

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
Revised May 08, 2003

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

WELL API NO. 30-045-31065
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: STATE GAS COM
8. Well Number #2
9. OGRID Number
10. Pool name or Wildcat BASIN FTC / AZTEC PC
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6042' GR

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other
2. Name of Operator XTO Energy Inc.
3. Address of Operator 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM 87401
4. Well Location Unit Letter K : 1620 feet from the SOUTH line and 1480 feet from the WEST line Section 32 Township 31N Range 12W NMPM County SAN JUAN
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6042' GR

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: **DOWNHOLE COMMINGLE** ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
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 Inc. requests an exception to Rule 303A to downhole commingle the Aztec Pictured Cliffs (71280) and the Basin Dakota (71629) pools in the captioned well. Division Order R-11363 established these pools as pre-approved pool combinations for DHC in the San Juan Basin. Supporting documentation for this proposal is attached as well as plats for this well. Ownership is diverse for this well and notice of our intent to commingle was sent to owners via certified mailing on July 19, 2004. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

The State Land Office has been notified of our intent to DHC and our filing fee has been submitted. The State Land Office has given approval for this procedure subject to like approval by the New Mexico Oil Conservation Division.

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

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 8/4/04

Type or print name HOLLY C. PERKINS Telephone No. 505-324-1090

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG - 6 2004

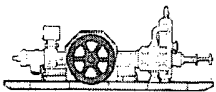
Conditions of approval, if any:

State Gas Com #2 - Monthly Production Data

Month	Aztec Pictured Cliffs			Basin Fruitland Coal		
	Oil	Gas	Water	Oil	Gas	Water
02/03	0	10486	320	0	0	0
03/03	0	3632	140	0	0	0
04/03	0	7165	480	0	0	0
05/03	0	3848	320	0	0	0
06/03	0	2358	160	0	0	0
07/03	0	3465	240	0	0	0
08/03	0	2979	240	0	0	0
09/03	0	2896	320	0	0	0
10/03	0	2020	280	0	0	0
11/03	0	1098	80	0	0	0
12/03	0	0	0	0	2168	880
1/04	0	0	0	0	2380	320
02/04	0	0	0	0	2018	270
03/04	0	0	0	0	2326	248
04/04	0	0	0	0	1825	225
Avg Daily Production	0	134	9	0	71	13
Allocation %	0%	66%	40%	0%	34%	60%

Proposed Allocations:

	Gas %	Oil %	Water %
Basin Fruitland Coal	34%	0%	60%
Aztec Pictured Cliffs	66%	0%	40%



SCS WH RECIP COMPR. CAT 3306,
3 STG, XTO DIST TOOL SJB #1893C.

KB: 6,053'
GL: 6,042'
KB CORR: 11'

STATE GAS COM #2 WELLBORE DIAGRAM

DATA

LOCATION: 1,620' FSL & 1,480' FWL. SEC 32, T31N, R12W
COUNTY/STATE: SAN JUAN COUNTY, NEW MEXICO
FIELD: AZTEC PICTURED CLIFFS/BASIN FRUITLAND COAL
FORMATION: PICTURED CLIFFS/FRUITLAND COAL
STATE LEASE #: 861-1031, 1030, 1032, 1045, 1046 **API #:** 30-045-31065
ACCTG #: 72416/72415
SPUD DATE: 12/19/02 **COMPLETION DATE:** 2/6/03
IP: F. 0 BO, 5 BW, 726 MCF, FTP 426 PSIG, SICP 487 PSIG, LP 284 PSIG, 24 HRS (2/8/03).
PRODUCTION METHOD: FLOWING
TUBING STRING: 71 JTS 2-3/8", 4.7#, J-55, EUE, 8RD TBG, SN & NC. EOT @ 2,347'.
PERFS: PC PERFS FR/2,316'-2,366' (1 SP2F, 25 HOLES TTL)

HISTORY

12/20/02: SPUDDED 8-3/4" HOLE @ 7:00 P.M. (12/19/02). DRLD TO 228'. SET 7", 20#, J-55, ST&C SURF CSG @ 224.75'. CMT'D CSG W/75 SX CL B CMT W/ADDS. CIRC 8 BBLs CMT TO SURF.
12/22/02: DRLD 6-1/4" HOLE TO 2,625' (DRLRS TD). MIRU SCHLUMBERGER. RIH & RAN PEX AITH/SFL/TLD/CNL/PE/GR/CAL LOGS FR/2,610' (LTD) - 223.5'.
12/23/02: SET 62 JTS NEW 4-1/2", 10.5#, J-55, 8RD, ST&C PROD CSG @ 2,619.26'. CMTD W/250 SX PREMIUM LITE HS. CMT BRIDGED 15 BBLs SHORT OF DISPLACEMENT. NO CMT TO SURF.
12/24/02: RIH W/TEMP SURVEY. TOC @ 450' KB. PBTD @ 2,572' (WLD).
01/10/03: RIH & RAN GR/CCL LOG FR/2,564' (PBTD) TO SURF. PERF'D PC W/3-1/8" HSC CSG GUN @ 1 SHOT PER 2' (25 HOLES, OWEN 12 GM HSC-3125-306 CHRGS, 0.29" EHD, 24.2" PEN) FR/2,316'-2,366'.
01/15/03: BD PC PERFS FR/2,316'-2,366' @ 1,544 PSIG. PPD 20.9 BBLs 2% KCL WTR @ 10 BPM & 600 PSIG. ISIP 310 PSIG. 5" SIP 171 PSIG. 36" SIP 0 PSIG. PPD 40.5 BBLs 2% KCL WTR @ 10 BPM & 548 PSIG. ISIP 313 PSIG. 5" SIP 210 PSIG. 30" SIP 0 PSIG. SWI.
01/30/03: MIRU HALLIBURTON. FRACD PC PERFS FR/2,316'-66' DWN 4-1/2" CSG W/500 GAL 7.5% HCL AC, 3,186 GAL 20# LINEAR GEL, 43,604 GAL OF DELTA 140 FRAC FLU & 136,311# 20/40 BRADY SD W/SANDWEDGE. RDMO HALLIBURTON.
02/04/03: MIRU PU. LANDED TBG AS FOLLOWS: 71 JTS 2-3/8", 4.7#, J-55, EUE, 8RD TBG, SN & NC. EOT @ 2,347'. SN @ 2,345'. RDMO PU.
02/08/03: DEL FIRST GAS TO EPFS SALES MTR @ 1:30 P.M. (2/7/03). INIT RATE 1,500 MCFPD.
04/09/03: SET XTO WH RECIP COMPR (ARROW 330, 2 STG, XTO DIST TOOL SJB #E0160).
07/24/03: DISCONN & MVD WH ARROW 330, 2 STG RECIP COMPR. SET NEW WH 3306, 3 STG RECIP COMPR. STD COMPR & RWTP (7/24/03).

8-3/4" HOLE

SET 7" SURF CSG @ 225'. CMTD CSG W/75 SX CL B CMT W/ADDS. CIRC 8 BBLs CMT TO SURF.

6-1/4" HOLE

TOC @ 450' (TS)

EOT @ 2,348'

PC PERFS FR/2,316'-66'. (1 SP2F, 25 HOLES TTL).

PBTD @ 2,564' (WLD)
TD @ 2,625' (DTD)

SET 4-1/2" PROD CSG @ 2,619'. CMTD CSG W/ 250 SX PREMIUM LITE HS. NO CMT TO SURF.