

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.  
30-045-30188

5. Indicate Type of Lease  
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.  
NMNM104816

7. Lease Name or Unit Agreement Name  
LC Kelly

8. Well Number 7

9. OGRID Number  
167067

10. Pool name or Wildcat  
Basin Fruitland Coal/Aztec Picture Cliffs

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 L : 1400' feet from the South line and 790' feet from the West line

Section 04

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 Fruitland Coal (71629) & the Aztec Pictured Cliffs (71280) upon removal of the plug over the FC reservoir.

XTO Energy Inc. proposes to use the DECLINE RATE allocation based on the following information:

The Pictured Cliffs will be allocated a starting rate of 135 mcfpd and a decline rate of 10% will be applied. The Fruitland Coal will be allocated the remaining volume of gas produced from the LC Kelly #7. The PC will be allocated 100% of the Oil & 82% of the water based on historical production.

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 15<sup>th</sup>, 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]

Conditions of Approval (if any):

DEPUTY OIL & GAS INSPECTOR, DIST. 44

APR - 8 2005  
DATE

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

District III  
PO Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71280	*Pool Name AZTEC, PICTURED CLIFFS
*Property Code	*Property Name L.C. KELLY		*Well Number 7
*GRID No. 167067	*Operator Name XTO Energy, Inc.		*Elevation 5822'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	4	30N	12W		1400	SOUTH	790	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 152.15		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

2616.90'				2642.64'				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Loren W. Fothergill Signature Loren W. Fothergill Printed Name Production Engineer Title 1/26/01 Date	
1243.44'				1289.64'					
LOT 8		LOT 7		LOT 6		LOT 5			
1231.56'		LOT 9		LOT 10		LOT 11		LOT 12	
1231.56'		LOT 16		LOT 15		LOT 14		LOT 13	
1231.56'		790'		4994.88'		LOT 17		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  JANUARY 26, 2000 Date of Survey Signature and Seal NEALE C. EDWARDS NEW MEXICO 6857 Certificate Number 6857	

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PO Box 1980, Hobbs, NM 88241-1980

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State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name L.C. KELLY	*Well Number 7
*OGRID No. 167067	*Operator Name <i>XTO Energy, Inc.</i>	*Elevation 5822'

<sup>10</sup> Surface Location

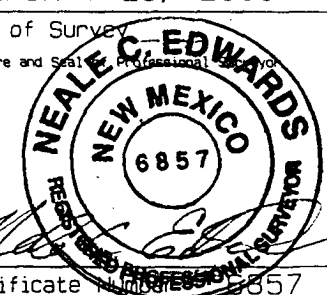
UL or lot no. L	Section 4	Township 30N	Range 12W	Lot Idn	Feet from the 1400	North/South line SOUTH	Feet from the 790	East/West line WEST	County SAN JUAN
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres 298.94	<sup>13</sup> Joint or Infill W/2	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<sup>16</sup> 2616.90' 1243.44' LOT 8 LOT 7 LOT 6 LOT 5 1289.64' 1281.72' 1231.56' 1231.56' 1231.56' 790' 1400' 4994.88'	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Loren W. Fothergill</i> Signature Loren W. Fothergill Printed Name Production Engineer Title 1-26-00 Date <sup>18</sup> SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. JANUARY 26, 2000 Date of Survey Signature and Seal  Certificate No. 6857
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### LC Kelly #7 DHC Allocations

At the time of recompletion of the LC Kelly #7 to the Fruitland Coal, the Pictured Cliffs had a 3 month average of 135 mcfpd. Based on this value, the allocation for a DHC of the Fruitland Coal and Pictured Cliffs will be as follows:

The Pictured Cliffs will be allocated a starting rate of 135 mcfpd and a decline rate of 10% will be applied. The Fruitland Coal will be allocated the remaining volume of gas produced from the LC Kelly #7. The PC will be allocated 100% of the oil and 82% of the water based on historical production.

Subtraction Method of Allocation:

Total Well Production – PC Production = FC Production