



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3548

XTO Energy, Inc.
2700 Farmington Ave
Building K, Suite 1
Farmington, NM 87401

Attention: Melissa M. Osborne

*Kutz Federal #16
API No. 30-045-33038
Unit L, Section 33, Township 28N, Range 10W, NMPM,
SAN JUAN County, New Mexico
Undesignated OTERO CHACRA (GAS) (82329), and
WC BASIN MANCOS (97232), and
BASIN DAKOTA (PRORATED GAS)(71599) Pools*

Dear Ms. Osborne:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

<i>OTERO CHACRA (GAS) Pool</i>	<i>Oil-0%</i>	<i>Gas-10%</i>
<i>WC BASIN MANCOS Pool</i>	<i>Oil-19%</i>	<i>Gas-5%</i>

BASIN DAKOTA (PRORATED GAS) Pool	Oil-81%	Gas-85%
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These percentages shall be amended only with written permission of the Division. In addition, since this wellbore is diversely owned, the operator shall notify all affected revenue interest owners prior to changing these allocation percentages.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on August 17, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Aztec
Bureau of Land Management - Farmington

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

July 13, 2005

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

Subject: Application for Downhole Commingle
Kutz Federal #16
Unit L Sec 33-T28N- R10W; 30-045-33038
Basin Dakota/Basin Mancos/Otero Chacra
SF046563; San Juan, NM

Dear Mr. Jones:

Enclosed please find an administrative application form (C107A) and attachments for downhole trim mingling for the captioned well. All Working interest, net royalty interest and overriding royalty interest owners have been notified by certified, return receipt mail on July 13, 2005 of XTO Energy Inc. plans to downhole trim mingle the Kutz Federal #16. Trim mingling of zones will not reduce the recovery of these pools, but will improve recovery of liquids, thus eliminating redundant surface equipment. Waste will not result and correlative rights will not be violated. Notice of our intent has been filed with the BLM on form 3160-5.

Any questions pertaining to this matter, please call me at (505) 566-7925.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Melissa M. Osborne'.

Melissa M. Osborne
Regulatory Compliance Tech

xc: Wellfile
OCD, Aztec Office
BLM, Farmington

RECEIVED
JUL 18 2005
OIL CONSERVATION
DIVISION

Office

Energy, Minerals and Natural Resources

May 27, 2004

District I

1625 N. French Dr., Hobbs, NM 88240

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

OIL CONSERVATION DIVISION

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

RECEIVED

JUL 18 2005

WELL API NO.

30-045-33038

5. Indicate Type of Lease

STATE FEE ☐

6. State Oil & Gas Lease No.

SF046563

7. Lease Name or Unit Agreement Name

Kutz Federal

8. Well Number #16

9. OGRID Number

167067

10. Pool name or Wildcat

Basin DK/Basin Mancos/Otero CH

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, SUITE K-1, FARMINGTON, NM 87401

4. Well Location

Unit Letter L : 2175' feet from the South line and 845' feet from the West lineSection 33 Township 28N Range 10W NMPM San Juan County

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

6083' GL

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 COMPL ☐

OTHER: Downhole Commingle

☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/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 Inc. requests approval for an exception to Rule 303-C to permit DH trim mingle of Production from the Basin Dakota (71599), Basin Mancos (97232) & Otero Chacra (82329) in Kutz Federal #16.. XTO Energy, Inc plans to downhole trim mingle these pools upon completion of this well.

Allocations are based upon a 9 section EUR and are calculated as follows:

Basin Dakota:	Gas 85%	Oil 81%
Basin Mancos	Gas 5%	Oil 19%
Otero Chacra	Gas 10%	Oil 0%

Working interest, net royalty interest and overriding interest owners have been notified by certified, return receipt mail on July 13th, 2005. The BLM has been notified with form 3160-5 of our intent to DH Trim mingling. Downhole trim mingle will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights.

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 Melissa M Osborne TITLE Regulatory Compliance Tech DATE 07/13/2005
Type or print name Melissa M Osborne E-mail address: Regulatory@xtoenergy.com Telephone No. 505-566-7925

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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number 30-045-33038	² Pool Code 71559/97232/81329	³ Pool Name Basin Dakota/Basin Mancos/Otero Chacra
⁴ Property Code 22756	⁵ Property Name Kutz Federal	⁶ Well Number 16
⁷ OGRID No. 167037	⁸ Operator Name XTO Energy Inc.	⁹ Elevation 6083' GL

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	33	28N	10W		2175'	South	845'	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 DK W/2 320 ac MA/CH SW/4 160 ac	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.	
	Signature Melissa M. Osborne Printed Name Regulatory Compliance Tech Title and E-mail Address April 20th, 2004 Date	
	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.	
	August 30th, 2004 Date of Survey Signature and Seal of Professional Surveyor: John A. Vukonch Certificate Number 14831	

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

XTO Energy Inc. 2700 Farmington Ave, Suite K-1 Farmington, NM 87401
Operator Address
Kutz Federal #16 L Sec 33, T28N-R10W San Juan County
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 167037 Property Code 22756 API No 30-045-33038 Lease Type ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	<i>UNDES</i>		
Pool Name	Otero Chacra	WC Basin Mancos	Basin Dakota
Pool Code	82329	97232	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,180' 2,945'	4,340' 4,707'	6,419' 6,679'
Method of Production (Flowing or Artificial Lift)			
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 Zone	New Zone	New Zone
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 Gas 0% - 10%	Oil Gas 19% - 5%	Oil Gas 81% - 85%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☐ No ☒

If not, have all working, royalty and overriding royalty interest owners 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 working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

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 *Melissa M Osborne* TITLE Regulatory Compliance Tech DATE July 13, 2005

TYPE OR PRINT NAME Melissa M Osborne TELEPHONE NO. (505) 566-7925

E-MAIL ADDRESS

FEDERAL A	1 BP AMERICA PRODUCTION COMPANY	32 K	28N 10W GALLUP	7	158	0	7	158
KUTZ DEEP GAS COM D	1E XTO ENERGY INCORPORATED	27 I	28N 10W CHACRA	0	100	3	0	369
KUTZ FEDERAL C	1 XTO ENERGY INCORPORATED	27 G	28N 10W CHACRA	0	183	1	0	310
Average							0	340
MARTIN C FEDERAL	1 XTO ENERGY INCORPORATED	3	27N 10W DAKOTA	88	5,316	3	88	5,736
MARTIN C FEDERAL	1E XTO ENERGY INCORPORATED	3 P	27N 10W DAKOTA	0	83	1	2	888
R P HARGRAVE J	1 XTO ENERGY INCORPORATED	3 N	27N 10W DAKOTA	64	3,068	4	64	3,383
R P HARGRAVE J	1E XTO ENERGY INCORPORATED	3 F	27N 10W DAKOTA	8	1,073	14	9	1,540
HARGRAVE FEDERAL	1 TENNECO OIL COMPANY	4 C	27N 10W DAKOTA	26	1,076	0	26	1,076
FEDERAL F	2 XTO ENERGY INCORPORATED	4 H	27N 10W DAKOTA	85	5,887	4	85	6,707
FEDERAL F	2E XTO ENERGY INCORPORATED	4 O	27N 10W DAKOTA	1	174	2	3	653
R P HARGRAVE L	1 XTO ENERGY INCORPORATED	4 M	27N 10W DAKOTA	30	2,738	2	30	3,193
R P HARGRAVE L	1E XTO ENERGY INCORPORATED	4	27N 10W DAKOTA	7	1,014	3	8	1,355
C A MCADAMS C	1 XTO ENERGY INCORPORATED	5 P	27N 10W DAKOTA	34	2,214	3	35	2,559
C A MCADAMS C	2 XTO ENERGY INCORPORATED	5 K	27N 10W DAKOTA	19	2,554	4	3	597
C A MCADAMS C	1E XTO ENERGY INCORPORATED	5	27N 10W DAKOTA	10	1,143	3	11	1,383
C A MCADAMS C	2E XTO ENERGY INCORPORATED	5 F	27N 10W DAKOTA	8	830	4	10	1,013
FEDERAL GAS COM	2 XTO ENERGY INCORPORATED	27 M	28N 10W DAKOTA	99	8,636	8	99	9,565
FEDERAL GAS COM	2E XTO ENERGY INCORPORATED	27 F	28N 10W DAKOTA	0	119	6	0	459
KUTZ DEEP GAS COM D	1 XTO ENERGY INCORPORATED	27 A	28N 10W DAKOTA	47	3,662	2	47	3,988
KUTZ DEEP GAS COM D	1E XTO ENERGY INCORPORATED	27 I	28N 10W DAKOTA	4	601	2	5	671
DAVIDSON GAS COM F	1 XTO ENERGY INCORPORATED	28 M	28N 10W DAKOTA	46	3,502	2	47	3,853
DAVIDSON GAS COM F	1E XTO ENERGY INCORPORATED	28 F	28N 10W DAKOTA	6	919	1	6	1,255
FEDERAL GAS COM	1 XTO ENERGY INCORPORATED	28 A	28N 10W DAKOTA	44	4,259	4	46	4,833
FEDERAL GAS COM	1E XTO ENERGY INCORPORATED	28 J	28N 10W DAKOTA	1	252	7	3	920
HUBBELL A	1 BURLINGTON RESOURCES O&G CO LP	29 B	28N 10W DAKOTA	33	4,178	1	34	4,250
HUBBELL A	1E BURLINGTON RESOURCES O&G CO LP	29 F	28N 10W DAKOTA	8	903	1	9	1,119
HUBBELL GAS COM C	1 XTO ENERGY INCORPORATED	29 N	28N 10W DAKOTA	48	5,423	2	49	5,863
HUBBELL GAS COM C	1E XTO ENERGY INCORPORATED	29 I	28N 10W DAKOTA	11	1,411	3	13	1,798
FEDERAL A	1 XTO ENERGY INCORPORATED	32 K	28N 10W DAKOTA	42	4,662	3	43	5,028
FEDERAL A	1E XTO ENERGY INCORPORATED	32 E	28N 10W DAKOTA	0	227	2	1	689
FRED FEASEL L	1 XTO ENERGY INCORPORATED	32 H	28N 10W DAKOTA	48	4,945	4	50	5,341
FRED FEASEL L	1E XTO ENERGY INCORPORATED	32 I	28N 10W DAKOTA	6	1,115	4	8	1,575
FRED FEASEL H	1 XTO ENERGY INCORPORATED	33 H	28N 10W DAKOTA	37	3,874	4	39	4,149
FRED FEASEL H	1E XTO ENERGY INCORPORATED	33 O	28N 10W DAKOTA	8	1,172	8	9	1,532
KUTZ FEDERAL	13E XTO ENERGY INCORPORATED	33 K	28N 10W DAKOTA	27	2,713	1	26	2,715
KUTZ FEDERAL	2E CONOCO INCORPORATED	33 C	28N 10W DAKOTA	0	139	6	4	843
MCLEOD	2 CONOCOPHILLIPS COMPANY	34 E	28N 10W DAKOTA	2	467	143	2	467
FRED FEASEL J	1 XTO ENERGY INCORPORATED	34 L	28N 10W DAKOTA	85	6,666	18	87	7,209
FRED FEASEL J	1E XTO ENERGY INCORPORATED	34 G	28N 10W DAKOTA	76	4,260	3	76	4,807
Average		34 O	28N 10W DAKOTA	8	1,014	4	8	1,272
							29	2,808

Allocation:		Oil		Gas	
Gallup	Chacra			0%	10%
Marcos				19%	5%
Dakota				81%	85%

Kutz Federal #16

BLM
1235 La Plata Hwy, Ste A
Farmington, NM 87401

Miriam I. Findley
6511 North County Road #3
Fostoria, OH 44830

B.B.L., Ltd.
P.O. Box 911
Breckenridge, TX 76424-0911

William L. Floyd, Jr.
16 East 77th Street Apt. 5A
New York, NY 10021

Rita Treasa Floyd
C/O Comerica Bank -TX Trustee
Attn: John W. Lowrie
P.O. Box 4167 (Mail Code 6605)
Houston, TX 77210-4167

Leon M. Ducharme Marital Trust
Rita Mae Ducharme & Joyce J.
Neville, Co-Trustees
2617 S. Wadsworth Circle
Lakewood, CO 80227-3220

Rita Mae Ducharme
2617 S. Wadsworth Circle
Lakewood, CO 80227-3220

Comstock Oil & Gas, Inc.
5300 Town & Country Blvd. #500
Frisco, TX 75034

TCW DR II Royalty Partnership
865 South Figueroa St #1800
Los Angeles, CA 90017

Mathias Family Trust 9/9/81
Barbara J. Mathias & Carol J.
Hopper Co-Trustees
3233 Spring Lane

Falls Church, VA 22041-2607

Virginia L. Mullin
2500 Cherry Creek S Drive Apt. 504
Denver, CO 80209

Bernard Hyde Dr Living Trust
Dated 4-6-88
Bernard Hyde Dr Trustee
28242 Yanez
Mission Viejo, CA 92692-1836

Richard P. Shooshan
686 E Union Street
Pasadena, CA 91101-1820



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

July 13, 2005

RE: Notice of Intent to Apply for Downhole Commingling

Kutz Federal #16
L Sec 33, T28N, R10W; 2,175' FSL & 845' FWL
San Juan County, NM

To: All working interest, royalty interest and overriding royalty interest owners.

XTO Energy Inc. is applying for permission to downhole trim mingle the Basin Dakota (71599), Basin Mancos (97232) and the Otero Chacra (82329) pools in the Kutz Federal #16. We propose to downhole trim mingle production from these pools after this well is drilled and upon approval from the NMOCD. NMOCD requires all interest owners be notified of intent to downhole trim mingle if ownership is different between pools.

Based upon the 9-section EUR's for the Basin Dakota, Basin Mancos and Otero Chacra, XTO Energy Inc. proposes allocation of trim mingled production as follows:

Pool	Oil	Gas
Basin Dakota	81%	85%
Basin Mancos	19%	5%
Otero Chacra	0%	10%

If you need additional information or have any questions, I may be contacted at (505) 566-7925. If you are opposed to trim mingling production from these pools please respond in writing within 20 days of the date of this letter to XTO Energy Inc., 2700 Farmington Avenue, Suite K-1, Farmington, NM 87401.

Sincerely,

A handwritten signature in cursive script that reads 'Melissa M Osborne'.

Melissa M Osborne
Regulatory Compliance Tech

xc: Well File
FW Land Dept.

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
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

XTO Energy Inc.

3a. Address

2700 Farmington Ave., Bldg. K, Ste 1 Farmington,

3b. Phone No. (include area code)

364-1090

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

2,175' FSL & 845' FWL, UL L, Sec 33, T28N, R10W

5. Lease Serial No.

SF 046563

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Kutz Federal #16

9. API Well No.

30-045-33038

10. Field and Pool, or Exploratory Area

**Basin DK/Basin MA/
Otero Chacra**

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

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <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>Trim mingle</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 for an exception to NMOCD Rule 303-C to permit DH Trim mingling production from the Basin Dakota, Basin Mancos & Otero Charca in the Kutz Federal #16. XTO Energy Inc. proposes to downhole trim mingle these pools upon completion of this well.

Allocations are based upon a 9-section EUR and are calculated as follows:

Basin Dakota	Gas 85%	Oil 81%
Basin Mancos	Gas 5%	Oil 19%
Otero Chacra	Gas 10%	Oil 0%

Working interest, net royalty interest and overriding interest owners have been notified by certified, return receipt mail on July 13th, 2005. The NMOCD has been notified of our intent by submission of a C-103. Downhole Trim mingling will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights.

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

Melissa M Osborne

Title

REGULATORY COMPLIANCE TECH

Date **07/13/2005**

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

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.