

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

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 30-045-31255
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" 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.)		Lease Name or Unit Agreement Name: HARE GAS COM C
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		
2. Name of Operator XTO ENERGY INC.	8. Well No. 1F	
3. Address of Operator 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401	9. Pool name or Wildcat Blanco Mesaverde / Basin Dakota	
4. Well Location Unit Letter K : 1995 feet from the SOUTH line and 1795 feet from the WEST line Section 25 Township 29N Range 10W NMPM County San Juan		
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 5562' GR		

11. 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"/> 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.

OHC 10304Z

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 pools are included in Division Order R-11363 establishing pre-approved pool combinations for downhole commingling in the San Juan Basin. The APD for this well has been approved but the well has not been drilled. XTO requests approval to DHC prior to drilling so that both zones can be completed immediately after drilling is completed. Attachments 1 and 2 summarize the conditions and information required per Rules 303C(1) and 303C(3) (b). The proposed production allocations are based on the estimated ultimate gas and oil recoveries of the offset Dakota and Mesaverde completions in a 16 section area around this well location. See Attachments 3-7 for supporting data.

Proposed Gas Allocation: Dakota - 55.7% and Mesaverde - 44.3%
Proposed Oil Allocation: Dakota - 57.1% and Mesaverde - 42.9%
Proposed Water Allocation: Dakota - 57.1% and Mesaverde - 42.9%

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

SIGNATURE **Darrin Steed** TITLE **REGULATORY SUPERVISOR** DATE **1/8/02**

Type or print name **DARRIN STEED**

(This space for State use)

APPROVED BY **[Signature]** TITLE **DEPUTY OIL & GAS INSPECTOR, DIST. 43** DATE **JAN - 8 2003**

Conditions of approval, if any:

Attachment 2
Hare Gas Com C #1F
Sec 25K, T29W, R10W
API #30-045-31255
C-103 NOI Sundry to DHC
1/8/03

Additional information per Rule 303C(3)(b):

- (i) Division Order R-11363 established pre-approved pool combinations for downhole commingling.
- (ii) The pools to be commingled are:
Blanco Mesaverde Pool (72319)
Basin Dakota Pool (71599).
- (iii) Blanco Mesaverde perforations: 3,650' – 4,550' (est. perf interval)
Basin Dakota perforations: 6,250' – 6,750' (est. perf interval)
- (iv) The proposed gas and oil production allocation percentages are based on average estimated ultimate recovery per completion of the 64 Mesaverde and 52 Dakota completions in a 16 section area around the proposed well location. Water production will be allocated identical to the oil production allocation. See Attachments 3, 4, 5, 6 and 7 for the calculations and supporting data of the proposed production allocation percentages.

Proposed Allocation Percentages:

	GAS	OIL	WATER
Blanco Mesaverde	44.3%	42.9%	42.9%
Basin Dakota	55.7%	57.1%	57.1%

Blanco Mesaverde Pool (Ave. per well est. ultimate gas & oil recovery)

BO	MMCF
6,328	1,064

Basin Dakota Pool (Ave. per well est. ultimate gas & oil recovery)

BO	MMCF
8,423	1,339

- (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) Working and royalty interest ownership in the Dakota and Mesaverde spacing units in this well are not identical. XTO energy Inc. notified the owners of our plans to downhole commingle the Dakota and Mesaverde by certified mail (return receipt) on 12/4/02. The BLM signed a waiver of objection in lieu of 20-day notification. No objections were received within the 20-day protest period. Attachment 8 is a list of the owners notified.
- (vii) The Dakota and Mesaverde spacing units (W/2, Sec 25) do not contain State lands or minerals, but do contain Federal minerals. Thus, a copy of the Form C-103 with attachments was sent to the BLM using sundry notice form 3160-5.