Form 3160-5
(April 2004)

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

5. Lease Serial No.
NMSF-081239

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
KELLY LC #5

2. Name of Operator
XTO ENERGY INC.

9. API Well No.
30-045-09869

3a. Address
2700 Farmington Ave., Bldg. K, Ste 1 Farmington,

3b. Phone No. *(include area code)*
505-324-1090

10. Field and Pool, or Exploratory Area
BLANCO MESA VERDE

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1790'FSL, 915'FEL, SEC 03,T30N,R12W

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			
☒ Notice of Intent	☐ Acidize	☒ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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. proposes to open additional pay in the Basin Dakota to downhole commingle with the Blanco Mesaverde (DHC-1857AZ). The well was originally drilled & completed by Pan American, with the Dakota and Gallup being downhole commingled at completion in 1964. In 1994, Amoco abandoned the Dakota and Gallup with cement squeezes & completed the Mesaverde. The recent success in offset Dakota wells has identified the potential of opening pay in the Lower Dakota of this well and then commingling with the Mesaverde for additional reserves. Our procedure for drilling out the cement plugs, refrac, putting the well on pump and DHC is attached for reference.

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

070 FARMINGTON NM

RECEIVED
2005 JUN 1 PM 2:30

JUN 2005

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

Title
HOLLY C. PERKINS

Date 5/17/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title Petr. Eng.

Date 6/6/05

Office

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.

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.

NMOCD

LC Kelly #5

1,790' FSL and 915' FWL Sec 3, T-30-N, R-12-W
San Juan County, New Mexico
AFE #: 504672 Well #: 70603

Dakota Refrac / DHC / PWOP

Formation: Basin Dakota / Blanco Mesaverde

Production csg: 34 JTS 5-1/2", 15.5#, J-55 CSG (BTM) & 176 JTS 5-1/2", 14#, J-55 CSG SET @ 6,816'

CMT'D 1ST W/250 SX CLASS C CMT + ADDS. TAILED IN W/100 SX CLASS C CMT. CMT'D 2ND STAGE W/500 SX CLASS C CMT 50:50 POZ, + ADDS. TAILED IN W/100 SX CLASS C CMT. NO CMT RETURNS.

CMT @ 5,693. Fill Reported @ 5,377.
DVT @ 4,863'
5-1/2" 15.5# Drift: 4.825" Capacity: 0.0238 bbl/ft Burst: 4810 psi (80 % = 3848 psi)
5-1/2" 14.5# Drift: 4.887" Capacity: 0.0244 bbl/ft Burst: 4270 psi (80 % = 3416 psi)

Tubing: NOTCHED COLLAR (SET @ 4,618'), 1 JT 2-3/8", 4.7#, J-55 TBG, SN (SET @ 4,587'), 146 JTS 2-3/8", 4.7#, J-55 TBG.

Perforations: MV: 4,480'-4,510', 4,520'-70', 4,623'-27', 4,670'-4,700',4,730'-50', 4,760'-70' W/4 SPF.

GALLUP: 5,991'-6,001' W/4 SPF (P&A'D)

DAKOTA: 6,672'-96' W/2 SPF (P&A'D).

Current Status: Flowing

Note: If any fluids must be discharged to a pit, a permit is required.

1. MI & set a minimum of 7 – 400 bbl clean frac tanks. Fill each tank w/400 bbls 2% KCl wtr. Set 1 flowback tnk. Heat frac wtr to 70° F, if necessary. MI 3-1/2" frac string, 120 – 7/8" grade "D" rods, 144 – 3/4" grade "D" rods, 6 – 1-1/4" sinker bars, and pump / tbg components listed in table below.

2. MIRU PU. Blow well down and kill well with 2% KCl water.

3. ND WH. NU BOP.

4. POH and inspect 146 jts 2-3/8", 4.7#, J-55, EUE, 8RD tbg, SN, 1 jts 2-3/8", 4.7#, J-55, EUE, 8RD tbg, & NC.

5. TIH w/ 4-3/4" bit, 4 – 3-1/8" DC's & 2-3/8" tbg to fill @ 5,377'.

6. RU AFU. DO fill, cmt, and 2 cmt ret from 5,377' to top of FC @ 6,779. DO FC and cmt below FC from 6,779' to 6,805'. Circ hole w/clean 2% KCL wtr.

7. TOH & LD DC's & bit.

8. TIH w/ 5-1/2" csg scraper on 2-3/8" tbg to 6,805' (PBTD). TOH w/ tbg and scraper.

9. RU WL. Run GR/CCL from 6,678' to 4,000'. POH w/ GR/CCL. Correlate log to Schlumberger Sonic – GR log dated November 19, 1964.

10. Perforate Lwr Dakota with 3-1/8" perf gun (Owen HSC-3125-302, 10 gm charges, 0.34" dia holes, 21.42" penetration, 25 holes) @ 6672, 6678, 6684, 6692, 6696, 6707, 6710, 6721, 6723, 6727, 6730, 6745, 6748, 6752, 6767, 6770, 6773, 6776, 6779, 6782, 6785, 6788, 6791, 6794, 6797 w/1 JSPF. POH w/csg gun. RD WL.

11. TIH w/5-1/2" packer & 3-1/2" FJ tbg. Set pkr @ 6,100' (below GP perfs).

12. Install 5,000 psig frac valve.

13. MIRU Halliburton acid equip including a pop-off valve set at 6500 psi (Test pop-off for function before performing ball-out and run vent line to flow back tank or pit). BD perfs w/2% KCl wtr & EIR. Ball-out w/1000 gals of 15% HCl acid dwn 3-1/2" tbg (37 – 7/8" 1.1 SG Ball Sealers, Start balls after 150 gals then space out evenly through remainder of acid). Pump acid @ 5 BPM then increase to 10 BPM once on flush. Flush w/70 bbls 2% KCl wtr or until max pressure (6500 psi). Surge balls off perfs. Record ISIP, 5", 10" & 15" SIP's. RDMO acid equip.

14. Run Bio-Balls.

15. PUH and set pkr at 6100' (below GP perfs).

16. MIRU frac equip. Frac Dakota perfs from 6,672' – 6,797' down 3-1/2" tubing 85,000 gallons Delta 200 frac fluid carrying 154,500# 20/40 Ottawa sand with 28,000# Super LC resin coated sd. Flush with 6,543 gals (3 bbls underflush) frac fluid.

DAKOTA SCHEDULE

Frac Design: Net Pay =86', Gross Sand = 86', Sand = 2122 #/ft, Rate = 1.0 BPM/perf

Clean Volume (Gals)	Cum. Volume (Gals)	Rate (BPM)	Sd Conc (ppg)	Total Sand (lbs)	Cum. Sand (lbs)	Comments
15000	15000	25	0	0	0	Pad
15000	30000	25	1	15000	15000	20/40 Ottawa
15000	45000	25	2	30000	45000	20/40 Ottawa
15000	60000	25	3	45000	90000	20/40 Ottawa
15000	75000	25	3.5	52500	142500	20/40 Ottawa
3000	78000	25	4	12000	154500	20/40 Ottawa
7000	85000	25	4	28000	182500	20/40 Super LC
6543	91543	25	0	0	182500	Flush

Water required: Approx. 95000 gal (2262 bbl) = 6.3 - 400 bbl tanks (360 bbls usable)
Note: Do not overflush.

17. SWI 3 hrs. Record ISIP, 5", 10" & 15" SIP's. RDMO Halliburton frac equip. Install flow back manifold. OWU on 8/64" ck. Incr ck size as appropriate, pending sd & wtr prod.

18. After well dies, release packer. TOH and LD 3-1/2" frac string and packer.

19. MIRU air/foam unit. TIH with 4-3/4" bit, SN and 2-3/8" tubing. CO to PBTD @ 6,805'. Circulate well clean. TOH with 2-3/8" tbg and bit.

20. TIH with 2-3/8" x 30' OEMA with 1/4" weep hole and pin, 2-3/8" SN, ±71 JTS 2-3/8" 4.7#, J-55, EUE, 8rd tbg, 2-3/8" x 5-1/2" TAC (4,450'), & ±138 JTS 2-3/8" 4.7#, J-55, EUE, 8rd tbg. Land EOT @ ±6,780'. SN @ 6,750'. ND BOP. NU WH.

21. RU swab. Swab well until clean fluid is obtained.

22. TIH with 2" x 1-1/2" x 14' RWAC-Z pump, RHBO tool, spiral rod guide, 1" x 1' lift sub, 6 – 1-1/4" Sinker Bars, ±144 – 3/4" grade "D" rods, and 120 – 7/8" grade "D" rods. Space out pump and HWO.

23. Load tubing and check pump action. RDMO PU.

24. Start well pumping at 4 SPM and 49" SL

25. Return well to production. Report daily volumes & shoot bimonthly fluid levels.

Bureau of Land Management Conditions of Approval:

1) **If cement squeeze work is necessary, contact Matt Halbert of the BLM Farmington Field Office @ (505) 599-6350.**

2) **If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.**

3) **Pits must be lined with an impervious material at least 12 mils thick. The pit must be fenced on three (3) sides during workover operations and on the 4th side after the rig moves off location. Pits must be closed within 90 days of completion of the workover operations. Prior to closing the pit the liner must be cut off at mud level.**