

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

MAR 07 2012

Farmington Field Office
Bureau of Land Management

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

XTO ENERGY INC.

3a. Address

382 CR-3100 AZTEC, NM 87410

3b. Phone No. (include area code)

505-333-3204

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

1190' FNL & 1560' FEL NWNE SEC 18 (B) -T27N-R11W NMEN

5. Lease Serial No.

NMSF 078895

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

MUDGE A #181

9. API Well No

30-045-28297

10. Field and Pool, or Exploratory Area

BASIN FRUITLAND COAL

W. 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

- | | | | |
|---|---|--|---|
| <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>COMMINGLE</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 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. requests approval to downhole commingle this well per NMOO Rule 19.15.12.11 C(2) in the Basin Fruitland Coal (71629) and the W. Kutz-Pictured Cliffs (79680) pools upon recompleat of the PC. Pool combinations are pre-approved for DHC in the San Juan Basin per Order R-11363. Please see the attached spreadsheets for justification of the proposed allocations.

Basin Fruitland Coal	Oil: 0%	Gas: 29%	Water: 16%
Fulcher Kutz Pictured Cliffs	Oil: 100%	Gas: 71%	Water: 84%

Ownership is common in both zones; therefore, it unnecessary to notify owners of our intent to DHC. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. The NMOO was notified of our intent to DHC via Form C103 on 3/6/2012.

RCVD MAR 14 '12
OIL CONS. DIV.
DIST. 3

DHC 3689A2

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

LORRI D. BINGHAM

Title REGULATORY ANALYST

Signature

Date 3/6/12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

6ED

Date

3-8-12

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.

Allocations are based on the Mudge A #181's previous 6 months of production, and the results seen from wells in the 9-section area that have had Full Body Make Overs in Pictured Cliffs producers, which is a similar concept to this well replacing previous 1950's-era PC production well with limited depletion.

Monthly Production Rates

	OIL (Bbl/mo.)	GAS (KCF/mo.)	Water (Bbl/mo.)	
Pictured Cliffs	0	6505	73	Average production increase after performing Full-Body Make Over in PC wells Previous 6-month average for Fruitland Coal production in Mudge A-181
Fruitland Coal	0	2607	13	
Total	0	9112	86	

Percent Production				
		OIL	GAS	Water
Pictured Cliffs		100%	71%	84%
Fruitland Coal		0%	29%	16%
Total		100%	100%	100%

Mudge A-181 - Current Fruitland Coal production

	BO/Mo.	KCF/Mo.	BW/Mo.	
May-11	0	2645	0	
Jun-11	0	2467	0	
Jul-11	0	2704	40	
Aug-11	0	2700	0	
Sep-11	0	2613	40	
Oct-11	0	2515	0	
AVERAGE	0	2607	13	

The 10 wells shown below are Pictured Cliffs wells first produced in the 1950s via an open-hole completion, and were later cased and frac'd (called a Full Body Make Over), and the resulting uplift seen from the FBMO. Mudge A-181 had previous PC production in its 1/4-section and will frack into the same PC rock, with production expectations similar to previous FBMO wells in the 9-section area.

Schwerdtfeger 7 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.	Oil	Gas	Water	Oil	Gas	Water
			Pre-FBMO rates			Post-FBMO rates		
Jul-76	0	4959	0			8/31/2004	0	5037
Aug-76	0	3583	360			9/30/2004	0	3661
Sep-76	0	3448	45			10/31/2004	0	3526
Oct-76	0	3166	88			11/30/2004	0	3244
Nov-76	0	3026	150			12/31/2004	0	3104
Dec-76	0	2938	115			1/31/2005	0	3016
AVERAGE	0	3520	126					

Schwerdtfeger 11 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.	Oil	Gas	Water	Oil	Gas	Water
			Pre-FBMO rates			Post-FBMO rates		
Aug-98	0	736	80			10/31/2003	0	931
Sep-98	0	4144	75			11/30/2003	0	4339
Oct-98	0	2196	0			12/31/2003	0	2391
Nov-98	0	2377	70			1/31/2004	0	2572
Dec-98	0	2108	0			2/29/2004	0	2303
Jan-99	0	2146	0			3/31/2004	0	2341
AVERAGE	0	2284	38					

Mudge A-2 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.	Oil	Gas	Water	Oil	Gas	Water
			Pre-FBMO rates			Post-FBMO rates		
Aug-98	0	7494	310			8/31/1998	0	7646
Sep-98	0	9223	216			9/30/1998	0	9375
Oct-98	0	10204	167			10/31/1998	0	10356
Nov-98	0	9971	138			11/30/1998	0	10123
Dec-98	0	10186	140			12/31/1998	0	10338
Jan-99	0	9931	104			1/31/1999	0	10083
AVERAGE	0	9501	179					

Mudge A-1 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.
Aug-98	0	7365 320
Sep-98	0	7291 0
Oct-98	0	6746 135
Nov-98	0	11002 161
Dec-98	0	12308 151
Jan-99	0	12812 137
AVERAGE	0	9587 151

Mudge A-3 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.
Aug-98	0	10097 0
Sep-98	0	14195 0
Oct-98	0	13990 0
Nov-98	0	14187 0
Dec-98	0	13457 0
Jan-99	0	13290 131
AVERAGE	0	13202 22

Mudge A-6 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.
Aug-98	0	5305 0
Sep-98	0	10632 325
Oct-98	0	10231 194
Nov-98	0	10601 189
Dec-98	0	8961 121
Jan-99	0	9987 150
AVERAGE	0	9286 163

Oil	Gas	Water
Pre-FBMO rates		
Nov-97	0	198 0
Dec-97	0	289 0
Jan-98	0	113 0
Feb-98	0	96 0
Mar-98	0	228 0
Apr-98	0	123 0

Oil	Gas	Water
Post-FBMO rates		
3/31/1999	0	7539 320
4/30/1999	0	7465 0
5/31/1999	0	6920 135
6/30/1999	0	11176 161
7/31/1999	0	12482 151
8/31/1999	0	12986 137

Oil	Gas	Water
Pre-FBMO rates		
Jul-89	0	22 0
Aug-89	0	23 0
Sep-89	0	71 0
Oct-89	0	140 0
Nov-89	0	117 0
Dec-89	0	26 0

Oil	Gas	Water
Post-FBMO rates		
3/31/1998	0	10163 0
4/30/1998	0	14261 0
5/31/1998	0	14056 0
6/30/1998	0	14253 0
7/31/1998	0	13523 0
8/31/1998	0	13356 131

Oil	Gas	Water
Pre-FBMO rates		
Nov-97	0	165 0
Dec-97	0	539 0
Jan-98	0	275 0
Feb-98	0	295 0
Mar-98	0	201 0
Apr-98	0	150 0

Oil	Gas	Water
Post-FBMO rates		
7/31/1998	0	5576 0
8/31/1998	0	10903 325
9/30/1998	0	10502 194
10/31/1998	0	10872 189
11/30/1998	0	9232 121
12/31/1998	0	10258 150

Yockey 1 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.
Aug-98	0	1608
Sep-98	0	1682
Oct-98	0	1779
Nov-98	0	1686
Dec-98	0	1752
Jan-99	0	1227
AVERAGE	0	1622

Hancock 1 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.
Aug-98	0	7529
Sep-98	0	12655
Oct-98	0	8649
Nov-98	0	12216
Dec-98	0	12110
Jan-99	0	11655
AVERAGE	0	10802

Hancock 2 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.
Aug-98	0	2224
Sep-98	0	4005
Oct-98	0	3679
Nov-98	0	3495
Dec-98	0	3479
Jan-99	0	3097
AVERAGE	0	3330

Hancock 7 - FBMO uplift

BO/Mo.	KCF/Mo.	BW/Mo.
Aug-98	0	1490
Sep-98	0	2474
Oct-98	0	2075
Nov-98	0	1840
Dec-98	0	2052
Jan-99	0	1544
AVERAGE	0	1912

FBMO production increase

BO/Mo.	KCF/Mo.	BW/Mo.
Average Uplift	0	6505

Oil	Gas	Water
Pre-FBMO rates		
Mar-97	0	1447
Apr-97	0	1190
May-97	0	942
Jun-97	0	1455
Jul-97	0	1278
Aug-97	0	1146

Oil	Gas	Water
Post-FBMO rates		
9/30/1997	0	2851
10/31/1997	0	2925
11/30/1997	0	3022
12/31/1997	0	2929
1/31/1998	0	2995
2/28/1998	0	2470

Oil	Gas	Water
Pre-FBMO rates		
Apr-97	0	20
May-97	0	20
Jun-97	0	12
Jul-97	0	31
Aug-97	0	19
Sep-97	0	25

Oil	Gas	Water
Post-FBMO rates		
2/28/2001	0	7550
3/31/2001	0	12676
4/30/2001	0	8670
5/31/2001	0	12237
6/30/2001	0	12131
7/31/2001	0	11676

Oil	Gas	Water
Pre-FBMO rates		
Sep-00	0	125
Oct-00	0	686
Nov-00	0	685
Dec-00	0	591
Jan-01	0	874
Feb-01	0	625

Oil	Gas	Water
Post-FBMO rates		
3/31/2001	0	2822
4/30/2001	0	4603
5/31/2001	0	4277
6/30/2001	0	4093
7/31/2001	0	4077
8/31/2001	0	3695

Oil	Gas	Water
Pre-FBMO rates		
Sep-97	0	1000
Oct-97	0	1056
Nov-97	0	940
Dec-97	0	643
Jan-98	0	833
Feb-98	0	703

Oil	Gas	Water
Post-FBMO rates		
4/30/1998	0	2352
5/31/1998	0	3336
6/30/1998	0	2937
7/31/1998	0	2702
8/31/1998	0	2914
9/30/1998	0	2406