

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

Form C-103  
June 19, 2008

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

WELL API NO.

30-045-31040

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

14-20-603-2168A

7. Lease Name or Unit Agreement Name:

8. Well Number

NV NAVAJO 27 #2

9. OGRID Number

5380

10. Pool name or Wildcat

KUTZ WEST PC/BASIN FRUITLAND COAL

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 ☐ Gas Well ☒ Other

2. Name of Operator

XTO Energy Inc.

3. Address of Operator

382 CR 3100 AZTEC, NM 87410

4. Well Location

Unit Letter C : 695 feet from the NORTH line and 1885 feet from the WEST line

Section 27 Township 29N Range 14W NMPM NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

5670 GL

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

OTHER: DOWNHOLE COMMINGLE

☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐ ROVD MAR 16'10  
OIL CONS. DIV.  
DIST. 3

OTHER: ☐

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 requests an exception to NMCD rule 303A to permit DHC of production from the Kutz West PC (79680) pool & the Basin FC pool (71629). XTO proposes to DHC the two pools upon approval of this application. Allocations are based on a 9-section EUR & were previously submitted with the NOI to recomplete FC (please see attached spreadsheet). PC: Oil: 100% Water: 48% Gas: 46%  
FC: Oil: 0% Water: 52% Gas: 54%

Ownership is common in both zones. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights.

P/C 3358AZ

Spud Date:

Rig Release Date:

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

SIGNATURE Wanett McCauley TITLE REGULATORY COMPLIANCE TECH DATE 3/15/2010

Type or print name WANETT MCCAULEY

E-mail address: wanett\_mccauley@xtoenergy.com

PHONE 505-333-3630

For State Use Only

APPROVED BY [Signature]

TITLE to

Deputy Oil & Gas Inspector,  
District #3

DATE

MAR 26 2010

Conditions of Approval (if any):

**NV NAVAJO 27 #2**  
**Unit C, Sec 27, T 29 N, R 14 W / API 30-045-31040**  
**San Juan County, New Mexico**

***DHC Allocation Percentages***

The proposed gas, oil, and water allocation percentages for the Pictured Cliffs and Fruitland Coal in the NV Navajo 27 #2 are based on the estimated ultimate recovery of the wells in the nine surrounding sections. Please see the attached spreadsheet with gas, oil, and water EUR analysis for supporting data and calculations.

Below are the average EUR's for each formation in the nine surrounding sections:

| <b>RESERVOIR</b> | <b>OIL (BBL)</b> | <b>WATER (BBL)</b> | <b>GAS (MCF)</b> |
|------------------|------------------|--------------------|------------------|
| Fruitland Coal   | 0                | 115,906            | 341,571          |
| Pictured Cliffs  | 0                | 108,310            | 289,559          |
| Total            | 0                | 224,217            | 631,130          |

Below are the proposed allocations based on the average EUR's above:

| <b>RESERVOIR</b> | <b>% OIL</b> | <b>% WATER</b> | <b>% GAS</b> |
|------------------|--------------|----------------|--------------|
| Fruitland Coal   | 0%           | 52%            | 54%          |
| Pictured Cliffs  | 100%         | 48%            | 46%          |
| Total            | 100%         | 100%           | 100%         |

**Allocation Navajo 27-2**

| RESERVOIR       | OIL (BBL) | WATER (BBL)    | GAS (MCF)      |
|-----------------|-----------|----------------|----------------|
| Fruitland Coal  | 0         | 115,906        | 341,571        |
| Pictured Cliffs | 0         | 108,310        | 289,559        |
| <b>Total</b>    | <b>0</b>  | <b>224,217</b> | <b>631,130</b> |

| RESERVOIR       | % OIL       | % WATER     | % GAS       |
|-----------------|-------------|-------------|-------------|
| Fruitland Coal  | 0%          | 52%         | 54%         |
| Pictured Cliffs | 100%        | 48%         | 46%         |
| <b>Total</b>    | <b>100%</b> | <b>100%</b> | <b>100%</b> |

9 Sections Surrounding Sec 27 T29N R14W

| API            | LEASE NAME      | NO. | RESERVOIR       | SEC | LOCATION  | FIELD  | OPERATOR                | 1st PROD | LAST PRO | CUM OIL | REM OIL | CUM GAS | REM GAS | CUM WATER | EUR OIL | EUR GAS | DLY OIL | DLY GAS | DLY WAT | DECLINE |
|----------------|-----------------|-----|-----------------|-----|-----------|--------|-------------------------|----------|----------|---------|---------|---------|---------|-----------|---------|---------|---------|---------|---------|---------|
| 30045299540000 | NAVAJO 27       | 3   | FRUITLAND COAL  | 27  | 29 N 14 W | BASIN  | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 293,441 | 323,161 | 393,404   | 0       | 616,602 | 0       | 150     | 115.4   | 10      |
| 30045302210000 | NAVAJO 28       | 1   | FRUITLAND COAL  | 28  | 29 N 14 W | BASIN  | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 38,494  | 86,497  | 276,553   | 0       | 124,991 | 0       | 24.9    | 305.6   | 10      |
| 30045305210000 | NAVAJO 34       | 1   | FRUITLAND COAL  | 34  | 29 N 14 W | BASIN  | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 164,597 | 229,270 | 229,951   | 0       | 393,867 | 0       | 66      | 92.4    | 10      |
| 30045300990000 | NAVAJO 26       | 1   | FRUITLAND COAL  | 26  | 29 N 14 W | BASIN  | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 183,108 | 521,068 | 216,899   | 0       | 704,176 | 0       | 150     | 65.5    | 10      |
| 30045299550000 | NAVAJO 27       | 1   | FRUITLAND COAL  | 27  | 29 N 14 W | BASIN  | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 89,013  | 250,113 | 237,719   | 0       | 339,126 | 0       | 72      | 135.6   | 10      |
| 30045310460000 | NV NAVAJO 22    | 3   | FRUITLAND COAL  | 22  | 29 N 14 W | BASIN  | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 38,438  | 260,534 | 94,351    | 0       | 298,972 | 0       | 75      | 79.2    | 10      |
| 30045311930000 | NV NAVAJO 35    | 1   | FRUITLAND COAL  | 35  | 29 N 14 W | BASIN  | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 58,727  | 451,592 | 69,226    | 0       | 510,319 | 0       | 130     | 13.8    | 10      |
| 30045311920000 | NV NAVAJO 35    | 3   | FRUITLAND COAL  | 35  | 29 N 14 W | BASIN  | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 43,319  | 102,129 | 110,110   | 0       | 145,448 | 0       | 29.4    | 67.1    | 10      |
| 30045310410000 | NV NAVAJO 21    | 4   | FRUITLAND COAL  | 21  | 29 N 14 W | BASIN  | XTO ENERGY              | 20040930 | 20090901 | 0       | 0       | 7,779   | 66,002  | 28,706    | 0       | 73,781  | 0       | 19      | 29.7    | 10      |
| 30045311690000 | NV NAVAJO 26    | 4   | FRUITLAND COAL  | 26  | 29 N 14 W | BASIN  | XTO ENERGY              | 20041031 | 20090901 | 0       | 0       | 33,405  | 112,898 | 93,358    | 0       | 146,303 | 0       | 32.5    | 88.3    | 10      |
| 30045317770000 | NV NAVAJO 22    | 2   | FRUITLAND COAL  | 22  | 29 N 14 W | BASIN  | XTO ENERGY              | 20050731 | 20090901 | 0       | 0       | 27,404  | 143,815 | 68,877    | 0       | 171,219 | 0       | 41.4    | 58      | 10      |
| 30045317760000 | NV NAVAJO 21    | 2   | FRUITLAND COAL  | 21  | 29 N 14 W | BASIN  | XTO ENERGY              | 20050831 | 20090901 | 0       | 0       | 34,326  | 399,486 | 29,340    | 0       | 433,812 | 0       | 115     | 8.8     | 10      |
| 30045314370000 | NV NAVAJO 35    | 2   | FRUITLAND COAL  | 35  | 29 N 14 W | BASIN  | XTO ENERGY              | 20050831 | 20090801 | 0       | 0       | 6,540   | 6,600   | 57,428    | 0       | 13,140  | 0       | 1.9     | 82.6    | 10      |
| 30045310550000 | NV NAVAJO 21    | 3   | FRUITLAND COAL  | 21  | 29 N 14 W | BASIN  | XTO ENERGY              | 20050930 | 20090701 | 0       | 0       | 456     | 6,600   | 44,045    | 0       | 7,056   | 0       | 1.9     | 113.8   | 10      |
| 30045310380000 | NV NAVAJO 28    | 2   | FRUITLAND COAL  | 28  | 29 N 14 W | BASIN  | XTO ENERGY              | 20051031 | 20090701 | 0       | 0       | 642     | 7,295   | 24,066    | 0       | 7,937   | 0       | 2.1     | 16.7    | 10      |
| 30045311840000 | NV RACHELLE 23  | 4   | FRUITLAND COAL  | 23  | 29 N 14 W | BASIN  | XTO ENERGY              | 20060131 | 20090901 | 0       | 0       | 176,474 | 705,179 | 83,175    | 0       | 881,653 | 0       | 203     | 42.5    | 10      |
| 30045310390001 | NV NAVAJO 34    | 2   | FRUITLAND COAL  | 34  | 29 N 14 W | BASIN  | XTO ENERGY              | 20060228 | 20090901 | 0       | 0       | 15,409  | 312,641 | 40,542    | 0       | 328,050 | 0       | 90      | 73.6    | 10      |
| 30045316160000 | NV HAROLD 26    | 1   | FRUITLAND COAL  | 26  | 29 N 14 W | BASIN  | XTO ENERGY              | 20060331 | 20090901 | 0       | 0       | 128,266 | 521,068 | 154,432   | 0       | 649,334 | 0       | 150     | 73.6    | 10      |
| 30045312430000 | NV NAVAJO 22    | 4   | FRUITLAND COAL  | 22  | 29 N 14 W | BASIN  | XTO ENERGY              | 20060331 | 20090801 | 0       | 0       | 15,019  | 46,549  | 21,408    | 0       | 61,568  | 0       | 13.4    | 53      | 10      |
| 30045314360000 | NV PATRICIA 26  | 2   | FRUITLAND COAL  | 26  | 29 N 14 W | BASIN  | XTO ENERGY              | 20060331 | 20090901 | 0       | 0       | 114,559 | 420,328 | 112,725   | 0       | 534,887 | 0       | 121     | 71.5    | 10      |
| 30045333800000 | NV NAVAJO 21    | 1   | FRUITLAND COAL  | 21  | 29 N 14 W | BASIN  | XTO ENERGY              | 20070930 | 20090901 | 0       | 0       | 35,996  | 694,757 | 47,721    | 0       | 730,753 | 0       | 200     | 91.6    | 10      |
|                |                 |     |                 |     |           |        | Average Fruitland Coal  |          |          | 0       | 0       | 71,686  | 269,885 | 115,906   | 0       | 341,571 | 0       | 80      | 80      | 10      |
|                |                 |     |                 |     |           |        |                         |          |          |         |         |         |         |           |         |         |         |         |         |         |
|                |                 |     |                 |     |           |        |                         |          |          |         |         |         |         |           |         |         |         |         |         |         |
| 30045303170000 | WF NAVAJO 23    | 1   | PICTURED CLIFFS | 23  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20010531 | 20090901 | 0       | 0       | 416,901 | 152,499 | 144,184   | 0       | 569,400 | 0       | 43.9    | 0       | 10      |
| 30045299550000 | NAVAJO 27       | 1   | PICTURED CLIFFS | 27  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 80,477  | 104,214 | 44,592    | 0       | 184,691 | 0       | 30      | 55.7    | 10      |
| 30045299540000 | NAVAJO 27       | 3   | PICTURED CLIFFS | 27  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 46,982  | 555,806 | 95,119    | 0       | 602,788 | 0       | 160     | 120.1   | 10      |
| 30045302210000 | NAVAJO 28       | 1   | PICTURED CLIFFS | 28  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 2,743   | 108,730 | 63,148    | 0       | 111,473 | 0       | 31.3    | 395.5   | 10      |
| 30045305210000 | NAVAJO 34       | 1   | PICTURED CLIFFS | 34  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 27,899  | 225,796 | 100,152   | 0       | 253,695 | 0       | 65      | 96.2    | 10      |
| 30045310400000 | NV NAVAJO 27    | 2   | PICTURED CLIFFS | 27  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20031031 | 20090901 | 0       | 0       | 94,501  | 96,571  | 350,010   | 0       | 191,072 | 0       | 27.8    | 88.4    | 10      |
| 30045300990000 | NAVAJO 26       | 1   | PICTURED CLIFFS | 26  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 182,835 | 521,068 | 155,239   | 0       | 703,903 | 0       | 150     | 65.5    | 10      |
| 30045306150000 | NAVAJO 28       | 3   | PICTURED CLIFFS | 28  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 29,450  | 225,796 | 203,672   | 0       | 255,246 | 0       | 65      | 155.8   | 10      |
| 30045310460000 | NV NAVAJO 22    | 3   | PICTURED CLIFFS | 22  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 20,887  | 138,951 | 57,058    | 0       | 159,838 | 0       | 40      | 42.6    | 10      |
| 30045305200000 | NV NAVAJO 27    | 4   | PICTURED CLIFFS | 27  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 132,593 | 416,854 | 305,093   | 0       | 549,447 | 0       | 120     | 162     | 10      |
| 30045310390000 | NV NAVAJO 34    | 2   | PICTURED CLIFFS | 34  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 20,076  | 34,738  | 72,319    | 0       | 54,814  | 0       | 10      | 15      | 10      |
| 30045311930000 | NV NAVAJO 35    | 1   | PICTURED CLIFFS | 35  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 25,516  | 187,585 | 33,545    | 0       | 213,101 | 0       | 54      | 5.9     | 10      |
| 30045311920000 | NV NAVAJO 35    | 3   | PICTURED CLIFFS | 35  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040831 | 20090901 | 0       | 0       | 29,749  | 66,349  | 77,743    | 0       | 96,098  | 0       | 19.1    | 46.6    | 10      |
| 30045310410000 | NV NAVAJO 21    | 4   | PICTURED CLIFFS | 21  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20040930 | 20090901 | 0       | 0       | 6,926   | 45,159  | 61,317    | 0       | 52,085  | 0       | 13      | 29.7    | 10      |
| 30045311690000 | NV NAVAJO 26    | 4   | PICTURED CLIFFS | 26  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20041031 | 20090901 | 0       | 0       | 33,416  | 112,898 | 93,324    | 0       | 146,314 | 0       | 32.5    | 88.3    | 10      |
| 30045075960001 | NW CHA CHA UNIT | 76  | PICTURED CLIFFS | 35  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20050228 | 20090101 | 0       | 0       | 8,265   | 19,801  | 27,668    | 0       | 28,066  | 0       | 5.7     | 0       | 10      |
| 30045317750000 | NV NAVAJO 22    | 1   | PICTURED CLIFFS | 22  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20051231 | 20090901 | 0       | 0       | 63,557  | 305,693 | 44,767    | 0       | 369,250 | 0       | 88      | 34.1    | 10      |
| 30045311860000 | NV KEVIN 23     | 2   | PICTURED CLIFFS | 23  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20060131 | 20090901 | 0       | 0       | 122,730 | 486,330 | 93,167    | 0       | 609,060 | 0       | 140     | 31.8    | 10      |
| 30045334330000 | NV KYLE 23      | 3   | PICTURED CLIFFS | 23  | 29 N 14 W | KUTZ W | XTO ENERGY              | 20060331 | 20090901 | 0       | 0       | 29,603  | 321,673 | 35,774    | 0       | 351,276 | 0       | 92.6    | 69.7    | 10      |
|                |                 |     |                 |     |           |        | Average Pictured Cliffs |          |          | 0       | 0       | 72,374  | 217,185 | 108,310   | 0       | 289,559 | 0       | 63      | 79      | 10      |