

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. 30-045-30519
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: MUDGE A
8. Well Number #8R
9. OGRID Number 5380
10. Pool name or Wildcat BASIN FRUITLAND COAL/W. KUTZ PC

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	7. Lease Name or Unit Agreement Name: MUDGE A
2. Name of Operator XTO Energy Inc.	8. Well Number #8R
3. Address of Operator 382 CR 3100 AZTEC, NM 87410	9. OGRID Number 5380
4. Well Location Unit Letter D : 685 feet from the NORTH line and 1050 feet from the WEST line Section 6 Township 27N Range 11W NMPM County SAN JUAN	10. Pool name or Wildcat BASIN FRUITLAND COAL/W. KUTZ PC
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6058' 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 COMPL ☐
DOWNHOLE COMMINGLE ☒

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
RCVD AUG 26 '11
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 requests approval to DHC this well per OCD Rule 19.15.12.11 C(2) in the Basin Fruitland Coal (71629, 1513'-1830') & W. Kutz PC (79680, 1840'-1911'), pre-approved pool combinations per Order R-11363, upon completion of the PC. Please see attached spreadsheets for justification of proposed allocations.

Basin Fruitland Coal Oil: 0% Gas: 55% Water: 100%

West Kutz Pictured Cliffs Oil: 100% Gas: 45% Water: 0%

Ownership is diverse & notification was made by CRR (without protest) on 8/03/2011. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. The ELM was notified of our intent, to DHC via Form 3160-5 on 8/24/2011.

Spud Date:

Rig Release Date:

DHC 3652 AZ

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 8/24/2011
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 Deputy Oil & Gas Inspector, DATE SEP 01 2011
Conditions of Approval (if any): A

Allocations are based on the existing Basin Fruitland Coal production from the subject well, initial production from correlative offset upper Fruitland Coal sections, and the last 6 months of stable production from the previous Pictured Cliffs well in the 1/4-section (Mudge A-8) before its rates dropped off and the well died

Monthly Production Rates

	OIL (Bbl/mo.)	GAS (KCF/mo.)	Water (Bbl/mo.)	
Fruitland Coal	0	2800	392	Total production from current FC zone and initial production from upper FC zones in offset wells
Pictured Cliffs	0	2313	0	Average production from last 6 months from previous PC producer in 160-acres before production dropped off dramatically and well was shut-in
Total	0	5113	392	

Percent Production			
	OIL	GAS	Water
Fruitland Coal	0%	55%	100%
Pictured Cliffs	100%	45%	0%
Total	100%	100%	100%

Previous Pictured Cliffs production from Mudge A-8 before drop in production rates

Date	Oil	Gas	Water
4/30/1997	0	2440	0
5/31/1997	0	2662	0
6/30/1997	0	2315	0
7/31/1997	0	2139	0
8/31/1997	0	2238	0
10/31/1997	0	2085	0

The wells below show either current production from the existing well or historical production from correlative intervals that will be added.

Krause 71 - Upper-most FC stringer equivalent

	BO/Mo.	KCF/Mo.	BW/Mo.
Sep-79	0	3742	0
Oct-79	0	2220	0
Nov-79	0	1054	0
Dec-79	0	1124	0
Jan-80	0	1041	0
Feb-80	0	882	0
AVERAGE	0	1677	0

Santa Fe G-2

	BO/Mo.	KCF/Mo.	BW/Mo.
Apr-91	0	1220	0
May-91	0	1392	0
Jun-91	0	920	0
Jul-91	0	901	0
Aug-91	0	1360	0
Sep-91	0	1498	0
AVERAGE	0	1215	0
Perf ratio	Upper FC	5	
	Total FC	26	
% contribution from Upper FC			
	0	234	0

Mudge A-8R - Existing FC producer that will remain on production

	BO/Mo.	KCF/Mo.	BW/Mo.
Nov-10	0	700	420
Dec-10	0	771	330
Jan-11	0	788	330
Feb-11	0	1197	450
Mar-11	0	1006	480
Apr-11	0	871	340
AVERAGE	0	889	392

Total Fruitland Coal Contribution

Oil	Gas	Water
0	2800	392