Energy, Minorals and Natural Resources May 27, 20 (22 N French Dr., Hobbs, NM 8240 District Minoral Ave., Artesia, NM 8210 OIL CONSERVATION DIVISION 30-045-09869 Sindicate Type of Case STATE FEE	Office Appropriate District	State of New Me	exico		Form C-103
District	District I	Energy, Minerals and Natu	ıral Resources		May 27, 200
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SUNDRY NOTICES AND REPORTS OF WELLS. Type of Well: Oil Well Gas Well Other Sundry Sundr	District III	1220 South St. Frai	ncis Dr.		
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2. Name of Operator XTO ENERGY INC. 3. Address of Operator 2700 FARMINGTON AVE, SUITE K-1, FARMINGTON, NM 87401 10. Pool name or Wildcat Basin Dakota/Blanco Mesa Verde 4. Well Location Unit Letter : 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.) 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data 13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed complete or recompletion. 14. Describe proposed or completed operations (Clearly state all pertinent details, and give pertinent dates, including estimated of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed complete or recompletion of the DK reservoir. 15. Chergy Inc. requests approval for exception to 303-C to permit DHC of Production from the Basin Dakota (71599) & Blanco Mesa Verde (72319) upon restimulation of the DK reservoir. 15. Chergy Inc. requests approval for exception to 303-C to permit DHC of Production from the Basin Dakota (71599) & Blanco Mesa Verde (72319) upon restimulation of the DK reservoir. 15. Chergy Inc. requests approval for exception to 303-C to permit DHC of Production from the Basin Dakota (71599) & Blanco Mesa Verde (72319) upon restimulation of the DK reservoir. 15. The BLM has been notified with form 3160-5 of our intent to DHC. Downhole commingling will offer an economical method roduced and 3 bpm of the water based on historical production. The Dakota will be allocated the remaining oil & water		Gas Well 🛛 Other 🔀		8. Well Number	5
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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