

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO. 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

FEB 25 2013

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Harrington Field Office
Bureau of Land Management

SUBMIT IN TRIPLICATE - Other instructions on page 2		5. Lease Serial No. NMSF078863
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO Energy Inc.		7. If Unit or C/A Agreement, Name and/or No. N/A
3a. Address 382 CR 3100 AZTEC, NM 87401	3b. Phone No. (include area code) 505-333-3100	8. Well Name and No. KRAUSE WN FEDERAL #1E
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 790' FNL & 1520' FWL SEC 32 (C) -T28N-R11W (NENW)		9. API Well No. 30-045-24210
		10. Field and Pool, or Exploratory Area BASIN DAKOTA KUTZ GALLUP
		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	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<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 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 to DHC this well per NMCD Rule 19.15.12.11 C(2) in the Basin Dakota (71599) & the Kutz Gallup (36550) in the EH Pipkin #5E. XTO Energy, Inc. proposes to downhole commingle these pools upon completion of this well. Please see the attached spreadsheet for justification of the following proposed allocations.

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

Basin Dakota	Gas: 34%	Water: 55%	Oil: 2%
Kutz Gallup	Gas: 66%	Water: 45%	Oil: 98%

RCVD FEB 28 '13
OIL CONS. DIV.
DIST. 3

Pools are in the NMCD Pre Approved Pool combination for downhole commingle in the San Juan Basin. Ownership is common in all zones; therefore, there are no owners to notify 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. NMCD was notified of our intent via Form C103 on 2/21/2013.

NOTE NSL # 6723

DHC 3778 AZ

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) KRISTEN D. LYNCH	Title REGULATORY ANALYST
Signature <i>Kristen D. Lynch</i>	Date 2/21/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>Joe Henry</i>	Title Geo	Date 2-26-12
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 FFO	

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.

NMCD Ar

Monthly Production Rates

	OIL (Bbl/mo.)	GAS (KCF/mo.)	Water (Bbl/mo.)
Gallup	526	6264	20
Dakota	9	3272	25
Total	535	9536	44

Average production increase after adding Gallup in offset 9-section wells
 Last 6 month average of Dakota production in Krause WN Fed 1E

Percent Production			
	OIL	GAS	Water
Gallup	98%	66%	45%
Dakota	2%	34%	55%
Total	100%	100%	100%

Krause WN Fed 1E - Dakota Only

	BO/Mo.	KCF/Mo.	BW/Mo.
Mar-12	22	3358	0
Apr-12	1	3091	67
May-12	13	3248	0
Jun-12	7	3382	0
Jul-12	7	2996	0
Aug-12	5	3557	80
AVERAGE	9	3272	25