

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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 3b. Phone No. (include area code)  
2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401 364-1090

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

1,670' FSL & 800' FEL, UL I, Sec 27, T28N, R10W

5. Lease Serial No.

SF-077383A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Kutz Deep Gas Com D #1E

9. API Well No.

30-045-24112

10. Field and Pool, or Exploratory Area

Otero Chacra / 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

- |   |   |  |   |
|---|---|--|---|
| <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 approximated 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 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.)

1. MIRU pulling unit. Install BOP. TOH w/tbg.

2. TIH w/retrieving tool.

3. Pull RBP @ 3,170'.

4. TIH w/bit.

5. Drill out CIBP @ 6,450'.

6. Clean out to 6,426' PBTD.

7. TOH w/bit

8. TIH w/2-3/8" prod tbg to +/- 6,375'.

9. Remove BOP.

10. RDMO pulling unit.

11. Return well to production as downhole commingled Chacra/Dakota producer w/Chacra perfs fr/2,945'-2,961' & Dakota perfs fr/6,245'-6,392'.

RECEIVED

MAY 13 2002

BUREAU OF LAND MANAGEMENT  
FARMINGTON FIELD OFFICE

NOTE: XTO Energy Inc. has applied to the NMOCD for permission to downhole commingle the Otero Chacra and Basin Dakota Pools. These two pools are on the NMOCD pre-approved list of pool combinations for downhole commingling in the San Juan Basin. Attached is a copy of the Sundry Form C-103 filed with the NMOCD.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

RAY MARTIN

*Ray Martin*

Title

OPERATIONS ENGINEER

Date 5/9/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

*[Signature]*

Title

*P. E. E.*

Date

5/16/02

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

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.



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

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, NM 87505

Form C-103  
Revised March 25, 1999

|   |  |  |
|---|--|--|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(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.)                 |  | WELL API NO.<br><b>30-045-24112</b>  |
| 1. Type of Well:<br>Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other  |  | 5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator<br><b>XTO Energy, Inc.</b>  |  | 6. State Oil & Gas Lease No.   |
| 3. Address of Operator<br><b>2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401</b>  |  | 7. Lease Name or Unit Agreement Name:<br><b>Kutz Deep Gas Com D</b>                      |
| 4. Well Location<br>Unit Letter <b>I</b> : <b>1,670'</b> feet from the <b>South</b> line and <b>800'</b> feet from the <b>East</b> line<br>Section <b>27</b> Township <b>28N</b> Range <b>10W</b> NMPM County <b>San Juan</b> |  | 8. Well No.<br><b>1E</b>   |
| 10. Elevation (Show whether DR, RKB, RT, GR, etc.)<br><b>5,806' GL</b>  |  | 9. Pool name or Wildcat<br><b>Otero Chacra / Basin Dakota</b>                            |

|  |   |
|--|---|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data  |   |
| <b>NOTICE OF INTENTION TO:</b><br>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/><br>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/><br>OTHER: <b>Downhole commingle</b> <input checked="" type="checkbox"/> | <b>SUBSEQUENT REPORT OF:</b><br>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/><br>COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/><br>CASING TEST AND CEMENT JOB <input type="checkbox"/><br>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 Otero Chacra Pool (82329). Both of this pools are included in Division Order R-11363 establishing pre-approved pool combinations for downhole commingling in the San Juan Basin. Attachments 1 and 2 summarize the conditions and information required per Rules 303C(1) and 303C(3) (b). A copy of this filing has been sent to the BLM.

Proposed Oil Allocation: Dakota - 100% & Chacra - 0%  
Proposed Gas Allocation: Dakota - 25% & Chacra - 75%  
Proposed Water Allocation: Dakota - 5% & Chacra - 95%

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

SIGNATURE Ray Martin TITLE Operations Engineer DATE 5/9/02

Type or print name Ray Martin

Telephone No. (505) 324-1090

(This space for State use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
Conditions of approval, if any:

Attachment 1  
Kutz Deep Gas Com D #1E  
C-103 Request to DHC  
05/09/02

Additional information per Rule 303C(3)(b):

- (i) Division Order R-11363 established pre-approved pool combinations for downhole commingling.
- (ii) Basin Dakota Pool (71599)  
Otero Chacra Pool (82329)
- (iii) Otero Chacra perforations: 2,945'-2,961'  
Basin Dakota perforations: 6,245'-6,392'
- (iv) The proposed production allocation formula is based on a ratio of the two Pools production rates.

Proposed Allocation Formula

|              | OIL  | WATER | GAS |
|--------------|------|-------|-----|
| Basin Dakota | 100% | 5%    | 25% |
| Otero Chacra | 0%   | 95%   | 75% |

Basin Dakota Pool (ave. last 6 months gas sales prior to recompletion to CH. DK ave 0.2 BOPD & 0.3 BWPD fr/1998 – 2000. The CH has not made any oil since completion. Thus all oil & 5% of wtr alloc to DK.)

| BOPD | BWPD | MCFD |
|------|------|------|
| 0    | 0    | 47   |

Otero Chacra Pool (recent stabilized gas sales after recompletion)

| BOPD | BWPD | MCFD |
|------|------|------|
| 0    | 5    | 148  |

- (v) Downhole commingling will not reduce the value of the total remaining production. Increased ultimate recovery is expected due to a lower economic production limit for each pool resulting lower operating cost per zone due to the combined production. Also, the reserves will be recovered in less time by downhole commingling.
- (vi) XTO Energy, Inc sent notice of intent to downhole commingle to all working and royalty interest owners by certified mail (return receipt) on 3/6/02. No objections have been received.
- (vii) I have filed a NOI Sundry Form 3160-5 to downhole commingle outlining the procedure with the BLM with a copy of this C-102 attached. A copy of BLM Sundry is attached.

Attachment 2  
Kutz Deep Gas Com D #1E  
C-103 Request to DHC  
05/09/02

Required conditions per Rule 303C(1):

- (a) The fluids from both pools are compatible. These pools have been commingled together in other wells without fluid compatibility or formation damage problems and the two pools have been pre-approved for downhole commingling..
- (b) No secondary recovery operations are planned for this well.
- (c) Using the NMOCD fracture parting pressure gradient of 0.65 psig per foot of depth, the calculated bottomhole pressure to frac the Chacra is 1,914 psig and to frac the Dakota is 4,059 psig. Neither zone's current bottom hole pressures exceed the frac parting pressure of either zone.
- (d) The well will be produced until both zones are at economic depletion, thus no permanent loss of reserves will occur due to cross-flow in the wellbore.
- (e) Neither zone is sensitive to produced fluids from the other zone. These pools are commonly downhole commingled.
- (f) XTO Energy, Inc will maintain the prorated production below top allowable or other rate restriction set by the NMOCD for each Pool.
- (g) Downhole commingling will not reduce the value of the total remaining production. Increased ultimate recovery is expected due to a lower economic production limit for each pool resulting lower operating cost per zone due to the combined production. Also, the reserves will be recovered in less time by downhole commingling.
- (h) Correlative rights will not be violated by downhole commingling these zones. The only open zones will be the Dakota and Chacra. The production will be allocated between the Dakota and Chacra per the allocation formula on Attachment #1.