

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
Budget Bureau No. 1004-0135
Expires November 30, 2000

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, NM 87401

3b. PhoneNo. (include area code)

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

2.095' FNL & 785' FEL Sec 6, T27N, R10W

5. Lease Serial No.

NMSF077384

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Kutz J Federal #3

9. API Well No.

30-045-31692

10. Field and Pool, or Exploratory Area

Kutz Gallup
Basin Dakota

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

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other DOWNHOLE

COMMINGLE

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximated duration thereof. If the proposal is to deepen directionally or recomple 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 recomple 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 this well per the attached documents. A sundry has been filed with the New Mexico Oil Conservation Division of our intent to downhole commingle.

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.



DHC 1307 AZ

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

DARRIN STEED

Title

REGULATORY SUPERVISOR

Date 9/15/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ Jim Lovato

Title

Date

Office

SEP 30 2003

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.

Title 18 U.S.C. Section 1001, 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.



September 15, 2003

Interest Owners

Subject: Application for Exception to Rule 303-C Downhole Commingle
Kutz J Federal #3
2,095' FNL & 785' FEL Unit H, Sec. 6, T 27 N, R 10 W
San Juan County, New Mexico

XTO Energy Inc. plans to submit an application to the New Mexico Oil Conservation Division (NMOCD) to downhole commingle production from the Basin Dakota and the Kutz Gallup pools in the Kutz J Federal #3. The Kutz J Federal #3 APD has been approved and is waiting to be drilled. It is proposed to complete both zones separately and downhole commingle the zones during the initial completion of the well. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between zones. If you need additional information or have any questions, I may be contacted at (505) 324-1090. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,

Loren W. Fothergill

Loren W. Fothergill
Operations Engineer

LWF/hcp

xc: well file

Submit 3 Copies To Appropriate District
Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised May 08, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-31692
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMSF 077384
7. Lease Name or Unit Agreement Name Kutz J Federal
8. Well Number 3
9. OGRID Number 167067
10. Pool name or Wildcat Basin Dakota/Kutz Gallup

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 <u>H</u> : 2,095 feet from the <u>North</u> line and <u>785</u> feet from the <u>East</u> line Section <u>6</u> Township <u>27N</u> Range <u>10W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,838' GR	

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

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 is requesting permission to downhole commingle this well. It is located in the pre-approved pool area established by Division Order R-11363. The pools to be commingled are the Basin Dakota (71599) and the Kutz-Gallup (36550). The perforated interval for the Basin Dakota is 6,120' - 6,450' and the Kutz-Gallup is 5,272' - 6,062'. The attached spreadsheet shows the allocation method that will be used. This is based on estimated ultimate gas production and cumulative oil production in a nine section area surrounding this well. Water is being allocated the same as oil. Commingling of these zones will not reduce the value of the total remaining production. All interest owners have been notified in writing by certified mail (return receipt) of this project. This application has also been sent to the BLM for approval since it is a Federal Lease.

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 9/15/2003

Type or print name Darrin Steed Telephone No. (505) 324-1090
(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
Conditions of approval, if any:

Kutz J Federal #3 NE/4 Section 6, T-27-N R-10-W								
Lease	Well #	Sec	Twp	Rng	Gallup		Dakota	
					EUR MMCF	CUM MBO	EUR MMCF	CUM MBO
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
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
CA McAdams C	1	5	27N	10W			2,507	35
CA McAdams C	1E	5	27N	10W			1,348	11
CA McAdams C	2	5	27N	10W			2,811	22
CA McAdams C	2E	5	27N	10W			1,106	10
PO Pipkin	1	8	27N	10W			2,355	25
PO Pipkin	1E	8	27N	10W			1,149	7
PO Pipkin	2	8	27N	10W			1,258	12
PO Pipkin	2E	8	27N	10W			1,448	7
Fred Feasel L	1	32	27N	10W			5,260	47
Fred Feasel L	1E	32	27N	10W			1,479	6
Federal A	1	32	27N	10W	158	7	5,069	43
Federal A	1E	32	27N	10W			699	3
Totals					490	21	56,822	511
Average					245	11	1,671	15

Proposed Allocations

	Gas %	Oil %	Wtr%
Gallup	13%	41%	41%
Dakota	87%	59%	59%