Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD
DEC 09 2016
RECEIVED

NMOCD
Hobbs

FORM APPROVED
OMB NO. 1004-0135
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 reverse side.

5. Lease Serial No.
NMLC046295

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
ARROWHEAD GRAYBURG UNIT SAT 3 SE

2. Name of Operator
XTO ENERGY INC.
Contact: PATTY R URIAS
E-Mail: patty_urias@xtoenergy.com

9. API Well No.
30-025-08733

3a. Address
500 W. ILLINOIS, SUITE 100
MIDLAND, TX 79701

3b. Phone No. (include area code)
Ph: 432-620-4318
Fx: 432-618-3530

10. Field and Pool, or Exploratory
ARROWHEAD

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 1 T22S R36E 660FNL 660FWL

11. County or Parish, and State
LEA COUNTY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Venting and/or Flaring
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 site is ready for final inspection.)

ARROWHEAD GRAYBURG UNIT SAT #3

ASSOCIATED WELLS:

ARROWHEAD GRAYBURG UNIT 149 GRAYBURG FEDERAL
ARROWHEAD GRAYBURG UNIT 166 GRAYBURG FEDERAL
ARROWHEAD GRAYBURG UNIT 168 GRAYBURG
ARROWHEAD GRAYBURG UNIT 178 GRAYBURG
ARROWHEAD GRAYBURG UNIT 335 GRAYBURG
ARROWHEAD GRAYBURG UNIT 343 GRAYBURG
ARROWHEAD GRAYBURG UNIT 351 GRAYBURG FEDERAL

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

Electronic Submission #356757 verified by the BLM Well Information System
For XTO ENERGY INC., sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/02/2016 ()

Name *(Printed/Typed)* PATTY R URIAS — Title REGULATORY ANALYST

Signature (Electronic Submission) — Date 11/02/2016

ACCEPTED FOR RECORD
DEC 7 2016
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

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 and Title 43 U.S.C. Section 1212, make 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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

MSB/OCD
12/12/2016

Additional data for EC transaction #356757 that would not fit on the form

32. Additional remarks, continued

DCP line leak repair

PLEASE SEE ATTACHED FOR DETAILED INFORMATION

XTO Energy Inc.(XTO) requests approval to flare royalty-free for the reasons set forth in the marked paragraphs below:

☒ **Emergency Flaring:**

☒ *Equipment Malfunction or Failure*: Due to the equipment malfunction or failure more fully described in the "Additional Information" box below, XTO's production was unavoidably and automatically flared for a duration exceeding 24 hours per incident, 144 cumulative hours for the lease during the calendar month, or both. The method that XTO used to determine the duration of flaring and the flared volumes is set forth in the marked paragraph below.

☐ The flared production was measured by a meter installed on the flare line. The total duration and volume of flaring for each flare incident (if intermittent) and the total duration and volume for each calendar month, as measured by the meter, is provided in the "Additional Information" box below.

☒ There is no meter installed on the flare line. XTO estimated the start date based on a comparison of the metered sales volume to the daily average sales volumes. Specifically, XTO divided the theoretical flare volume (derived by the difference between the average sales volumes and the actual sales volume for a given duration) by the average daily sales volume and then multiplied that figure by 24 to determine an estimated number of hours. The sales meter is the first meter for the production (there is no separate production meter). XTO determined the flared volumes by comparing the sales volume during the period of flaring to the average sales volume. Specifically, XTO subtracted the actual sales volume from the average sales volume (both figures taken from the sales meter).

☐ *Relief of High Line Pressure*: To relieve the high line pressure described more fully in the "Additional Information" box below, XTO's production was unavoidably and automatically flared for a duration exceeding 24 hours per incident, 144 cumulative hours for the lease during the calendar month, or both. The flaring occurred due to high line pressure on a third-party gathering line. When the production in the line reached the pressure threshold for the line, XTO's production could not be delivered into the line. As a result, XTO's production automatically flared. The pressure threshold is determined by all of the production in the line, not just XTO's production; therefore, XTO had no control over the condition of the line that caused the flaring. Additionally, the flaring automatically occurred when XTO's production could not be delivered into the line, and XTO had no ability to reinitiate delivery into the line until the abnormally high line pressure was relieved. As soon as the abnormal line pressure was relieved and delivery into the line resumed, the flaring ended.

☐ The flared production was measured by a meter installed on the flare line. The total duration and volume of flaring for each flare incident (if intermittent) and the total duration and volume for each calendar month, as measured by the meter, is provided in the "Additional Information" box below.

☐ There is no meter installed on the flare line. XTO estimated the start date based on a comparison of the metered sales volume to the daily average sales volumes. Specifically, XTO divided the theoretical flare volume (derived by the difference between the average sales volumes and the actual sales volume for a given duration) by the average daily sales volume and then multiplied that figure by 24 to determine an estimated number of hours. The sales meter is the first meter for the production (there is no separate production meter). XTO determined the flared volumes by comparing the sales volume during the period of flaring to the average sales volume. Specifically, XTO subtracted the actual sales volume from the average sales volume (both figures taken from the sales meter).

☐ **Initial Well Test Flaring**: Due to initial well testing more fully described in the "Additional Information" box below, XTO's production was flared for a duration exceeding 30 days or of a volume exceeding 50 MMcf before 30 days of flaring.

☐ The flared production was metered. The total duration of flaring and volume flared in relation to this initial well test flaring event is provided in the "Additional Information" box below.

Additional Information:

DCP Line leak repair - first 24 hrs 7/28/16 - not to exceed 66 mcfd.

Flaring stopped 8/6/16. Total flared during approved period:

7/29/16 - 7/31/16: 66 hrs and 202 mcf
8/1/16 - 8/31/16: 138 hrs and 417 mcf
9/1/16 - 9/30/16: none
10/1/16 - 10/26/16: none