

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVAL
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

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

XTO Energy Inc.

3a. Address

2700 FARMINGTON SUITE K-1, FARMINGTON, NM 87401

3b. Phone No. (include area code)

505-324-1090

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

1890' FSL & 1020' FWL SEC 35L-T26N-R11W

5. Lease Serial No.

NMN12259

6. If Indian, Allottee or Tribe Name

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

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

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Casing Repair☐ New Construction☐ Recomplete☒ Other DOWNHOLE☐ Change Plans☐ Plug and Abandon☐ Temporarily AbandonCOMMINGLE☐ 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 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. 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%

RCVD MAR16'07
OIL CONS. DIV.
DIST. 3

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 Santa Fe has been notified via submittal of Forms C103 & C107A dated 3/9/2007.

DHC 3866

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

Joe Heath

Title

Geo

Date

3-14-07

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

FDD

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 4

DISTRICT I
1620 N. French Dr., Hobbs, N.M. 88240

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

DISTRICT III
1000 Rio Brazos 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		71599	Basin Dakota
*Property Code	*Property Name		*Well Number
	GALLEGOS		13E
*OGRD No.	*Operator Name		*Elevation
167067	XTO ENERGY INC.		6269'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	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 1/4	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres			*Joint or InRI		*Consolidation Code		*Order No.		
512 320									

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

	<p>17 OPERATOR CERTIFICATION</p> <p>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 possesses mineral interest in the land including the proposed bottom hole location or has a right to drill this 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.</p> <p><i>Kelly Smith</i> Signature Date</p> <p>Kelly Smith Printed Name</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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 notes are true and correct to the best of my belief.</p> <p>MARCH 13, 2006 Date of Survey</p> <p><i>John A. Vukobratovic</i> Signature</p> <p>JOHN A. VUKOBRA TOVIC NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 14831</p> <p>Certificate Number</p>

[illegible]



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". The signature is fluid and cursive.

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

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 ☐ FEE ☐

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 NMOC guidelines ☐ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 3/9/2007

E-mail address: Holly_perkins@xtoenergy.com

Type or print name HOLLY C. PERKINS

Telephone No. 505-324-1090

For State Use Only

APPROVED BY _____ TITLE _____ DATE _____

Conditions of Approval, if any:



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 been 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'.

Holly C. Perkins
Regulatory Compliance Tech

xc: Well file
Ft. Worth Land
Brock Hendrickson

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
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1301 W. Grand Avenue, Artesia, NM 88210
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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

XTO Energy Inc.
Operator

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

GALLEGOS
Lease

13E
Well No.

L 35 26N 11W
Unit Letter-Section-Township-Range

SAN JUAN
County

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	WILDCAT BASIN MANCOS	BASIN DAKOTA	
Pool Code	97232	71599	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4966' 5213'	5937' 6056'	
Method of Production (Flowing or Artificial Life)	FLOWING	FLOWING	
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	NEW DRILL	NW DRILL	
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:
	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: 95% Gas: 64%	Oil: 5% Gas: 36%	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