

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

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

Form C-103

June 19, 2008

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.)		WELL API NO. 30-045-06734
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator XTO Energy Inc.		6. State Oil & Gas Lease No. NMSF079116
3. Address of Operator 382 CR 3100 AZTEC, NM 87410		7. Lease Name or Unit Agreement Name: HANCOCK
4. Well Location Unit Letter D : 900 feet from the NORTH line and 990 feet from the WEST line Section 12 Township 27N Range 12W NMPM NMPM County SAN JUAN		8. Well Number 7
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6006' GR		9. OGRID Number 5380
		10. Pool name or Wildcat W. KUTZ PICTURED CLIFFS/BASIN FC

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 MAY 21 '10
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 Energy requests an exception to NMCD Rule 303A to permit DHC of production from the W. Kutz PC pool (79680) & the Basin FC pool (71629). XTO proposes to DHC the two pools upon completion of the FC. PC alloc are based on prior production & FC alloc are based on prod of wells in adjacent Sec 2.

FC: Oil: 0% Gas: 71% Water: 100%

PC: Oil: 100% Gas: 29% Water: 0%

Ownership in pools is diverse & notification was made to owners by CRR on 4/30/2010. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. The BLM was notified of our intent to DHC via Form 3160-5 on 5/20/2010.

Spud Date:

Rig Release Date:

DHC 3420 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 5/20/2010
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 JUN 01 2010
Conditions of Approval (if any): District #3

The Harmon A 2S and Harmon A 1S in adjacent Section 2 were completed in 2006 into the Fruitland Coal.

Production in the Harmon A 2S stabilized at a 10% decline at a rate of 1200 MCF/mo
6 month production average at that time is:

	OIL	GAS	WATER
12/31/2007	0	1136	60
1/31/2008	0	1033	0
2/29/2008	0	1162	0
3/31/2008	0	1058	75
4/30/2008	0	1062	0
5/31/2008	0	1111	60
Average	0	1094	33

Production in the Harmon A 1S stabilized at a 10% decline at a rate of 1700 MCF/mo
6 month production average at that time is:

	OIL	GAS	WATER
9/30/2008	0	1811	0
10/31/2008	0	1761	0
11/30/2008	0	1634	0
12/31/2008	0	1714	0
1/31/2009	0	1698	0
2/28/2009	0	1489	0
Average	0	1685	0

The Hancock 7 is currently idle due to poor economics.

The prior 6 mos. Pictured Cliffs production are:

	OIL	GAS	WATER
3/31/2009	0	385	0
4/30/2009	0	366	0
5/31/2009	0	401	0
6/30/2009	0	780	0
7/31/2009	0	834	0
8/31/2009	0	699	0
Average	0	578	0

Production from the Hancock 7 is expected to be comparable to these two wells.

Monthly Production

	OIL	GAS	WATER
Fruitland Coal	0	1389	16
Pictured Cliffs	0	578	0
Total	0	1967	16

Average if Harmon A 1S and Harmon A 2S

Prior 6 mos average production Hancock 7

Allocation			
	Percent		
	OIL	GAS	WATER
Fruitland Coal	0%	71%	100%
Pictured Cliffs	100%	29%	0%
Total	100%	100%	100%