

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. 30-045-33238
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. SF081239
7. Lease Name or Unit Agreement Name: LC KELLY
8. Well Number 3F
9. OGRID Number 167067
10. Pool name or Wildcat BASIN DAKOTA / BLANCO MESAVERDE
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5952' GR
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> 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 _____

RCVD JUN 26 '07
OIL CONS. DIV.

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: DOWNHOLE COMMINGLING <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

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 requests an exception to NMOC rule 303A to permit DHC of production from the Basin Dakota pool (71599) and the Blanco Mesaverde pool (72319). XTO proposes to DHC the two pools upon completion of the well. Proposed allocations were determined by individual zone well test per attached justification:

Basin Dakota	Gas	90%	Oil	90%	Water	74%
Blanco Mesaverde	Gas	10%	Oil	10%	Water	26%

Ownership in pools is diverse & notification was made to owners by certified mail, return receipt on 3-15-2007. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. An application for DHC was submitted to BLM on 6/25/2007.

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

SIGNATURE Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 6/25/2007
E-mail address: Regulatory@xtoenergy.com
Type or print name HOLLY C. PERKINS Telephone No. 505-324-1090

For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE JUL 12 2007

Conditions of Approval, if any:

\$

L C Kelly # 3F

The DHC allocation percentages were determined by individual zone well test. The test production data was gathered for both the Basin Dakota and Blanco-Mesaverde approximately two and a half months after opening to sales. The Dakota formation average test rate was 63 MCFD prior to recompletion to the Mesaverde formation. The average test rate for the Mesaverde formation was 28 MCFD. Based on these test rates, the calculated gas allocation percentages are 69% for the Dakota and 31% for the Mesaverde. Oil allocation percentages were calculated to be 90% for the Dakota and 10% for the Mesaverde based on our test rates. Water allocation will be 74% to the Dakota and 26% to the Mesaverde based on the same well test. (See attached spreadsheet.)

Pool	Gas	Oil	Water
DK	69%	90%	74%
MV	31%	10%	26%