

Submit 3 Copies To Appropriate District
Office
District I
1625 N French Dr, Hobbs, NM 87240
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

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

Form C-103
May 27, 2004

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.)		WELL API NO. 30-045-29710
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator XTO Energy Inc.		6. State Oil & Gas Lease No.
3. Address of Operator 382 CR 3100 Aztec, NM 87410		7. Lease Name or Unit Agreement Name: CANYON
4. Well Location Unit Letter G : 1500 feet from the NORTH line and 1500 feet from the EAST line Section 15 Township 25N Range 11W NMPM County SAN JUAN		8. Well Number #7E
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 5380
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		10. Pool name or Wildcat BASIN DAKOTA/BASIN MANCOS

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> RCVD AUG 6 '08 OIL CONS. DIV. OTHER: DIST. 3 <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 requests approval for an exception to NMOC Rule 303-C to permit DHC production from the Basin DK (71599) & the Basin MC (97232) in the Canyon #7E. XTO proposes to DHC these pools upon approval. Allocations are based upon average production of the recently opened Canyon #17 & Canyon #19 wells, calculated as follows:
DK: Gas: 61% Water: 22% Oil: 2% MC: Gas: 39% Water: 78% Oil: 98%
Interest owners in this well were common; therefore, notification was not necessary. Commingling of these pools will minimize operating costs, add reserves & improve economics of the well. The BLM has been notified of our intent to DHC on 5/13/08.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been (will be) constructed or closed according to NMOC guidelines ☐ , a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Lorri D. Bingham TITLE REGULATORY COMPLIANCE TECH DATE 5/13/08
E-mail address: Lorri_bingham@xtoenergy.com
Type or print name LORRI D. BINGHAM Telephone No. 505-333-3100

For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE AUG 12 2008
Conditions of Approval, if any:

There have been 2 wells, Canyon 17 and Canyon 19, completed into the Gallup after having established production in the Dakota in T25N R11W. These wells were used in establishing allocation factors for future commingling.

Canyon 17

Added the Gallup in July 2006

Stabilized Gallup Only Production

	BOPM	MCFPM	BWPM
	OIL	GAS	WATER
9/30/06	13	425	1847
10/31/06	206	260	1410
11/30/06	113	208	2055
12/31/06	303	641	1685
1/31/07	170	635	325
2/28/07	124	124	0
3/31/07	67	81	1720
Average	142	339	1292

Dakota Only Production - 6 mos prior to add pay

	BOPM	MCFPM	BWPM
Dakota	OIL	GAS	WATER
12/31/2005	8	343.14	0
1/31/2006	0	373.53	0
2/28/2006	8	611.77	0
3/31/2006	2	320.59	0
4/30/2006	5	408.83	80
5/31/2006	2	424.51	0
Average	4	414	13

Percent Gallup			Percent Dakota		
OIL	GAS	WATER	OIL	GAS	WATER
97%	45%	99%	3%	55%	1%

Canyon 19

Added the Gallup in April 2006

Stabilized Gallup Only Production

	BOPM	MCFPM	BWPM
Gallup	OIL	GAS	WATER
9/30/06	497	609	80
10/31/06	392	790	0
11/30/06	612	1095	0
12/31/06	366	904	0
1/31/07	309	777	0
2/28/07	429	760	0
Average	434	823	13

Dakota Only Production - 6 mos prior to add pay

	BOPM	MCFPM	BWPM
Dakota	OIL	GAS	WATER
10/31/2005	14	1605.9	0
11/30/2005	8	2027.47	0
12/31/2005	2	1800.01	60
1/31/2006	5	1789.23	0
2/28/2006	3	1416.68	0
3/31/2006	7	1590.21	0
Average	7	1705	10

Percent Gallup			Percent Dakota		
OIL	GAS	WATER	OIL	GAS	WATER
99%	33%	57%	1%	67%	43%

Average Gallup-Dakota Allocation in T25N R11W

Percent Gallup			Percent Dakota		
OIL	GAS	WATER	OIL	GAS	WATER
98%	39%	78%	2%	61%	22%