

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

SUNDRY NOTICES AND REPORTS ON WELLS **AUG 25 2011**

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. *Formal Field Office Bureau of Land Management*

5. Lease Serial No
NMSF-078895

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
MUDGE A #8R

9. API Well No
30-045-30519

10. Field and Pool, or Exploratory Area
**BASIN FRUITLAND COAL
WEST KUTZ PICTURED CLIFFS**

11. County or Parish, State
SAN JUAN NM

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)
505-333-3630

4. Location of Well (Footage, Sec, T, R, M, or Survey Description)
685' ENL & 1050' FWL N4NW SEC 06 (D) -T27N-R11W N.M.P.M.

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 <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 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. requests approval to downhole commingle production from the Basin Fruitland Coal (71629) & the West Kutz Pictured Cliffs (79680) in this well per NMOC Rule 19.15.12.11 C(2). The pools are in the NMOC pre-approved pool combinations for DHC in the San Juan Basin per NMOC Order R-11363. XTO would like to DHC upon completion of the PC. Please see attached spreadsheets for justification of the following proposed allocations.

Basin Fruitland Coal:	Oil: 0%	Gas: 55%	Water: 100%
West Kutz Pictured Cliffs:	Oil: 100%	Gas: 45%	Water: 0%

Ownership is diverse and notification was made by CRR on 8/03/2011. 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 8/24/2011.

RCVD SEP 1 '11
OIL CONS. DIV.
DIST. 3

DHC 3652 AZ

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) **WANETT MCCAULEY** Title **REGULATORY COMPLIANCE TECHNICIAN**

Signature *Wanett McCauley* Date **8/24/2011**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *Joe Harvath* Title **Geo** Date **8-26-11**

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**

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

NMOC D

Allocations are based on the existing Basin Fruitland Coal production from the subject well, initial production from correlative offset upper Fruitland Coal sections, and the last 6 months of stable production from the previous Pictured Cliffs well in the 1/4-section (Mudge A-8) before its rates dropped off and the well died

Monthly Production Rates

	OIL (Bbl/mo.)	GAS (KCF/mo.)	Water (Bbl/mo.)	
Fruitland Coal	0	2800	392	Total production from current FC zone and initial production from upper FC zones in offset wells
Pictured Cliffs	0	2313	0	Average production from last 6 months from previous PC producer in 160-acres before production dropped off dramatically and well was shut-in
Total	0	5113	392	

Percent Production			
	OIL	GAS	Water
Fruitland Coal	0%	55%	100%
Pictured Cliffs	100%	45%	0%
Total	100%	100%	100%

Previous Pictured Cliffs production from Mudge A-8 before drop in production rates

Date	Oil	Gas	Water
4/30/1997	0	2440	0
5/31/1997	0	2662	0
6/30/1997	0	2315	0
7/31/1997	0	2139	0
8/31/1997	0	2238	0
10/31/1997	0	2085	0

The wells below show either current production from the existing well or historical production from correlative intervals that will be added.

Krause 71 - Upper-most FC stringer equivalent

	BO/Mo.	KCF/Mo.	BW/Mo.
Sep-79	0	3742	0
Oct-79	0	2220	0
Nov-79	0	1054	0
Dec-79	0	1124	0
Jan-80	0	1041	0
Feb-80	0	882	0
AVERAGE	0	1677	0

Santa Fe G-2

	BO/Mo.	KCF/Mo.	BW/Mo.
Apr-91	0	1220	0
May-91	0	1392	0
Jun-91	0	920	0
Jul-91	0	901	0
Aug-91	0	1360	0
Sep-91	0	1498	0
AVERAGE	0	1215	0
Perf ratio	Upper FC	5	
	Total FC	26	
% contribution from Upper FC		0	234
			0

Mudge A-8R - Existing FC producer that will remain on production

	BO/Mo.	KCF/Mo.	BW/Mo.
Nov-10	0	700	420
Dec-10	0	771	330
Jan-11	0	788	330
Feb-11	0	1197	450
Mar-11	0	1006	480
Apr-11	0	871	340
AVERAGE	0	889	392

Total Fruitland Coal Contribution

Oil	Gas	Water
0	2800	392