

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

5 Lease Serial No

NMSF080382A

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

MAY 04 2010

2 Name of Operator

XTO Energy Inc.

Bureau of Land Management
Farmington Field Office

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)

1385' FNL & 765' FWL SWNW SEC 21 (E) -T27N-R11W

8 Well Name and No

SCHWERTFEGER 21 #2

9 API Well No.

30-045-32277

10. Field and Pool, or Exploratory Area

BASIN FRUITLAND COAL

WEST KUTZ PICTURED CLIFFS

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 <u>DOWNHOLE</u> |
| ☐ Change Plans | ☐ Plug and Abandon | ☐ Temporarily Abandon | <u>COMMINGLE</u> |
| ☐ 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 downhole commingle production from the Basin Fruitland Coal (71629) pool and the West Kutz Pictured Cliffs (79680) pool in the Schwerdtfeger 21 #2. Both pools are in the NMOCD pre-approved pool combinations for DHC in the San Juan Basin. XTO proposes to DHC the two pools upon approval of this application. Please see attached spreadsheet for justification of proposed allocations. Recommended allocations are:

PC:	Oil:	100%	Gas:	82%	Water:	100%
FC:	Oil:	0%	Gas:	18%	Water:	0%

Ownership is diverse & owners were notified by certified mail, return receipt on 4/13/2010. 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 5/03/2010.

RCVD MAY 17 '10

OIL CONS. DIV.
DIST. 3

D14C3408AZ

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

WANETT MCCAULEY

Title

REGULATORY COMPLIANCE TECHNICIAN

Signature

Wanett McCauley

Date

5/03/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Joe. Hunt

Title

GLO

Date

5-14-10

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

FFD

NMOCD

Monthly Production Rates

	OIL	GAS	WATER
Pictured Cliffs	0	2100	38
Fruitland Coal	0	450	0
Total	0	2550	38

Average initial production post 1998 completions in 9 section area NW/4 of township 27N-11W
Most Recent Active Production (below)

Percent Production

	OIL	GAS	WATER
Pictured Cliffs	100%	82%	100%
Fruitland Coal	0%	18%	0%
Total	100%	100%	100%

Fruitland Coal Production

	OIL	GAS	WATER
9/30/2009	0	625	0
10/31/2009	0	492	0
11/30/2009	0	407	0
12/31/2009	0	360	0
1/31/2010	0	329	0
2/28/2010	0	488	0
AVERAGE	0	450	0

API	DB_ID	LEASE NAME	NO.	RESERVOIR	SEC	LOCATION	FIELD	OPERATOR	1st PROD	FBMO	LAST PROD	CUM GAS	Cum Pre_FBMO	CUM WATER	Incr. FBMO	EUR GAS	
30045068310000	516636	MUDGE A	5	PICTURED CLIFFS	6	27 N 11 W	KUTZ W	XTO ENERGY	19510831		20010301	594,974		1,762		594,974	
30045065020000	516121	SCHWERDTFEGER	12	PICTURED CLIFFS	16	27 N 11 W	KUTZ W	XTO ENERGY	19520229		19990601	223,475		0		223,475	
30045065810000	516129	SCHWERDTFEGER	9	PICTURED CLIFFS	17	27 N 11 W	KUTZ W	XTO ENERGY	19520229		19860401	101,067		0		101,067	
30045067390000	516020	BOLACK, ALICE	7	PICTURED CLIFFS	9	27 N 11 W	KUTZ W	XTO ENERGY	19520331		19830701	67,703		0		67,703	
Average - Older wells never recompleted												246,805		441		246,805	
30045066500000	516635	MUDGE A	3	PICTURED CLIFFS	7	27 N 11 W	KUTZ W	XTO ENERGY	19500930	4/1/1998	20100101	1,806,419	983,311	4,632	823,108	1,806,419	
30045067410000	516637	MUDGE A	6	PICTURED CLIFFS	7	27 N 11 W	KUTZ W	XTO ENERGY	19520430	8/1/1998	20100101	1,452,359	843,618	7,162	608,741	1,452,359	
30045065710000	516634	MUDGE A	2	PICTURED CLIFFS	18	27 N 11 W	KUTZ W	XTO ENERGY	19500930	9/1/1998	20100101	1,242,728	539,001	5,402	703,727	1,242,728	
30045066530000	516629	MUDGE A	1	PICTURED CLIFFS	7	27 N 11 W	KUTZ W	XTO ENERGY	19500930	4/1/1999	20100101	1,721,450	943,840	5,066	777,610	1,721,450	
30045066630000	516021	BOLACK, ALICE	8	PICTURED CLIFFS	9	27 N 11 W	KUTZ W	XTO ENERGY	19520229	11/1/1999	20100101	843,391	672,649	170	170,742	843,391	
30045065840000	516013	BOLACK, ALICE	11	PICTURED CLIFFS	16	27 N 11 W	KUTZ W	XTO ENERGY	19510831	7/1/2003	20100101	1,562,886	1,103,618	640	459,268	1,562,886	
30045065830000	516119	SCHWERDTFEGER	10	PICTURED CLIFFS	16	27 N 11 W	KUTZ W	XTO ENERGY	19520131	9/30/2003	20100101	686,672	528,742	4,373	157,930	686,672	
30045065030000	516120	SCHWERDTFEGER	11	PICTURED CLIFFS	17	27 N 11 W	KUTZ W	XTO ENERGY	19520229	9/30/2003	20100101	1,312,586	1,178,084	1,025	134,502	1,312,586	
30045066610000	516018	BOLACK, ALICE	5	PICTURED CLIFFS	9	27 N 11 W	KUTZ W	XTO ENERGY	19510731	10/31/2003	20100101	1,033,307	667,988	3,580	365,319	1,033,307	
30045069230000	516122	SCHWERDTFEGER	13	PICTURED CLIFFS	5	27 N 11 W	KUTZ W	XTO ENERGY	19520131	6/30/2004	20100101	878,779	737,876	18,365	140,903	878,779	
30045068270000	516123	SCHWERDTFEGER	14	PICTURED CLIFFS	5	27 N 11 W	KUTZ W	XTO ENERGY	19520131	6/30/2004	20100101	837,783	682,437	8,835	155,346	837,783	
30045067460000	516128	SCHWERDTFEGER	7	PICTURED CLIFFS	8	27 N 11 W	KUTZ W	XTO ENERGY	19520131	7/31/2004	20100101	812,215	667,434	5,033	144,781	812,215	
30045064980000	516016	BOLACK, ALICE	14	PICTURED CLIFFS	16	27 N 11 W	KUTZ W	XTO ENERGY	19520131	12/31/2004	20090801	1,207,171	1,148,366	2,340	58,805	1,207,171	
30045067450000	516019	BOLACK, ALICE	6	PICTURED CLIFFS	9	27 N 11 W	KUTZ W	XTO ENERGY	19520131	7/31/2008	20100101	505,773	494,696	2,247	11,077	505,773	
Average - Wells that have been recompleted												1,135,966	799,404	4,919	336,561	1,135,966	
30045242680000	516631	MUDGE A	11	PICTURED CLIFFS	18	27 N 11 W	KUTZ W	XTO ENERGY	19830331		20100101	253,772		1,650		253,772	
30045283970000	516479	FEDERAL COAL 18	24	PICTURED CLIFFS	18	27 N 11 W	KUTZ W	XTO ENERGY	19961231		20100101	248,403		7,872		248,403	
30045300390000	516639	MUDGE A	7R	PICTURED CLIFFS	6	27 N 11 W	KUTZ W	XTO ENERGY	20010331		20100101	113,693		7,133		113,693	
30045305190000	521743	MUDGE A	8R	PICTURED CLIFFS	6	27 N 11 W	KUTZ W	XTO ENERGY	20050228		20100101	68,245		11,992		68,245	
Average - Post 1998 wells												171,028		7,162		143,447	
															Average Newer Completion		
															302,482		

API	DB_ID	LEASE NAME	NO	RESERVOIR	SEC	LOCATION	FIELD	OPERATOR	1st PROD	FBMO	LAST PROD	CUM GAS	Cum Pre_FBMO	REM GAS	CUM WATER	Incr FBMO	EUR GAS	
30045068310000	516636	MUDGE A	5	PICTURED CLIFFS	6	27 N 11 W	KUTZ W	XTO ENERGY	19510831		20010301	594,974		0	1,762		594,974	
30045065020000	516121	SCHWERDTFEGER	12	PICTURED CLIFFS	16	27 N 11 W	KUTZ W	XTO ENERGY	19520229		19990601	223,475		0	0		223,475	
30045065810000	516129	SCHWERDTFEGER	9	PICTURED CLIFFS	17	27 N 11 W	KUTZ W	XTO ENERGY	19520229		19860401	101,067		0	0		101,067	
30045067390000	516020	BOLACK, ALICE	7	PICTURED CLIFFS	9	27 N 11 W	KUTZ W	XTO ENERGY	19520331		19830701	67,703		0	0		67,703	
								Average - Older wells never recompleted				246,805		0	441		246,805	
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30045065710000	516634	MUDGE A	2	PICTURED CLIFFS	18	27 N 11 W	KUTZ W	XTO ENERGY	19500930	9/1/1998	20100101	1,242,728	539,001	0	5,402	703,727	1,242,728	
30045066530000	516629	MUDGE A	1	PICTURED CLIFFS	7	27 N 11 W	KUTZ W	XTO ENERGY	19500930	4/1/1999	20100101	1,721,450	943,840	0	5,066	777,610	1,721,450	
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30045065830000	516119	SCHWERDTFEGER	10	PICTURED CLIFFS	16	27 N 11 W	KUTZ W	XTO ENERGY	19520131	9/30/2003	20100101	686,672	528,742	0	4,373	157,930	686,672	
30045065030000	516120	SCHWERDTFEGER	11	PICTURED CLIFFS	17	27 N 11 W	KUTZ W	XTO ENERGY	19520229	9/30/2003	20100101	1,312,586	1,178,084	0	1,025	134,502	1,312,586	
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30045067450000	516019	BOLACK, ALICE	6	PICTURED CLIFFS	9	27 N 11 W	KUTZ W	XTO ENERGY	19520131	7/31/2008	20100101	505,773	494,696	0	2,247	11,077	505,773	
								Average - Wells that have been recompleted				1,135,966	799,404	0	4,919	336,561	1,135,966	
30045242680000	516631	MUDGE A	11	PICTURED CLIFFS	18	27 N 11 W	KUTZ W	XTO ENERGY	19830331		20100101	253,772		0	1,650		253,772	
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30045305190000	521743	MUDGE A	8R	PICTURED CLIFFS	6	27 N 11 W	KUTZ W	XTO ENERGY	20050228		20100101	68,245		0	11,992		68,245	
								Average - Post 1998 wells				171,028		0	7,162		143,447	
															Average N Average Newer Completion			
															5,639	302,482		
													Initial Monthly Prod		39	2,102		
												-1/ln(1-d) * 12 * rate = EUR			bw/mo	MCF/mo		
												at 8% decline						