

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
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. 30-045-09869
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMSF-081239
7. Lease Name or Unit Agreement Name LC Kelly
8. Well Number 5
9. OGRID Number 167067
10. Pool name or Wildcat Basin Dakota/Blanco Mesa Verde

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 ☐ Gas Well ☒ Other

2. Name of Operator
XTO ENERGY INC.

3. Address of Operator
2700 FARMINGTON AVE, SUITE K-1, FARMINGTON, NM 87401

4. Well Location
Unit Letter I : 1790 feet from the South line and 915' feet from the East line
Section 03 Township 30N Range 12W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application ☐ or Closure ☐

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 _____

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 ☐

OTHER: Downhole Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/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 approval for exception to 303-C to permit DHC of Production from the Basin Dakota (71599) & the Blanco Mesa Verde (72319) upon restimulation of the DK reservoir.

XTO, Energy Inc proposes to use the DECLINE RATE allocation based on the following information:
The Mesa Verde will be allocated a starting rate of 76 mcfpd and a decline rate of 6% will be applied. The Dakota will be allocated the remaining volume of gas produced from the LC Kelly #5. The Mesa Verde will be allocated 3 bpm of the oil produced and 3 bpm of the water based on historical production. The Dakota will be allocated the remaining oil & water production each month.

Both pools are included in the NMOCD pre-approved pool combinations for DHC in San Juan Basin. Working interest, net royalty interest and overriding royalty interest owners have been notified by certified, return receipt mail on April 4th, 2005. The BLM has been notified with form 3160-5 of our intent to DHC. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights.

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

SIGNATURE Melissa M. Osborne TITLE Regulatory Compliance Tech DATE 04/07/2005
Type or print name Melissa M. Osborne E-mail address: Regulatory@xtoenergy.com Telephone No. 505-566-7925

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 88 DATE APR - 8 2005
Conditions of Approval (if any):

LC Kelly #5 DK/MV DHC Allocations

XTO Energy, Inc proposes to restimulate and open addition pay in the temporarily abandoned Dakota formation of the LC Kelly #5 well and then DHC the zone with the Mesaverde which is currently producing. The well produced from the Dakota until 04/94 at which time the zone was squeezed and the well was recompleted uphole to the Gallup and then later to the Mesaverde. The Mesaverde formation in the LC Kelly #5 had a 3 month gas production average of 76 mcfpd (Oct 04 – Dec 04). Based on this value, the allocation for a DHC of the Mesaverde and the proposed Dakota pay addition will be as follows:

The Mesaverde will be allocated a starting rate of 76 mcfpd and a decline rate of 6% will be applied. The Dakota will be allocated the remaining volume of gas produced from the LC Kelly #5. The MV will be allocated 3 bpm of the oil produced and 3 bpm of the water based on historical production. The Dakota will be allocated the remaining oil and water production each month.

Subtraction Method of Allocation:

Total Well Production – MV Production = DK Production