

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. 30-045-32662
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STATE GAS COM M
8. Well Number 3
9. OGRID Number 167067
10. Pool name or Wildcat Aztec PC/Basin FC

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	
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 <u>M</u> : <u>880'</u> feet from the <u>South</u> line and <u>1040'</u> feet from the <u>West</u> line Section <u>16</u> Township <u>31N</u> Range <u>12W</u> NMPM <u>San Juan</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6171' GL	
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 _____	

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"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	P AND A <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPL <input type="checkbox"/>	OTHER: <input type="checkbox"/>
OTHER: Downhole Commingle <input checked="" 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 Inc. requests approval for exception to Rule 303-C to permit DHC of Production from the Aztec Pictured Cliffs (71280) & the Basin Fruitland Coal (71629). XTO Energy Inc. proposes to downhole commingle these pools upon completion of this well.

The proposed allocations will be based on actual production after a one month test run on each pool.

Both pools are included in the NMOCD pre-approved pool combinations for DHC in the 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. 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 04/28/2005
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. #3 DATE APR 29 2005
Conditions of Approval (if any):



REC'D/SANJUAN

APR 15 2005

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 13, 2005

XTO Energy, Inc.
2700 Farmington Avenue
Building K, Suite 1
Farmington, New Mexico 87401

Attn: Ms. Teena Cospier

Re: Application for Downhole Commingling
State Gas Com M Well No. 3
Unit Letter M, Section 16-31N-12W
Basin Fruitland Coal and Aztec Pictured Cliffs Pools
San Juan County, New Mexico

Dear Ms. Cospier:

Your application to downhole commingle the Basin Fruitland Coal and Aztec Pictured Cliffs production from within the wellbore of the above-captioned well was received on April 11, 2005.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Our approval is contingent on XTO submitting a communitization agreement for the Fruitland Coal and the Pictured Cliffs formations.

Please submit your \$30.00 filing fee.

Also, please submit a copy of the Oil Conservation Division's approval order.

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University