

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 30-045-31148
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMSF078019
7. Lease Name or Unit Agreement Name: PIPERIN, EH
8. Well No. #8R
9. Pool name or Wildcat BASIN DAKOTA / KUTZ GALLUP
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 5944' GR

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> 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 : 1770 feet from the SOUTH line and 1040 feet from the WEST line Section 01 Township 27N Range 11W NMPM County SAN JUAN

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>
SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

12. 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 recompilation.

XTO Energy Inc. requests an exception to Rule 303A to downhole commingle production from the Basin Dakota pool (71599) and the Kutz Gallup pool (36550). Both pools are included in Division Order R-11363 establishing pre-approved pool combinations for downhole commingling in the San Juan Basin. The APD for this well has been approved and the well has been spudded. XTO requests approval to DHC both zones on initial completion after drilling is completed. The proposed production allocations are based on the estimated ultimate gas and oil recoveries of the offset Dakota and Gallup completions Around this well location. See attachments for supporting data.

Proposed Gas Allocation: Dakota - 90% and Gallup - 10%
Proposed Oil Allocation: Dakota - 63% and Gallup - 37%
Proposed Water Allocation: Dakota - 63% and Gallup - 37%

DHC 1090A2

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Darrin Steed TITLE REGULATORY SUPERVISOR DATE 2/3/03

Type or print name DARRIN STEED Telephone No. 505-324-1090

(This space for State use)
APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #1 DATE FEB -4 2003
Conditions of approval, if any:



February 3, 2003

Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, New Mexico 87410

RE: Administrative approval to Downhole Commingle
E.H. Pipkin #8R
1,770' FSL & 1,040' FWL Unit L, Sec. 1, T 27 N, R 11 W
San Juan County, New Mexico

Dear Mr. Chavez:

XTO Energy Inc. respectfully request approval to downhole commingle production from the Basin Dakota and Kutz Gallup pools in the E.H. Pipkin #8R. Attached for your reference are the following exhibits:

1. Sundry Notice (NMOCD From C-103)
2. Production data for the Kutz Gallup and Basin Dakota formation's in a 9 section area and the allocation formula.

The E.H. Pipkin #8R is in the process of being drilled by XTO Energy Inc. as a Basin Dakota / Kutz Gallup well. It is proposed to downhole commingle both zones during completion.

Based upon the average production for the Kutz Gallup and the Basin Dakota formation, in the 9 section area, the following allocations were determined:

Basin Dakota (71599)	Oil 63 %	Water 63 %	Gas 90 %
Kutz Gallup (36550)	Oil 37 %	Water 37 %	Gas 10 %

Both pools have common interest owners. Commingling both zones will not reduce the ultimate recovery of either pool. Downhole commingling will improve recovery of liquids, eliminating redundant surface equipment and maximize compressor efficiency. Attached is BLM approval on Form 3160-5 concerning this matter.

XTO Energy Inc. request your Administrative Approval to downhole commingle the Gallup and Dakota pools based upon the above information. Should you need any additional information please contact me at (505) 324 1090.

Sincerely,

Loren W. Fothergill

Loren W. Fothergill
Production Engineer

Enclosures

Cc: GLM

LWF

George Cox – FTW Land

Well File

E.H. Pipkin #8R SW/4 Section 1 T-27-N R-11-W								
Lease	Well #	Sec	Twp	Rng	Gallup		Dakota	
					EUR MMCF	CUM MBO	EUR MMCF	CUM MBO
E.H. Pipkin	9E	35	28N	11W			1,183	4
E.H. Pipkin	7	35	28N	11W			3,710	43
E.H. Pipkin	7E	35	28N	11W			1,466	6
E.H. Pipkin	9	35	28N	11W			2,900	25.0
E.H. Pipkin	6E	36	28N	11W			2,182	10.0
E.H. Pipkin	5	36	28N	11W			2,713	36.0
E.H. Pipkin	5E	36	28N	11W			873	5.0
E.H. Pipkin	6	36	28N	11W			2,776	31.0
Knauff B	1	31	28N	10W			1,733	19.0
Knauff B	1E	31	28N	10W			350	4.0
Martin Gas Com B	1	31	28N	10W			3,868	36.0
Martin Gas Com B	1E	31	28N	10W			1,029	6.0
MN Galt J	2	6	27N	10W			1,091	9.0
Kutz J Fed	2	6	27N	11W			1,820	18.0
E.H. Pipkin	10E	1	27N	11W			299	3.0
E.H. Pipkin	10	1	27N	11W			2,207	21.0
E.H. Pipkin	8X	1	27N	11W			551	7.0
E.H. Pipkin	8E	1	27N	11W			109	0.0
Bolack A	1	2	27N	11W			3,364	38.0
Bolack A	1	2	27N	11W	134	18		
Bolack A	1E	2	27N	11W			1,139	5.0
Angel Peak	1	2	27N	11W			7,689	61.0
Angel Peak	1E	2	27N	11W			1,882	9.0
Fullerton Fed	6	11	27N	11W	31	3	1,950	20.0
Fullerton Fed	6E	11	27N	11W			1,851	7.0
Fullerton Fed	7	11	27N	11W			1,571	27.0
Fullerton Fed 23 GD	11	11	27N	11W	268	2	612	1.0
E.H. Pipkin	12E	12	27N	11W			861	10.0
E.H. Pipkin	12	12	27N	11W			2,673	28.0
E.H. Pipkin	11	12	27N	11W			487	3.0
E.H. Pipkin	11E	12	27N	11W			1,005	6.0
E.H. Pipkin	26	12	27N	11W	332	14		
Pipkin Gas Com A	1E	7	27N	10W			851	8.0
Pipkin Gas Com A	1	7	27N	10W			1,483	10.0
PO Pipkin	5	7	27N	10W			1,138	12.0
PO Pipkin	5E	7	27N	10W			234	1.0
Totals					765	37	59,650	529
Average					191	9	1,754	16

Proposed Allocations

	Gas %	Oil %
Gallup	10%	37%
Dakota	90%	63%