

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> (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. <b>30-045-30834</b>
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 checked="" type="checkbox"/>
2. Name of Operator <b>XTO Energy, Inc.</b>		6. State Oil & Gas Lease No.
3. Address of Operator <b>2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401</b>		7. Lease Name or Unit Agreement Name: <b>Garcia Gas Com B</b>
4. Well Location Unit Letter <b>O</b> : <b>805'</b> feet from the <b>South</b> line and <b>1,730'</b> feet from the <b>East</b> line Section <b>21</b> Township <b>29N</b> Range <b>10W</b> NMPM County <b>San Juan</b>		8. Well No. <b>1M</b>
10. Elevation (Show whether DR, RKB, RT, GR, etc.) <b>5,518' GR</b>		9. Pool name or Wildcat <b>Blanco Mesaverde / Basin Dakota</b>

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
<b>NOTICE OF INTENTION TO:</b> 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"/>	<b>SUBSEQUENT REPORT OF:</b> 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"/> OTHER: <input checked="" type="checkbox"/> 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 Blanco Mesaverde Pool (72319). 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).

Proposed Gas Allocation: Dakota - 49% & Mesaverde - 61%  
Proposed Oil Allocation: Dakota - 17% & Mesaverde - 83%  
Proposed Wtr Allocation: Dakota - 44% & Mesaverde - 56%

1. MIRU completion rig. Install BOP. POH w/2-3/8" prod tbg.
2. TTH w/bit. Drill out CIBP @ 6,130'. CO to 6,695' PBTID. TOH w/bit.
3. TTH w/2-3/8" prod tbg. Land tbg @ +/- 6,440'. Remove BOP.
4. Return well to prod DHC: MV perfs fr/3,699'-4,457' & DK perfs fr/6,291'-6,457'.

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 06/20/02

Type or print name Ray Martin

Telephone No. (505) 324-1090

(This space for State use)

Original Signed by STEVEN N. HAYDEN DEPUTY OIL & GAS INSPECTOR, ENR.

APPROVED BY

TITLE

DATE JUN 21 2002

Conditions of approval, if any:

Attachment 1  
Garcia Gas Com B #1R  
Sec 21O, T29N, R10W  
API #30-045-30834  
C-103 NOI Sundry to DHC  
06/20/02

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)  
Blanco Mesaverde Pool (72319)
- (iii) Blanco Mesaverde perforations: 3,699' – 4,457'  
Basin Dakota perforations: 6,291' – 6,457'
- (iv) The proposed production allocation formula is based on a ratio of the two Pools prod rates.  
Proposed Allocation Formula:

	OIL	WATER	GAS
Basin Dakota	17%	44%	49%
Blanco Mesaverde	83%	56%	61%

Basin Dakota Pool (Ave. liquid prod & gas sales prior to RC to MV based on well tests)

BOPD	BWPD	MCFD
0.6	4	307

Blanco Mesaverde Pool (Ave. liquid prod & gas sales based on recent well tests)

BOPD	BWPD	MCFD
3.0	4	473

- (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) Ownership is identical in both the Dakota and Mesaverde thus XTO Energy, Inc was not required to sent notice of intent to downhole commingle to working and royalty interest owners.
- (vii) This well is not in a spacing unit that contains Federal or State lands or minerals. Thus, no notice to BLM or State Lands is required.

Attachment 2  
Garcia Gas Com B #1R  
Sec 21O, T29N, R10W  
API #30-045-30834  
C-103 NOI Sundry to DHC  
06/20/02

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 Mesaverde is 2,404 psig and to frac the Dakota is 4,089 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 Mesaverde. The production will be allocated between the Dakota and Mesaverde per the allocation formula on Attachment #1.