

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

OCT 09 2008

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

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)

505-333-3100

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

665' FSL & 1970' FEL SEC 5D-T30N-R12W

5. Lease Serial No.

SF081239

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

LC KELLY #2G

9. API Well No.

30-045-33239

10. Field and Pool, or Exploratory Area

BASIN DAKOTA/BASIN MANCOS

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

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ 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

COMMINGLING

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 for an exception to NMOCD Rule 303-C to permit DHC of production from the Basin Dakota and the Basin Mancos pools in the LC Kelly #2G. XTO would like to DHC production upon approval of this application. Allocations are based on production and have been calculated as follows:

Basin Mancos	Gas: 25%	Water: 10%	Oil: 85%
Basin Dakota	Gas: 75%	Water: 90%	Oil: 15%

RCVD OCT 22 '08
OIL CONS. DIV.

DIST. 3

Ownership is diverse & owners were notified via certified, return-receipt mail on 8/26/08. Downhole comingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights. Pools are not in the NMOCD pre-approved pool combinations for DHC in the SJ Basin and the NMOCD was notified of our intent to DHC via submission of Form C-107A on 10/8/08.

DHC in Process

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

LORRI D. BINGHAM

Title REGULATORY COMPLIANCE TECH

Signature

Date 10/8/08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Joe Hunt

Title

ECO

Date

10-21-08

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.

NMOCD



382 CR 3100
Aztec, NM 87410

August 26, 2008

Interest Owners

Subject: Notice of Intent to Apply for Downhole Commingling
LC Kelly #2G
Unit D, Sec 5, 30N, R12W

XTO Energy Inc is submitting an application to the New Mexico Oil Conservation Division (NMOCD) to downhole commingle production from the Basin Dakota and the Basin Mancos pools in the LC Kelly #2G. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

The proposed allocation percentages for each pool are as follows:

Basin Mancos	Gas: 25%	Water: 10%	Oil: 85%
Basin Dakota	Gas: 75%	Water: 90%	Oil: 15%

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) 333-3100. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lorri D. Bingham', written over a horizontal line.

Lorri D. Bingham
Regulatory Compliance Tech

xc: well file

LC Kelly #2G
Allocation Percentages

The proposed gas, oil, and water production allocation percentages are based on stabilized test period. The Dakota produced for ~3 years, and the Mancos produced for 3 months.

Proposed Allocation Percentages:

Pool	Oil	Water	Gas
Mancos	85%	10%	25%
Dakota	15%	90%	75%

Wildcat Mancos (Per stabilized 3 month avg. gas, oil and water recovery prod.)

BO	BW	MCF
1.6	1.2	23

Basin Dakota (Per stabilized 3 month avg. gas, oil and water recovery prod.)

BO	BW	MCF
0.3	11	70

Daily Production Average Rate

	OIL	GAS	WATER
Mancos Only	1.6	23	1.2
Dakota Only	0.3	70	11
Sum	1.9	93.3	12.2

Percent of Total Production

	OIL	GAS	WATER
% Mancos	85%	25%	10%
% Dakota	15%	75%	90%
Sum	100%	100%	100%

Dakota Only- Monthly Production

Prod Month	OIL	GAS	WATER
11/30/2006	5	2482	400
12/31/2006	3	1958	240
1/31/2007	23	1758	320
2/28/2007	1	2085	320
3/31/2007	10	2328	400
4/30/2007	12	2144	320
5/31/2007	0	1040	200
6/30/2007	0	503	50
7/31/2007	0	527	0
8/31/2007	0	472	0
9/30/2007	0	0	0
10/31/2007	0	0	0
11/30/2007	0	0	0
12/31/2007	0	508	0
1/31/2008	0	478	0
2/29/2008	0	0	0
3/31/2008	0	0	0
4/30/2008	0	0	0

6 Month Average Mnthly 9 2126

6 Month Average Daily 0.3 70

OIL GAS WATER

333 Well was loading up with fluid after May, 2007

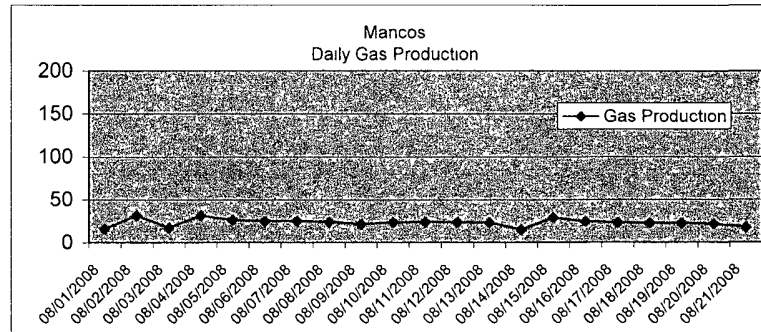
11.0 Will use average 6 month prod prior to this for determining allocation

as the Mancos requires a pump/pumping unit, so Dakota will be unloaded after commingle

Mancos Only_ Daily Production

prod_date	Daily Oil	Daily Gas	Daily Water
08/01/2008	0	16 18	0
08/02/2008	0	31 46	0
08/03/2008	0	17 35	0
08/04/2008	0	31 42	0
08/05/2008	0	26 29	0
08/06/2008	0	24 9	0
08/07/2008	0	25 21	0
08/08/2008	0	24 17	0
08/09/2008	0	21 61	0
08/10/2008	0	23 96	0
08/11/2008	0	24 06	0
08/12/2008	0	23 96	0
08/13/2008	0	23 52	0
08/14/2008	33 6	15 29	25
08/15/2008	0	29 18	0
08/16/2008	0	24 42	0
08/17/2008	0	23 29	0
08/18/2008	0	22 75	0
08/19/2008	0	22 5	0
08/20/2008	0	21 66	0
08/21/2008	0	17 85	0

	Mo Oil	Mo Gas	Mo Water
May	0	664	0
June	3	967	3
July	113	571	35
August	34	491	25
August Average Daily	1.6	23	1.2



ANN L. SHERIDAN
447 E. LILAC
TEMPE, AZ 852810000
LC KELLY #2G DHC REG COMP

ANN L. SHERIDAN
447 E. LILAC
TEMPE, AZ 852810000
LC KELLY #2G DHC REG COMP

ANN L. SHERIDAN
447 E. LILAC
TEMPE, AZ 852810000
LC KELLY #2G DHC REG COMP

DOUGLAS E MILLER 1999 TRUST
DOUGLAS E MILLER TTEE
2040 WATERFALL COURT
MODESTO, CA 953550000
LC KELLY #2G DHC REG COMP

DOUGLAS E MILLER 1999 TRUST
DOUGLAS E MILLER TTEE
2040 WATERFALL COURT
MODESTO, CA 953550000
LC KELLY #2G DHC REG COMP

DOUGLAS E MILLER 1999 TRUST
DOUGLAS E MILLER TTEE
2040 WATERFALL COURT
MODESTO, CA 953550000
LC KELLY #2G DHC REG COMP

FRANCIS HAYNES LINDLEY JR TRST
F HAYNES LINDLEY JR
PO BOX 3058
SAUSALITO, CA 949663058
LC KELLY #2G DHC REG COMP

FRANCIS HAYNES LINDLEY JR TRST
F HAYNES LINDLEY JR
PO BOX 3058
SAUSALITO, CA 949663058
LC KELLY #2G DHC REG COMP

FRANCIS HAYNES LINDLEY JR TRST
F HAYNES LINDLEY JR
PO BOX 3058
SAUSALITO, CA 949663058
LC KELLY #2G DHC REG COMP

FREDERIC OWEN HAWKINS
205 AUSTIN AVE
ATHERTON, CA 940274005
LC KELLY #2G DHC REG COMP

FREDERIC OWEN HAWKINS
205 AUSTIN AVE
ATHERTON, CA 940274005
LC KELLY #2G DHC REG COMP

FREDERIC OWEN HAWKINS
205 AUSTIN AVE
ATHERTON, CA 940274005
LC KELLY #2G DHC REG COMP

GREGORY LOUIS KELLY
3526 BAYBERRY LN
MALIBU, CA 902654707
LC KELLY #2G DHC REG COMP

GREGORY LOUIS KELLY
3526 BAYBERRY LN
MALIBU, CA 902654707
LC KELLY #2G DHC REG COMP

GREGORY LOUIS KELLY
3526 BAYBERRY LN
MALIBU, CA 902654707
LC KELLY #2G DHC REG COMP

JANE W HERION
2126 E 30TH
SPOKANE, WA 992030000
LC KELLY #2G DHC REG COMP

JANE W HERION
2126 E 30TH
SPOKANE, WA 992030000
LC KELLY #2G DHC REG COMP

JANE W HERION
2126 E 30TH
SPOKANE, WA 992030000
LC KELLY #2G DHC REG COMP

JOHN C STERGE
PO BOX 550
CENTERVILLE, MA 26320550
LC KELLY #2G DHC REG COMP

JOHN C STERGE
PO BOX 550
CENTERVILLE, MA 26320550
LC KELLY #2G DHC REG COMP

JOHN C STERGE
PO BOX 550
CENTERVILLE, MA 26320550
LC KELLY #2G DHC REG COMP

LAURENCE B KELLY LIVING TRUST
DTD 5/24/96, LAURENC
839 SUMMIT RD
SANTA BARBARA, CA 931082321
LC KELLY #2G DHC REG COMP

LAURENCE B KELLY LIVING TRUST
DTD 5/24/96, LAURENC
839 SUMMIT RD
SANTA BARBARA, CA 931082321
LC KELLY #2G DHC REG COMP

LAURENCE B KELLY LIVING TRUST
DTD 5/24/96, LAURENC
839 SUMMIT RD
SANTA BARBARA, CA 931082321
LC KELLY #2G DHC REG COMP

LAURENCE CORBETT KELLY TRUST
STEVE COLDWELL, SUCC
3239 N VERDUGO RD
GLENDALE, CA 912081633
LC KELLY #2G DHC REG COMP

LAURENCE CORBETT KELLY TRUST
STEVE COLDWELL, SUCC
3239 N VERDUGO RD
GLENDALE, CA 912081633
LC KELLY #2G DHC REG COMP

LAURENCE CORBETT KELLY TRUST
STEVE COLDWELL, SUCC
3239 N VERDUGO RD
GLENDALE, CA 912081633
LC KELLY #2G DHC REG COMP

M R SCHALK
PO BOX 25825
ALBUQUERQUE, NM 871250825
LC KELLY #2G DHC REG COMP

M R SCHALK
PO BOX 25825
ALBUQUERQUE, NM 871250825
LC KELLY #2G DHC REG COMP

M R SCHALK
PO BOX 25825
ALBUQUERQUE, NM 871250825
LC KELLY #2G DHC REG COMP

M R SCHALK LLC
PO BOX 25825
ALBUQUERQUE, NM 871250825
LC KELLY #2G DHC REG COMP

M R SCHALK LLC
PO BOX 25825
ALBUQUERQUE, NM 871250825
LC KELLY #2G DHC REG COMP

M R SCHALK LLC
PO BOX 25825
ALBUQUERQUE, NM 871250825
LC KELLY #2G DHC REG COMP

MARK J. WESTERVELT
P O BOX 685
CAMP VERDE, AZ 863220000
LC KELLY #2G DHC REG COMP

MARK J. WESTERVELT
P O BOX 685
CAMP VERDE, AZ 863220000
LC KELLY #2G DHC REG COMP

MARK J. WESTERVELT
P O BOX 685
CAMP VERDE, AZ 863220000
LC KELLY #2G DHC REG COMP

MARY S. ENRIGHT
2129 CAMPO ALEGRE
TEMPE, AZ 852810000
LC KELLY #2G DHC REG COMP

MARY S. ENRIGHT
2129 CAMPO ALEGRE
TEMPE, AZ 852810000
LC KELLY #2G DHC REG COMP

MARY S. ENRIGHT
2129 CAMPO ALEGRE
TEMPE, AZ 852810000
LC KELLY #2G DHC REG COMP

MILLER FAMILY TRUST DT 5/3/99
ROBERT D & RUTH V MI
40551 VISTA MURRIETA
MURRIETA, CA 925625926
LC KELLY #2G DHC REG COMP

MILLER FAMILY TRUST DT 5/3/99
ROBERT D & RUTH V MI
40551 VISTA MURRIETA
MURRIETA, CA 925625926
LC KELLY #2G DHC REG COMP

MILLER FAMILY TRUST DT 5/3/99
ROBERT D & RUTH V MI
40551 VISTA MURRIETA
MURRIETA, CA 925625926
LC KELLY #2G DHC REG COMP

MMS XTO FEDERAL
C/O XTO ENERGY INC
810 HOUSTON STREET
FORT WORTH, TX 761026298
LC KELLY #2G DHC REG COMP

MMS XTO FEDERAL
C/O XTO ENERGY INC
810 HOUSTON STREET
FORT WORTH, TX 761026298
LC KELLY #2G DHC REG COMP

MMS XTO FEDERAL
C/O XTO ENERGY INC
810 HOUSTON STREET
FORT WORTH, TX 761026298
LC KELLY #2G DHC REG COMP

NANCY O. MABE TRUST NANCY O.
MABE, TRUSTEE
PO BOX 229
LIBERTY, MO 640690229
LC KELLY #2G DHC REG COMP

NANCY O. MABE TRUST NANCY O.
MABE, TRUSTEE
PO BOX 229
LIBERTY, MO 640690229
LC KELLY #2G DHC REG COMP

NANCY O. MABE TRUST NANCY O.
MABE, TRUSTEE
PO BOX 229
LIBERTY, MO 640690229
LC KELLY #2G DHC REG COMP

NORMAN REID MILLER
1441 BRETT PLACE #130
SAN PEDRO, CA 907325007
LC KELLY #2G DHC REG COMP

NORMAN REID MILLER
1441 BRETT PLACE #130
SAN PEDRO, CA 907325007
LC KELLY #2G DHC REG COMP

NORMAN REID MILLER
1441 BRETT PLACE #130
SAN PEDRO, CA 907325007
LC KELLY #2G DHC REG COMP

ROSALIE H. KELLY
141 LONDON LN
AMHERST, VA 245210000
LC KELLY #2G DHC REG COMP

ROSALIE H. KELLY
141 LONDON LN
AMHERST, VA 245210000
LC KELLY #2G DHC REG COMP

ROSALIE H. KELLY
141 LONDON LN
AMHERST, VA 245210000
LC KELLY #2G DHC REG COMP

ROSE M BLOUNT TRUST MADONNA
LEE, TRUSTEE
284 CYPRESS TRAIL DR
GRAND RAPIDS, MI 495460000
LC KELLY #2G DHC REG COMP

ROSE M BLOUNT TRUST MADONNA
LEE, TRUSTEE
284 CYPRESS TRAIL DR
GRAND RAPIDS, MI 495460000
LC KELLY #2G DHC REG COMP

ROSE M BLOUNT TRUST MADONNA
LEE, TRUSTEE
284 CYPRESS TRAIL DR
GRAND RAPIDS, MI 495460000
LC KELLY #2G DHC REG COMP

SCOTT G AND MICHELLE A ROGERS
JOINT TENANTS
210 SCENIC DR
ASHLAND, OR 975202622
LC KELLY #2G DHC REG COMP

SCOTT G AND MICHELLE A ROGERS
JOINT TENANTS
210 SCENIC DR
ASHLAND, OR 975202622
LC KELLY #2G DHC REG COMP

SCOTT G AND MICHELLE A ROGERS
JOINT TENANTS
210 SCENIC DR
ASHLAND, OR 975202622
LC KELLY #2G DHC REG COMP

SHRINERS HOSPITALS FOR CHILDRE
C/O THE NORTHERN TR
PO BOX 226270
DALLAS, TX 752226270

LC KELLY #2G DHC REG COMP

SHRINERS HOSPITALS FOR CHILDRE
C/O THE NORTHERN TR
PO BOX 226270
DALLAS, TX 752226270

LC KELLY #2G DHC REG COMP

SHRINERS HOSPITALS FOR CHILDRE
C/O THE NORTHERN TR
PO BOX 226270
DALLAS, TX 752226270

LC KELLY #2G DHC REG COMP