71599</u> | |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | <u>4966'</u> <u>5213'</u> | <u>5937'</u> <u>5213' 6056'</u> | |
| Method of Production (Flowing or Artificial Life) | <u>FLOWING</u> | <u>FLOWING</u> | |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | | | |
| Producing, Shut-In or New Zone | <u>NEW DRILL</u> | <u>NW DRILL</u> | |
| Date and Oil/Gas/Water Rates of Last Production (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: _____ Rates: _____ | Date: _____ Rates: _____ | Date: _____ Rates: _____ |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil: <u>95%</u> % Gas: <u>64%</u> % | Oil: <u>5%</u> % Gas: <u>36%</u> % | Oil: _____ % Gas: _____ % |

Are all working, overriding, and royalty interests identical in all commingled zones? Yes _____ No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

ATTACHMENTS:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of all offset operators.
- Notification list of working, overriding, and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
 - List of all operators within the proposed Pre-Approved Pools
 - Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
 - Bottomhole pressure data
- I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TEC DATE 3/12/2007

TYPE OR PRINT NAME HOLLY C. PERKINS TELEPHONE NO. (505) 324-1090

E-MAIL holly_perkins@xtoenergy.com

DISTRICT I
1820 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Grande Rd., Artesia, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------------|---|--|
| ¹ API Number | ² Pool Code 71599 | ³ Pool Name Basin Dakota |
| ⁴ Property Code | ⁵ Property Name GALLEGOS | ⁶ Well Number 13E |
| ⁷ OGRD No. 167067 | ⁸ Operator Name XTO ENERGY INC. | ⁹ Elevation 6269' |

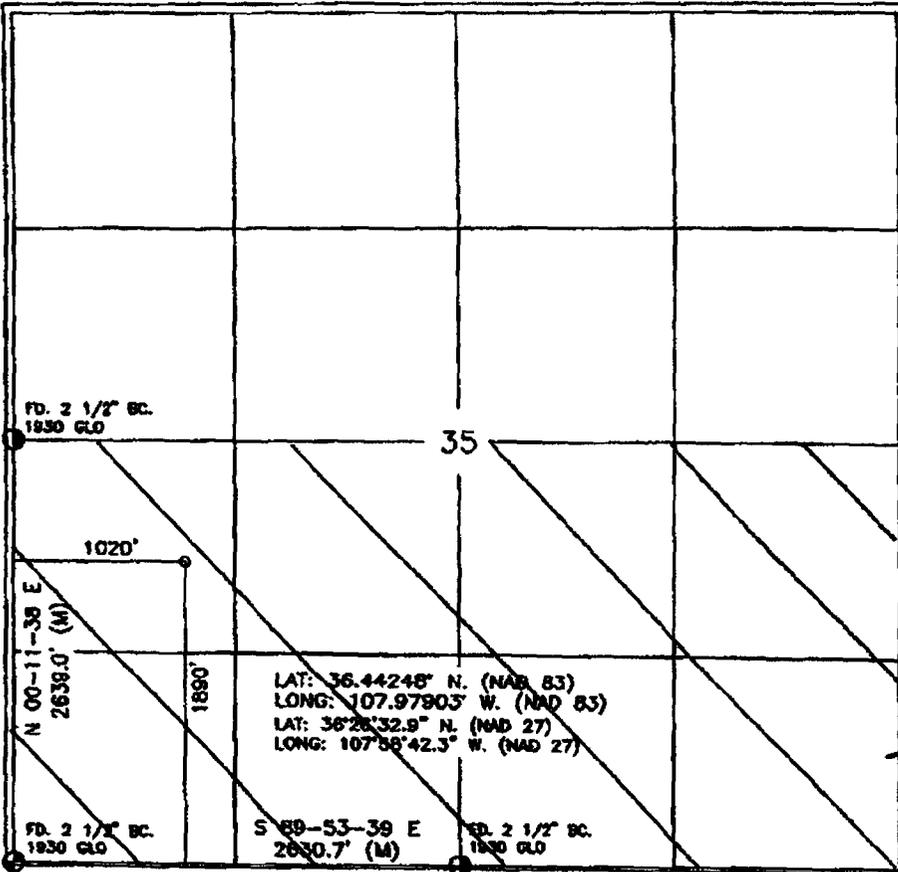
¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| L | 35 | 26-N | 11-W | | 1890 | SOUTH | 1020 | WEST | SAN JUAN |

¹¹ Bottom Hole Location if Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|--|---------|----------|----------------------------------|---------|---------------|-------------------------|---------------|----------------|--------|
| ¹² Dedicated Acres 512.320 | | | | | | | | | |
| ¹³ Joint or Infill | | | ¹⁴ Consolidation Code | | | ¹⁵ Order No. | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or retained mineral interest in the land including the proposed bottom hole location or has a right to drill the well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kelly Smith
Signature
Date
Kelly Smith
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 13, 2006

Date of Survey
Signature



Certificate Number

DISTRICT I
1630 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88204

DISTRICT III
1800 N. Orange Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

RECEIVED
070 FARMINGTON NM

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------|------------------------------------|-------------------------------------|
| 1 APN Number | 2 Well Code 97232 | 3 Well Name WILDCAT BASIN MANCOS |
| 4 Property Code | 5 Property Name GALLEGOS | 6 Well Number 13E |
| 7 Well No. 167067 | 8 Operator Name XTO ENERGY INC. | 9 Location 6269' |

10 Surface Location

| 11 Well or lot no. | 12 Section | 13 Township | 14 Range | 15 Lot No. | 16 Feet from the | 17 North/South line | 18 Feet from the | 19 East/West line | 20 County |
|--------------------|------------|-------------|----------|------------|------------------|---------------------|------------------|-------------------|-----------|
| L | 35 | 25-N | 11-W | | 1800 | SOUTH | 1020 | WEST | SAN JUAN |

11 Bottom Hole Location if Different From Surface

| 21 Well or lot no. | 22 Section | 23 Township | 24 Range | 25 Lot No. | 26 Feet from the | 27 North/South line | 28 Feet from the | 29 East/West line | 30 County |
|------------------------------|------------|-----------------|----------|------------------------|------------------|---------------------|------------------|-------------------|-----------|
| | | | | | | | | | |
| 31 Borehole Area SW/4 160 | | 32 Job# or well | | 33 Classification Code | | 34 Order No. | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46

47

48

49

50

51

52

53

54

55

56

57

58

59

60

61

62

63

64

65

66

67

68

69

70

71

72

73

74

75

76

77

78

79

80

81

82

83

84

85

86

87

88

89

90

91

92

93

94

95

96

97

98

99

100

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this operator either owns a working interest or mineral interest interest in the land including the proposed bottom hole location or has a right to drill the well on this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the state.

Kyla Vaughan 10/13/06
Kyla Vaughan

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 13, 2008
Date of Survey

Surveyor
KYLE A. VAUGHAN
19831
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number

| Berger 3 | | Date | Oil | Gas | Water |
|-------------|----------------|------------|-----|------|-------|
| | | 12/31/2000 | 17 | 1936 | 0 |
| | | 1/31/2001 | 23 | 1914 | 0 |
| | | 2/28/2001 | 10 | 1261 | 0 |
| | | 3/31/2001 | 0 | 1476 | 0 |
| | | 4/30/2001 | 7 | 1249 | 0 |
| | Dakota | | 11 | 1567 | 0 |
| | | 1/31/2003 | 155 | 3712 | 0 |
| | | 2/28/2003 | 117 | 3231 | 0 |
| | | 3/31/2003 | 178 | 3649 | 80 |
| | | 4/30/2003 | 127 | 3325 | 0 |
| | | 5/31/2003 | 129 | 3308 | 80 |
| | Gallup | | 141 | 3445 | 32 |
| | | | | | |
| Caldwell A1 | | Date | Oil | Gas | Water |
| | | 12/31/2005 | 11 | 505 | 0 |
| | | 1/31/2006 | 8 | 571 | 0 |
| | | 2/28/2006 | 18 | 1643 | 0 |
| | | 3/31/2006 | 19 | 1585 | 80 |
| | | 4/30/2006 | 4 | 774 | 0 |
| | Dakota | | 12 | 1016 | 16 |
| | | | | | |
| | | 8/31/2006 | 195 | 2766 | 80 |
| | | 9/30/2006 | 221 | 2613 | 0 |
| | | 10/31/2006 | 174 | 2547 | 0 |
| | | 11/30/2006 | 192 | 2503 | 305 |
| | | 12/31/2006 | 177 | 2949 | 0 |
| | Commingle Prod | | 192 | 2676 | 77 |



2700 Farmington Ave, K-1, Farmington, NM 87401
Phone: (505) 324-1090 FAX: (505) 564-6700

March 9, 2007

Interest Owners

Subject: Application for Downhole Commingle
Gallegos #13E
Sec 35-T26N-R11W

XTO Energy Inc has submitted an application to the New Mexico Oil Conservation Division (NMOCD) to downhole commingle production from the Basin Dakota and Wildcat Basin Mancos pools in the Gallegos #13E. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well. Allocations are based on production determined from monthly average production rates.

The proposed allocation percentages for each pool are as follows:

| | | | |
|-----------------|----------|------------|----------|
| Basin Dakota | Gas: 36% | Water: 30% | Oil: 5% |
| WC Basin Mancos | Gas: 64% | Water: 70% | Oil: 95% |

NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between pools. If you need additional information or have any questions, I may be contacted at (505) 324-1090. If you have any objections to our application, please contact me, in writing, within twenty (20) days of the date of this letter.

Sincerely,

A handwritten signature in black ink that reads 'Holly C. Perkins'.

Holly C. Perkins
Regulatory Compliance Tech

xc: well file

MMS-BUREAU OF INDIAN AFFAIRS NAVAJO
AREA ALLOTTED
810 HOUSTON ST, STE 2000
FORT WORTH, TX 761026298

XTO ENERGY INC.
810 HOUSTON STREET
FORT WORTH, TX 761026298

DUGAN PRODUCTION CORPORATION
P O BOX 420
FARMINGTON, NM 874990420

GALLEGOS 13E MC

GALLEGOS 13E MC

GALLEGOS 13E DK

MMS XTO FEDERAL
C/O XTO ENERGY INC
810 HOUSTON STREET
FORT WORTH, TX 761026298

MMS-BUREAU OF INDIAN AFFAIRS NAVAJO
AREA ALLOTTED
810 HOUSTON ST, STE 2000
FORT WORTH, TX 761026298

XTO ENERGY INC.
810 HOUSTON STREET
FORT WORTH, TX 761026298

GALLEGOS 13E DK

GALLEGOS 13E DK

GALLEGOS 13E DK

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

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 reverse side

| | | |
|--|--|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMM12259 |
| 2. Name of Operator XTO Energy Inc. | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 2700 FARMINGTON SUITE K-1, FARMINGTON, NM 87401 | 3b. Phone No. (include area code) 505-324-1090 | 7. If Unit or CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1890' FSL & 1020' FWL SEC 35L-T26N-R11W | | 8. Well Name and No. GALLEGOS #13E |
| | | 9. API Well No. 30-045-34008 |
| | | 10. Field and Pool, or Exploratory Area BASIN DAKOTA WILDCAT BASIN MANCOS |
| | | 11. County or Parish, State SAN JUAN NM |

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

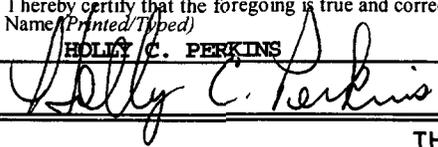
| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|---|---|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/>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

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 recomplete 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 recompletion 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. is requesting approval to DHC production from the Basin Dakota (71599) and the Wildcat Basin Mancos (97232) upon completion. The proposed allocations are based upon an individual pool average EUR of wells located in a 12-section surrounding area. Attached is supporting documentation for allocations, plats & copies of our C107A and C103 filed with the NMOCD in Santa Fe. Based on the average UER, XTO proposes allocations as follows:

| | | | |
|-----------------------|----------|------------|----------|
| Basin Dakota: | Gas: 36% | Water: 30% | Oil: 5% |
| Wildcat Basin Mancos: | Gas: 64% | Water: 70% | Oil: 95% |

Ownership is diverse and owners were given notice via certified mail, return receipt, on March 9, 2007. The downhole commingle will offer an economical method of production, protect against reservoir damage, waste of reserves & correlative rights. The NMOCD in Sata Fe has been notified via submittal of Forms C103 & C107A dated 3/9/2007.

| | |
|--|--|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) HOLLY C. PERKINS | Title REGULATORY COMPLIANCE TECH |
|  | Date 3/9/2007 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------|------|
| Approved by | Title | Date |
| 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 | |