

| | | | | | |
|-----------------------|----------|-----------------|-------------------------|-------------|---------------------------|
| DATE IN 12/13/2016 | SUSPENSE | ENGINEER MAM | LOGGED IN 12/13/2016 | TYPE PLC | APP NO. PMAm1634859104 |
|-----------------------|----------|-----------------|-------------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

- PLC 460'
 - XTO ENERGY, INC
 5380
 Well
 - STATE GAS
 CUM W #2
 30-045-32659
 - STATE GAS COM
 BA # 1
 30-045-10759
 POOL
 - AZTEC PICTURED
 CLIFFS (GAS)
 71280
 - BLSIN Fruitland
 coal (GAS)
 71629
 - BLSIN DUKOTA
 71599

RECEIVED OGD
 7/13/16 3:54 PM

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Cherylene L. Weston
Print or Type Name

Cherylene L. Weston
Signature

Sr. Permitting Analyst
Title

12-13-16
Date

cherylene_weston@xtoenergy.com
e-mail Address



382 CR 3100, Aztec, NM 87410 PH: (505) 333-3100

December 12, 2016

Mr. Michael McMillan
1220 South Saint Francis Drive
Santa Fe, NM 87505

Subject: Proposed Surface Commingle Application

State Gas Com N #2 & BA #1
SW/4 NE/4 Sec. 16, T31N, R12W
San Juan County, NM

Dear Mr. McMillan:

XTO Energy Inc. (XTO) requests permission for surface commingling of natural gas produced from the following wells: State Gas Com N #2 & State Gas Com BA #1 wells. These wells are located in Section 16, Township 31N, Range 12W, in San Juan County, New Mexico.

XTO plans to produce the commingled gas through a central compressor, thus lowering operating expenses and extending the economic life of the wells. This increases the ultimate recoveries on all leases. The anticipated allocated fuel production and fuel usage for the compressor is noted in the attachments.

Each well will be equipped with allocation meters that will be maintained by XTO in accordance with State and Federal Regulations (Onshore Order No. 5). Produced liquids will not be surface commingled. All interest owners have been notified via certified mail, return receipt, on October 18, 2016.

The following attachments are included with this application:

- Form C107B (application for surface commingle; diverse ownership)
- Map of all wells and their associated leases
- Form C-102 for each well/formation(s)
- Table of well with lease and agreement information, spacing, permits, gravities/BTU, MCF
- Schematic diagram showing all flowlines, compressors & equipment
- Details of allocation formula
- Letter to WI, NRI & ORRI owners & list of owners
- Administrative Application Checklist

Sincerely,

Cherylene L. Weston, CPLTA
Sr. Permitting Analyst

/clw

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: XTO Energy Inc.

OPERATOR ADDRESS: 382 Road 3100, Aztec, NM 87410

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No.
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | | Calculated Value of Commingled Production | Volumes |
|------------------------------|--|---|--|---|---------|
| Basin Fruitland Coal (71629) | | | | | |
| Basin Dakota (71599) | | | | | |
| | | | | | |
| | | | | | |

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

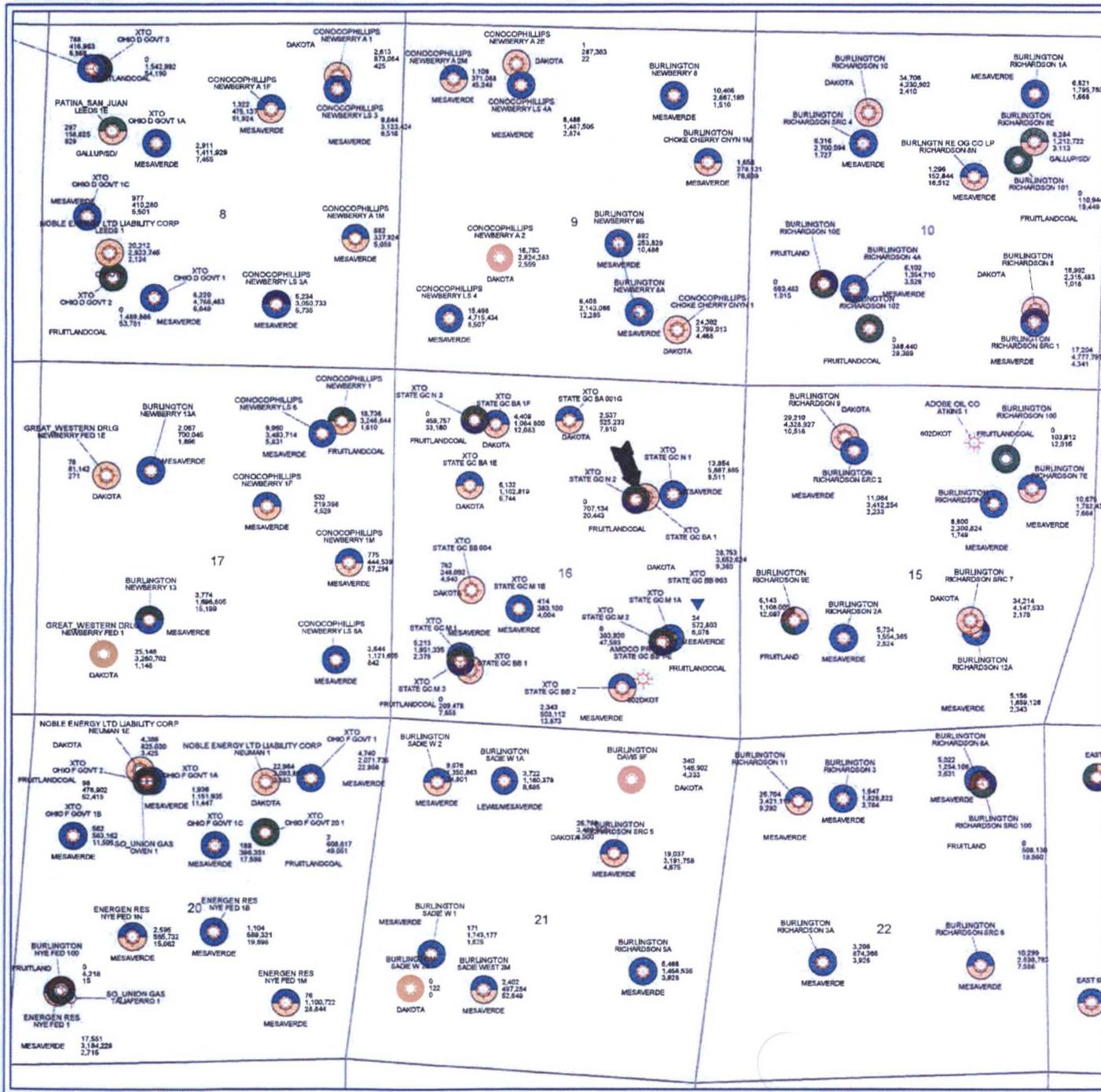
(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Cherylene L. Weston TITLE: Sr. Permitting Analyst DATE: 12-13-16

TYPE OR PRINT NAME: Cherylene L. Weston TELEPHONE NO.: 505-333-3190

E-MAIL ADDRESS: cherylene.weston@xtoenergy.com



XTO ENERGY, INC.

State Gas Com N #2 & State Gas Com BA #1

SJB_2014.OVL

T31N-R12W-Sec 16

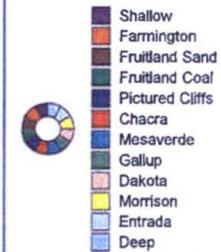
POSTED WELL DATA

Operator
Well Label

● CUMULATIVE OIL (BBLs)
● CUMULATIVE GAS (MCF)
● CUMULATIVE WATER (BBLs)

ProdFM

ATTRIBUTE MAP



WELL SYMBOLS

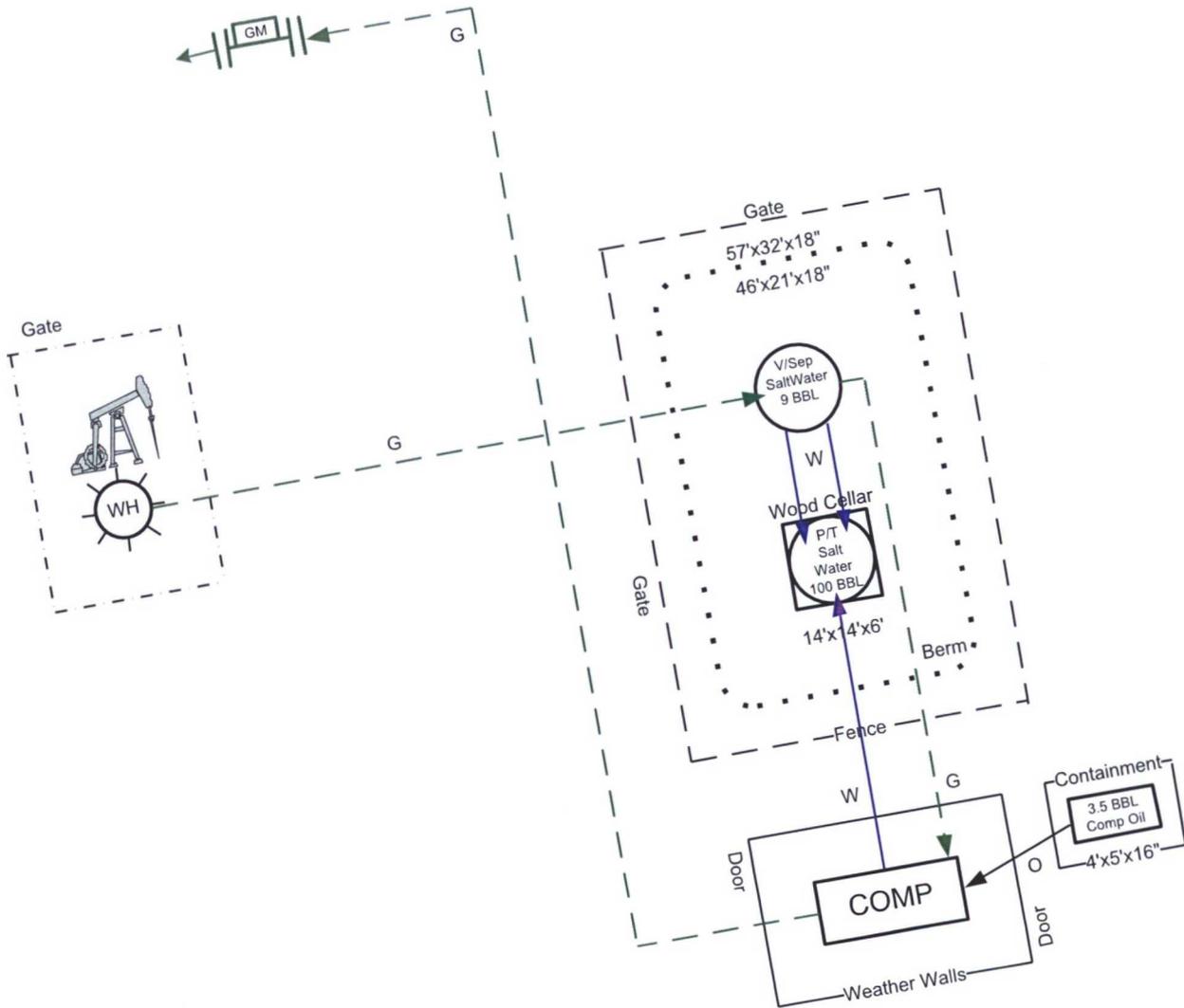
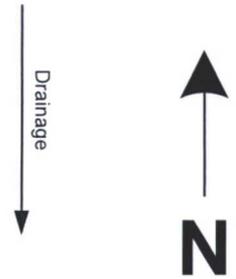
- Coal Bed Methane
- Dry Hole
- ⊕ Gas Well
- ▼ Staked Location



May 18, 2016

CURRENT

Well Name: State Gas Com N # 2
 Field: San Juan County NM
 Lease #: API # 30-045-32659
 Section: SW/NE Sec. 16 (G), T-31N, R-12W
 CA # If Applicable : N/A
 Updated: 1-12-2001



Production
Gas
Oil
Water
Equalizing Line
Catch Basin-

General sealing of valves, sales by tank gauging
 Production phase: Drain valve D1 and sales valve S1 sealed closed.
 Sales phase: Drain valve D1 sealed closed. Sales valve S1 open.
 Draining phase: Drain valve D1 open. Sales valve S1 closed.

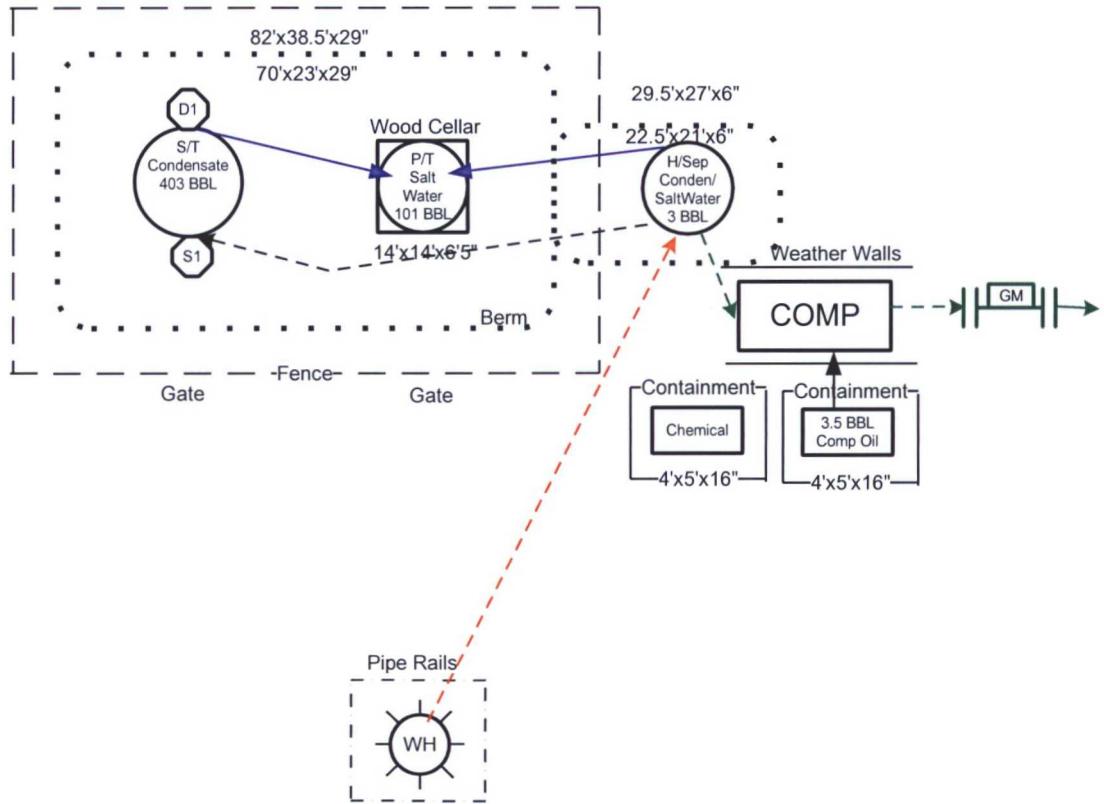
This lease is subject to the site security plan for San Juan Basin Area. The plan is located at:
 XTO ENERGY INC.
 382 Road 3100
 Aztec, NM 87410

Plot Plan/Facility Diagram

Well Name: State Gas Com BA # 1
 Field: San Juan County NM
 Serial Number: API # 30-045-10759
 Section: SW/NE Sec. 16 (G), T-31N, R-12W
 Updated: Logan Hixon 2016-3-5



CURRENT



Production
 Gas
 Oil
 Water
Equalizing Line
 Catch Basin
 Flow Lines
 Buried Flow Lines

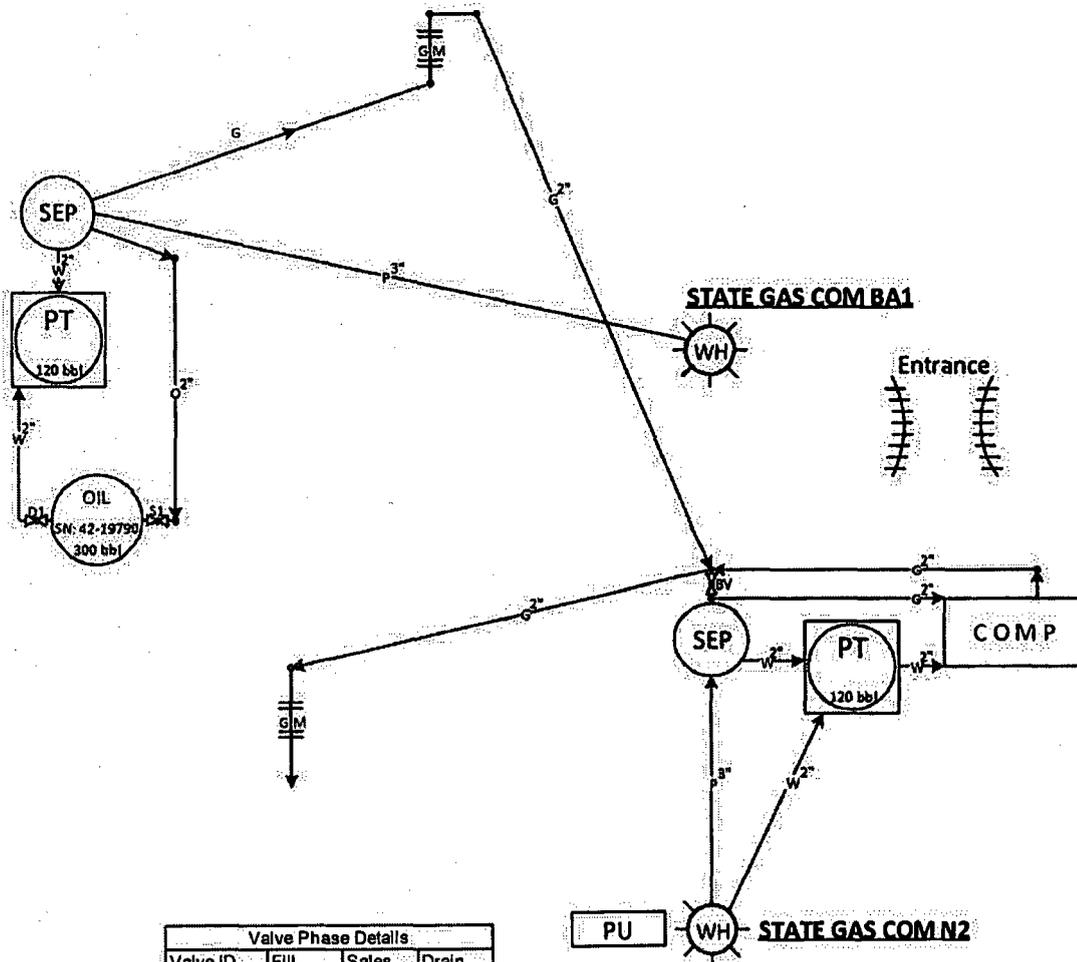
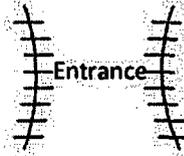
General sealing of valves, sales by tank gauging
 Production phase: Drain valve D1 and sales valve S1 sealed closed.
 Sales phase: Drain valve D1 sealed closed. Sales valve S1 open.
 Draining phase: Drain valve D1 open. Sales valve S1 closed.

This lease is subject to the site security plan for San Juan Basin Area. The plan is located at:
 XTO ENERGY INC.
 382 Road 3100
 Aztec, NM 87410

NOTES:

PROPOSED SURFACE COMMINGLE

| Rev | By | Description | Date | Approval |
|-----|----|-----------------------|----------|----------|
| 1 | PM | Site Facility Diagram | 1/1/2015 | |



| Valve Phase Details | | | |
|---------------------|------|-------|-------|
| Valve ID | Fill | Sales | Drain |
| | | | |

O=Open, S/O= Sealed Open, C=Closed, S/C=Sealed Closed, O/C=Opened or Closed

The plan is located at:
XTO Energy
 9127 S. Jamaica St.
 Englewood, CO 80112

| STATE GAS COM BA1 | STATE GAS COM N2 |
|--------------------------------------|--------------------------------------|
| SWNE SEC 16 T31N R12W | SWNE SEC 16 T31N R12W |
| NAD27 Lat: 36.90125 Long: -108.09674 | NAD27 Lat: 36.90117 Long: -108.09723 |
| API # 30-045-10759 | API # 30-045-32659 |
| SAN JUAN COUNTY, NEW MEXICO | SAN JUAN COUNTY, NEW MEXICO |

DISTRICT I
1826 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1501 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------------------|----------------------------------|--------------------|-----------------------------------|
| API Number 30045-32659 | | Pool Code 71629 | Pool Name Basin Frontland Coal |
| Property Code 22829 | Property Name STATE GAS COM N | | Well Number 2 |
| OGWD No. 167067 | Operator Name XTO ENERGY INC. | | Elevation 6126' |

10 Surface Location

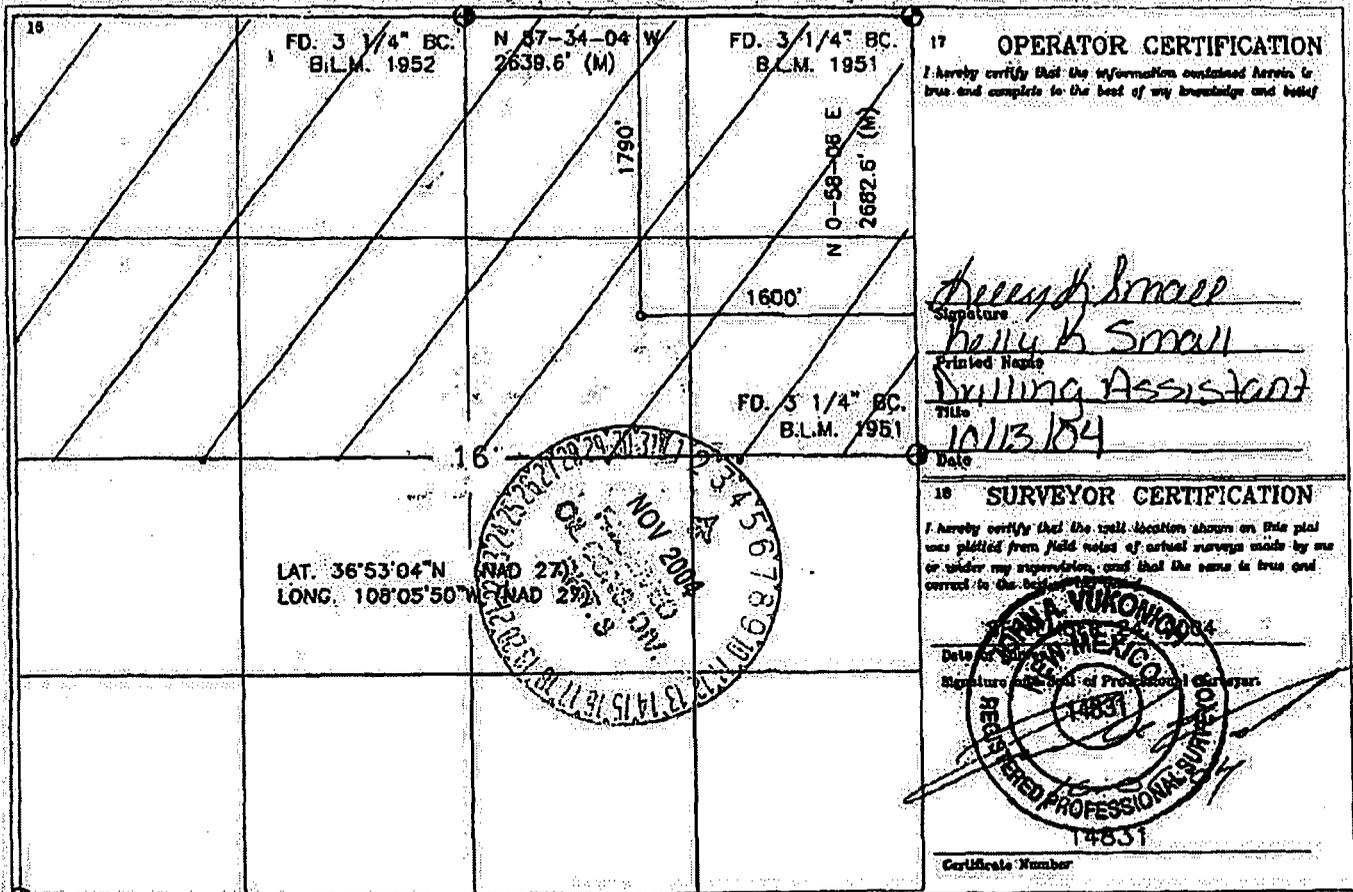
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| G | 16 | 31-N | 12-W | | 1790 | NORTH | 1600 | EAST | SAN JUAN |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|----------------------------|----------------------|--------------------|-----------|
| Dedicated Acres 320 N/2 | Joint or Infill I | Consolidation Code | Order No. |
|----------------------------|----------------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

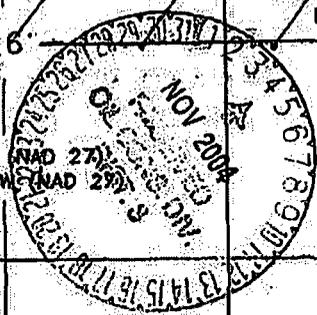


17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Deeedy Small
Signature
Deeedy Small
Printed Name
Drilling Assistant
Title
10/13/04
Date

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

[Signature]
Signature
14831
Date of Survey
14831
Certificate Number



Well Location and Acreage Dedication Plat

Section A.

DATE NOVEMBER 11, 1964

Operator PAN AMERICAN PETROLEUM CORPORATION Lease STATE GAS UNIT "BA"
 Well No. 1 Unit Letter G Section 16 Township 31 NORTH Range 12 WEST NMPM
 Located 1760 Feet From NORTH Line, 1450 Feet From EAST Line
 County SAN JUAN G. L. Elevation REPORT LATER Dedicated Acreage 320 Acres
 Name of Producing Formation DAKOTA Pool BASIN DAKOTA

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes No No X
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No . If answer is "yes", type of Consolidation Communitization agreements circulating for signature--all parties have agreed to join in well.
3. If the answer to question two is "no", list all the owners and their respective interests below:

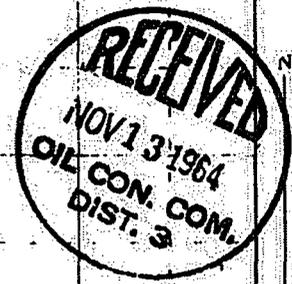
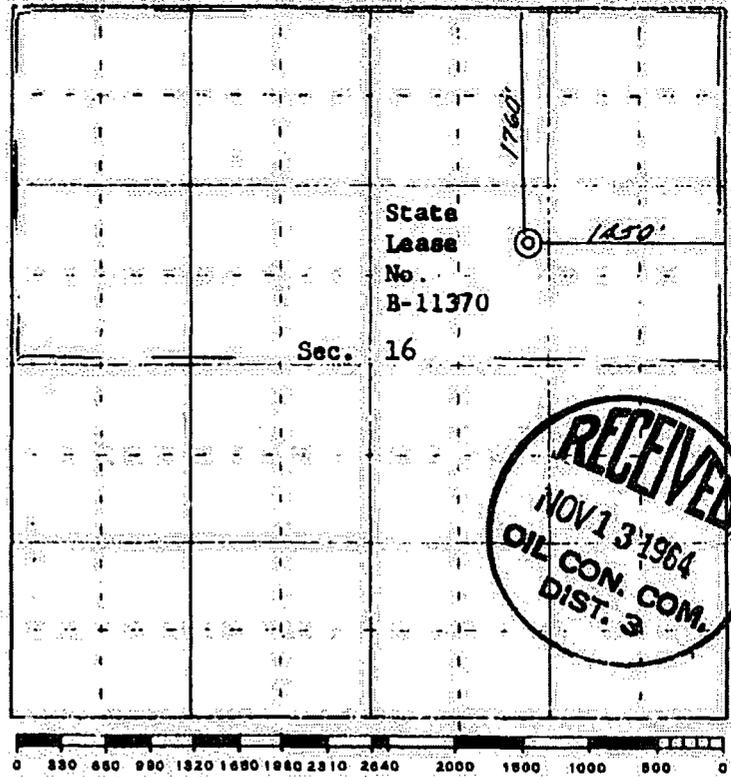
| | |
|--------------|-------------------------|
| <u>Owner</u> | <u>Land Description</u> |
|--------------|-------------------------|

Section B.

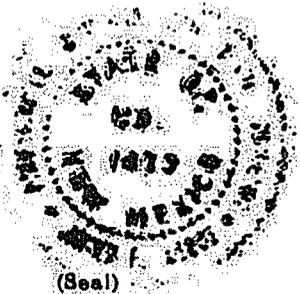
Note: All distances must be from outer boundaries of section

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

PAN AMERICAN PETROLEUM CORP.
F. H. Hollingsworth (Operator)
F. H. Hollingsworth
 (Representative)
P. O. Box 480
 (Address)
Farmington, New Mexico



Ref: GLO plat dated 18 November 1953



(Seal)

Farmington, New Mexico

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed October 26, 1964

James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese, N. Mex. Reg. No. 1463

| Compressor Information | | |
|-------------------------------|-----------------------|------------|
| Location: | State Gas Com N 2 CDP | |
| Property # | 68714 | |
| XTO Compressor # | 2221SC | |
| Lat/Long: | 36.90117 | -108.09723 |
| Manufacturer: | Elgi | |
| Engine: | G6X00958 | |
| Horse Power: | 145 | |
| Fuel Usage: | 21.6 | mcf/d |
| DK | 40 | mcf/d |
| FC / PC | 220 | mcf/d |

| Well | Pumping Unit | | Separator(s) | | Vented Gas (mcfpd) |
|--------------------|---------------------|--------------------|---------------|--------------------|--------------------|
| | Engine | Fuel Usage (mcfpd) | Burners (y/n) | Fuel Usage (mcfpd) | |
| State Gas Com N 2 | None - Plunger Lift | 0 | Y | 5.7 | 0.0 |
| State Gas Com BA 1 | Arrow C-46 | 2.6 | Y | 2.3 | 0.0 |
| | | | | | |
| | | | | | |
| | | | | | |

| Well | State Gas Com N 2 | State Gas Com BA 1 |
|---------------------------------|-------------------|--------------------|
| Formation | FC / PC | Basin Dakota |
| Average 2016 Production (mcf/d) | | |
| June | 214 | 20 |
| July | 216 | 27 |
| August | 217 | 28 |
| September | 218 | 30 |
| October | 216 | 31 |
| November | 218 | 34 |

State Gas Com N 2 CDP

Proposed Allocation Procedure

Base Data:

W = Gas Volume (Mcf) from allocation meters at individual wells during allocation period

X = Gas Volume (Mcf) from CDP Sales Meter during allocation period

Y = BTU's from CDP Sales Meter during allocation period

Allocation Period is typically a calendar month and will be the same for all wells.

1. Individual Well Gas Production = A + B + C + D + E

A = Allocated Sales Volume, Mcf = $(W/SUM W) \times X$

(individual well volume divided by the sum of the well volumes; multiplied by total from CDP)

B = On lease fuel usage, Mcf. Determined from equipment specifications and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, Mcf. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $W/SUM W$ for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, Mcf. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $W/SUM W$.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTW}/SUM (@ \times \text{individual well BTU})) \times$

Y. Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order #5).



XTO Energy Inc.
382 Road 3100
Aztec, New Mexico 87410
Office: 505.333.3100
Fax: 505.333.3280

October 18, 2016

RE: Notice to Working and Royalty Interest Owners
Application to Surface Commingle Gas Production
SW/4 NE/4 Sec. 16, T31N, R12W
San Juan County, New Mexico

Dear Interest Owner:

XTO Energy Inc. is applying to the New Mexico Oil Conservation Division (NMOCD) and Bureau of Land Management (BLM) for approval to surface commingle gas production from the State Gas Com N #2 and State Gas Com BA #1 wells. NMOCD requires that all interest owners be notified of plans to surface commingle when ownership is different between wells and formations.

Produced gas from each well will be measured separately prior to being commingled. We plan to produce the commingled gas through a shared compressor. Produced liquids will not be surface commingled. In the future, additional wells, pools, and acreage may be added to this surface commingle or this gathering system.

If you need additional information, or have any questions, please contact me at (505) 333-3190. If you object to our application, you must file a protest in writing to the NMOCD, Santa Fe office at 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 20 days from the date of this letter. If there are no objections raised, an application will be submitted to NMOCD at that time.

Sincerely,

A handwritten signature in cursive script that reads "Cherylene L. Weston".

Cherylene L. Weston, CPLTA
Sr. Permitting Analyst

xc: Well Files
FTW Land Department
NMOCD, Aztec

**State Gas Com N 2 – Basin Fruitland Coal, Aztec Pictured Cliffs
State Gas Com BA 1 – Basin Dakota**

Interest Owners

BLEDSOE LIV TRUST

BURLINGTON RESOURCES O&G CO LP

ELIZABETH TURNER CALLOWAY, ROBERT WILBURN GUARDIAN

EVKO DEVELOPMENT COMPANY

FRED E TURNER

J GLENN TURNER, JR

JOHN L TURNER

M BEATRICE CLASS

M R SCHALK LLC

MARY FRANCES TURNER JR TRUST C/O JPMORGAN CHASE BANK NA

MIRIAM ELISE GULICK

NEW MEXICO COMMISSIONER OF PUBLIC LANDS

SOUTHWEST PETROLEUM CO LP

SOUTHWEST PETROLEUM COMPANY LP

VICTORIA WEBB PENDERGRASS

XTO ENERGY INC

State Gas Com N 2 and State Gas Com BA 1
Working, Royalty and Overriding Royalty Interest Owners
Notice Date: October 18, 2016

| Owner Name | Address 1 | Address 2 | City | State | Zip Code | Certified Mail Article # |
|--|------------------------------|-----------------------------|-----------------|-------|------------|--------------------------|
| BLED SOE LIV TRUST | BILL L BLED SOE TTEE | 5615 NETHERLAND CT | DALLAS | TX | 75229 | 701001870 0003 3184 4261 |
| BURLINGTON RSCS O&G CO LP | PO BOX 4289 | ATTN: BEN MITCHELL | FARMINGTON | NM | 87499-4289 | 701001870 0003 3184 4278 |
| ELIZABETH TURNER CALLOWAY, ROBERT WILBURN GUARDIAN | PO BOX 191767 | | DALLAS | TX | 75219-1767 | 701001870 0003 3184 4285 |
| EVKO DEVELOPMENT COMPANY | PO BOX 245 | | SAUSALITO | CA | 94966-0245 | 7010 1870 0003 3184 4292 |
| FRED E TURNER | 4925 GREENVILLE AVENUE | ONE ENERGY SQUARE SUITE 852 | DALLAS | TX | 75206-4079 | 7010 1870 0003 3184 4308 |
| J GLENN TURNER, JR | 4809 COLE AVE STE 212 | | DALLAS | TX | 75205 | 7010 1870 0003 3184 4315 |
| JOHN L TURNER | 525 GILMER ST #108 | | SULPHUR SPRINGS | TX | 75482 | 7010 1870 0003 3184 4322 |
| M BEATRICE CLASS | 192 CUTTER CIR | | BLUFFTON | SC | 29909 | 7010 1870 0003 3184 4339 |
| M R SCHALK LLC | PO BOX 25825 | | ALBUQUERQUE | NM | 87125-0825 | 7010 1870 0003 3184 4346 |
| MARY FRANCES TURNER JR TRUST C/O JPMORGAN CHASE BANK NA | MAIL CODE TX1-1318 | PO BOX 2605 | FORT WORTH | TX | 76113-9919 | 7010 1870 0003 3184 4353 |
| MIRIAM ELISE GULICK | 192 CUTTER CIR | | BLUFFTON | SC | 29909 | 7010 1870 0003 3184 4360 |
| NEW MEXICO COMM OF PUBLIC LANDS | NEW MEXICO STATE LAND OFFICE | 310 OLD SANTA FE TRAIL | SANTA FE | NM | 76102-6223 | 7010 1870 0003 3184 4377 |
| SOUTHWEST PETROLEUM CO LP | DBA SOUTHWEST PETROLEUM CO | PO BOX 702377 | DALLAS | TX | 75370-2377 | 7010 1870 0003 3184 4384 |
| VICTORIA WEBB PENDERGRASS | 11023 SNOW WHITE DR | | DALLAS | TX | 75229 | 7010 1870 0003 3184 4391 |
| XTO ENERGY INC | 810 HOUSTON | | FORT WORTH | TX | 76102 | N/A - Applicant |

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
 May 27, 2004

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

| |
|---|
| WELL API NO. 30-045-32659 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |

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
 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401

7. Lease Name or Unit Agreement Name:
 STATE GAS COM N
 RCUD MAY 30 07

8. Well Number
 #2
 OIL CONS. DIV.

9. OGRID Number
 5380
 DIST. 3

4. Well Location
 Unit Letter G : 1790 feet from the NORTH line and 1600 feet from the EAST line
 Section 16 Township 31N Range 12W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 6126'

Pit or Below-grade Tank Application or Closure

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 _____

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 COMPLETION

OTHER:

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING

COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT

CASING TEST AND CEMENT JOB

OTHER: **DHC ALLOCATIONS**

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 Inc. previously received permission to downhole the Fruitland Coal (71629) and the Pictured Cliffs (71280) pools in this well per DHC order #DHC1871AZ. Please see the attachments for allocation details for this well.

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 NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 5/29/07
 Type or print name HOLLY C. PERKINS E-mail address: holly_parkins@xtoenergy.com Telephone No. 505-324-1090

For State Use Only
 APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE JUN 06 2007

Conditions of Approval, if any:

State Gas Com M #2

The gas DHC allocation percentages were determined by individual zone well tests. The Picture Cliff (PC) formation ending average test rate was 40 MCFD prior to recompletion to the Fruitland Coal (FC). The ending average test rate for the FC formation was 89 MCFD (Please see attached graphs). Based on these ending test rates, we calculated the gas allocation percentages of 31% for the PC and 69% for the FC. No oil was produced from either zone during the production tests, but if any is produced, 100% will be allocated to the PC. Water allocation will be 20% to the PC and 80% to the FC based the same well test.

| Pool | Oil | Water | Gas |
|------|------|-------|-----|
| FC | 0% | 80% | 69% |
| PC | 100% | 20% | 31% |