

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 8/1/14

Well information:

| API WELL # | Well Name | Well # | Operator Name | Type | Stat | County | Surf Owner | UL | Sec | Twp | N/S | Rng | W/E |
|--------------------|------------|--------|-----------------|------|------|----------|------------|----|-----|-----|-----|-----|-----|
| 30-045-31439-00-00 | MCKENZIE A | 003 | XTO ENERGY, INC | G | A | San Juan | F | P | 9 | 30 | N | 12 | W |

Application Type:

- P&A
 Drilling/Casing Change
 Location Change
 Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84)
 Other:

Conditions of Approval:

Notify NMOCD 24hrs prior to beginning operations

Extend Ojo Alamo plug up to 305 feet.

NMOCD Approved by Signature

9-15-14
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2

| | | | |
|---|--|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM024158 | |
| 2. Name of Operator XTO ENERGY INC. | | 6. If Indian, Allottee or Tribe Name | |
| 3a. Address 382 CR 3100 AZTEC, NM 87410 | | 7. If Unit or CA/Agreement, Name and/or No. NMNM104899 | |
| 3b. Phone No. (include area code) 505-333-3630 | | 8. Well Name and No. MCKENZIE A #3 | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 990' FEL SESE SEC. 9 (P) - T30N-R12W N.M.P.M. | | 9. API Well No. 30-045-31439 | |
| | | 10. Field and Pool, or Exploratory Area BASIN FRUITLAND COAL | |
| | | 11. County or Parish, State SAN JUAN NM | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|--|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other _____ |
| | <input type="checkbox"/> Change Plans | <input checked="" type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

XTO Energy Inc. intends to plug and abandon this well per the attached procedure and will be using a Closed Loop System. Please see also the attached current and proposed wellbore diagrams and surface reclamation plan.

OIL CONS. DIV DIST. 3

AUG 14 2014

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

Notify NMOCD 24 hrs prior to beginning operations



H₂S POTENTIAL EXIST

| | |
|--|------------------------------------|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) SHERRY J. MORROW | Title REGULATORY ANALYST |
| Signature <i>Sherry J. Morrow</i> | Date 8/1/2014 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------------------------------|--------------------------|
| Approved by <i>M. Troy Salvers</i> | Title Petroleum Eng. | Date 8/13/2014 |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office FFO | |

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD AV

McKenzie A #3
Sec 9, T 30 N, R 12 W
San Juan County, New Mexico
6/30/2014

Plug and Abandon Procedure

AFE Number: 1406090
Spud Date: 5/15/2003
Surface Casing: 7", 20#, J-55 csg @ 233'. Cmt'd w/64 sx. Circ 9 bbls cmt to surf.
Production Casing: 4-1/2", 10.5#, J-55 csg @ 2,239'. Cmt'd w/215 sx. Circ 20 bbls cmt to surf.
Capacity: .0159 bbls/ft or .6699 gal/ft
Production Tubing: 2-3/8" string
Rod String: 3/4" string
Pump: 1-1/2" insert pump
Perforations: Fruitland Coal: 1,928' – 1,951'
PBTD: 2,196'
Recent Production: INA since 4/22/2013. 10 mcfpd, 10 bwpd.

Notify NMOCD & BLM 24 hours prior to beginning plugging operations

1. Check for COA's and approved NOI before beginning operations.
2. Test rig anchors.
3. Set flowback tank.
4. MIRU completion rig. Review JSA.
5. Kill well.
6. TOH & LD rods and pump.
7. ND WH. NU & FT BOP.
8. TOH tubing.
9. TIH 3-7/8" bit & 3-7/8" string mill to 1,928'. TOH.
10. TIH 4-1/2" CR and set @ ±1,900'. PT tubing. Sting out of CR and circulate hole clean.

11. PT casing and CR to 550 psig. If casing does not test, contact engineer.
12. MIRU cement truck. Review JSA.
13. **Perforation Isolation Plug (1,900' – 1,850')**: Pump 10 sx Class "B" cement (15.6 ppg, 1.18 cuft/sx yield) down tubing and spot a balanced plug from 1,900' – 1,850' (volume calculated with 50' excess).
14. **Fruitland Coal Top Plug (1,447' – 1,347')**: Pump 15 sx Class "B" cement (15.6 ppg, 1.18 cuft/sx yield) down tubing and spot a balanced plug from 1,447' – 1,347' (volume calculated with 50' excess).
See COA
15. **Kirtland & Ojo Alamo Top Plug (553' – 331')**: Pump 20 sx Class "B" cement (15.6 ppg, 1.18 cuft/sx yield) down tubing and spot a balanced plug from 553' – 331' (volume calculated with 50' excess).
See COA
16. **Surface Plug (283' – Surface)**: Pump 30 sx Class "B" cement (15.6 ppg, 1.18 cuft/sx yield) down tubing and spot a balanced plug from 283' – Surface (volume calculated with 50' excess).
17. TOH & LD tubing.
18. RDMO cement truck.
19. WOC 4 hours.
20. Cut off WH. Fill in casing as needed with cement. Install above ground P&A marker.
21. Cut off anchors and reclaim location.

Checklist

Regulatory:

1. NOI to P&A on form C-103 & 3160-5
2. Submit a post-work sundry on form C-103 & 3160-5 which details the P&A work and location work within 30 days of completing all required restoration work.

Equipment:

1. 1 flowback tank
2. If tbg does not PT, 2,000' 2-3/8" workstring
3. 4-1/2" cement retainer
4. 3-7/8" string mill
5. 75 sx Class "B" cement
6. 1 above ground marker

Services:

1. Completion rig
2. Cement truck



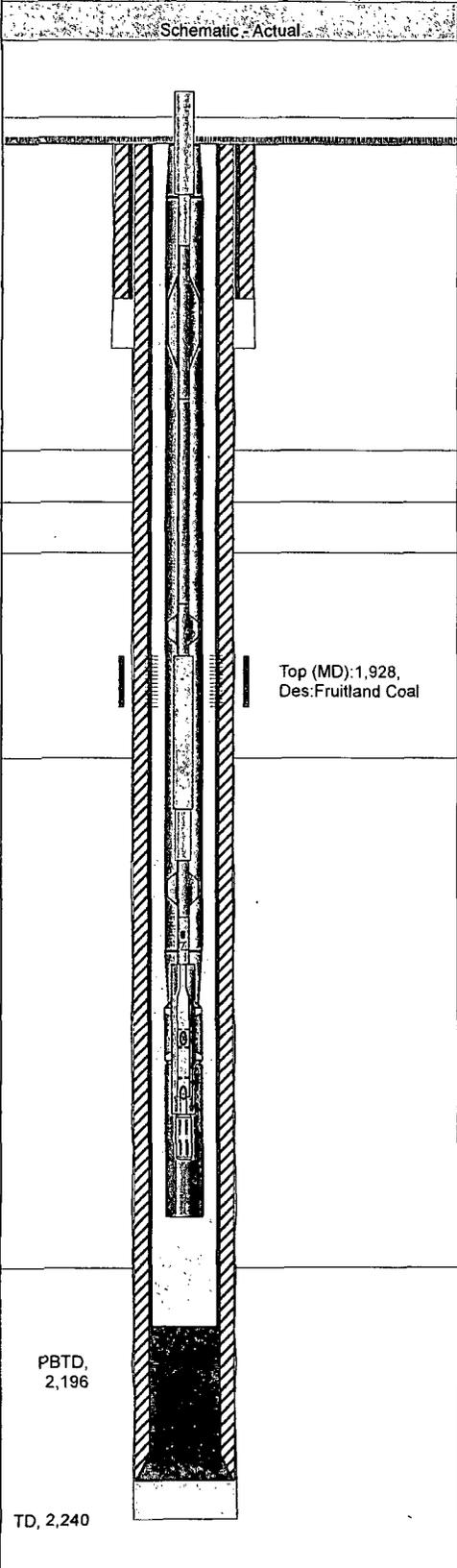
XTO - Wellbore Diagram

Current

Well Name: McKenzie A 03

| | | | | | | | | |
|-------------------------------------|------------------------|-------------------------------|--------------------------|---------------------|---------------------------|---|-------------------------------|------------------------------|
| API/UWI 30045314390000 | E/W Dist (ft) 990.0 | E/W Ref FEL | N/S Dist (ft) 660.0 | N/S Ref FSL | Location T30N-R12W-S09 | Field Name Basin Fruitland Coal | County San Juan | State/Province New Mexico |
| Well Configuration Type Vertical | XTO ID B 68976 | Orig KB Elev (ft) 5,732.00 | Gr Elev (ft) 5,726.00 | KB-Grd (ft) 6.00 | Spud Date 5/15/2003 | PBTD (All) (ftKB) Original Hole - 2196.0 | Total Depth (ftKB) 2,240.0 | Method Of Production Beam |

Well Config: Vertical - Original Hole, 6/30/2014 10:06:41 AM



| Zones | | Zone | Top (ftKB) | Btm (ftKB) | | | | | | |
|--------------------------|--|------------------|--------------|-------------------------|--------------------|------------------|--------------|----------------|------------|------------|
| Fruitland Coal | | | 1,928.0 | 1,951.0 | | | | | | |
| Casing Strings | | | | | | | | | | |
| 6 | Casing Description | OD (in) | Wt (lbs/ft) | String Grade | Top Connection | Set Depth (ftKB) | | | | |
| | Surface | 7 | 20.00 | J-55 | | 233.0 | | | | |
| 6 | Casing Description | OD (in) | Wt (lbs/ft) | String Grade | Top Connection | Set Depth (ftKB) | | | | |
| | Production | 4 1/2 | 10.50 | J-55 | | 2,239.0 | | | | |
| Cement | | | | | | | | | | |
| | Description | Type | | String | | | | | | |
| 28 | Surface Casing Cement | casing | | Surface, 233.0ftKB | | | | | | |
| | Comment | | | | | | | | | |
| | Cmt'd with 64 sx. Circ 9 bbls cmt to surf. | | | | | | | | | |
| 233 | Description | Type | | String | | | | | | |
| | Production Casing Cement | casing | | Production, 2,239.0ftKB | | | | | | |
| | Comment | | | | | | | | | |
| | Cmt'd with 215 sx. Circ 20 bbls cmt to surf. | | | | | | | | | |
| Perforations | | | | | | | | | | |
| 532 | Date | Top (ftKB) | Btm (ftKB) | Shot Dens (shots/ft) | Hole Diameter (in) | Phasing (%) | Curr. Status | Zone | | |
| | 5/30/2003 | 1,928.0 | 1,951.0 | 3.0 | 0.450 | | Ac... | Fruitland Coal | | |
| 605 | | | | | | | | | | |
| Tubing Strings | | | | | | | | | | |
| | Tubing Description | Run Date | | Set Depth (ftKB) | | | | | | |
| 1,528 | Tubing - Production | 3/27/2012 | | 2,011.6 | | | | | | |
| Tubing Components | | | | | | | | | | |
| 1,853 | Item Description | Jts | Model | OD (in) | Wt (lbs/ft) | Grade | Top Thread | Len (ft) | Top (ftKB) | Btm (ftKB) |
| 1,928 | Tubing | 62 | T&C Upset | 2 3/8 | 4.70 | J-55 | | 1,974.51 | 6.0 | 1,980.5 |
| 1,951 | Seat Nipple | 1 | | 2 3/8 | | | | 1.10 | 1,980.5 | 1,981.6 |
| | OEMA | 1 | | 2 3/8 | 4.70 | J-55 | | 30.00 | 1,981.6 | 2,011.6 |
| 1,959 | Rods | | | | | | | | | |
| | Rod Description | Run Date | | String Length (ft) | | Set Depth (ftKB) | | | | |
| 1,978 | Rod String | 3/27/2012 | | 1,997.00 | | 1,991.0 | | | | |
| Rod Components | | | | | | | | | | |
| 1,979 | Item Description | Jts | Model | OD (in) | Grade | Len (ft) | Top (ftKB) | Btm (ftKB) | | |
| | Polished Rod | 1 | | 1 1/4 | | 16.00 | -6.0 | 10.0 | | |
| 1,979 | Rod Sub | 3 | | 3/4 | D | 18.00 | 10.0 | 28.0 | | |
| | Sucker Rod w/Molded Guides | 12 | | 3/4 | D | 300.00 | 28.0 | 328.0 | | |
| 1,980 | Sucker Rod | 61 | WCN-78 | 3/4 | D | 1,525.00 | 328.0 | 1,853.0 | | |
| 1,981 | Sucker Rod w/Molded Guides | 3 | | 3/4 | D | 75.00 | 1,853.0 | 1,928.0 | | |
| 1,982 | Sinker Bar | 2 | | 1 1/4 | K | 50.00 | 1,928.0 | 1,978.0 | | |
| | Lift Sub | 1 | | 1 | | 1.00 | 1,978.0 | 1,979.0 | | |
| 1,990 | Spiral Rod Guide | 1 | | 3/4 | | 0.40 | 1,979.0 | 1,979.4 | | |
| | RHBO Tool | 1 | | 3/4 | | 0.60 | 1,979.4 | 1,980.0 | | |
| 1,991 | Rod Insert Pump | 1 | | 1 1/2 | | 10.00 | 1,980.0 | 1,990.0 | | |
| | Strainer Nipple | 1 | | 1 | | 1.00 | 1,990.0 | 1,991.0 | | |
| 2,011 | Stimulations & Treatments | | | | | | | | | |
| | Frac Start Date | Top Perf (ft...) | Bottom Pe... | V (slurry) (...) | Total Prop... | AIR (b...) | ATP (psi) | MTP (psi) | ISIP (psi) | |
| 2,190 | 6/3/2003 | 1928 | 1951 | | 183,76... | 41 | 1,320.0 | 2,114.0 | 569.0 | |
| | Comment | | | | | | | | | |
| 2,195 | Frac'd w/102,856 gals 20# XL gel wtr carrying 183,760# 20/40 Brady sd coated with Sandwedge. | | | | | | | | | |
| 2,196 | | | | | | | | | | |
| 2,236 | | | | | | | | | | |
| 2,239 | | | | | | | | | | |
| 2,240 | | | | | | | | | | |

PBTD, 2,196

TD, 2,240

McKenzie A #3
 Sec 9, T 30 N, R 12 W
 San Juan County, New Mexico

Proposed P&A Diagram

KB: 5,732'
 GL: 5,726'
 KB CORR: 6'

8-3/4" HOLE

7", 20#, J-55 CSG @ 233'
 CMT'D W/64 SX
 CIRC 9 BBLS CMT TO SURF.

**PLUG #4: CMT FR/283' - SURFACE
 (30 SX)**

6-1/4" HOLE

OJO ALAMO TOP @ 391'

See CoA

PLUG #3: CMT FR/553' - 331' (20 SX)

KIRTLAND TOP @ 503'

See CoA

**PLUG #2: CMT FR/1,447' - 1,347'
 (15 SX)**

FRUITLAND COAL TOP @ 1,397'

**PLUG #1: CMT FR/1,900' - 1,850'
 (10 SX)**

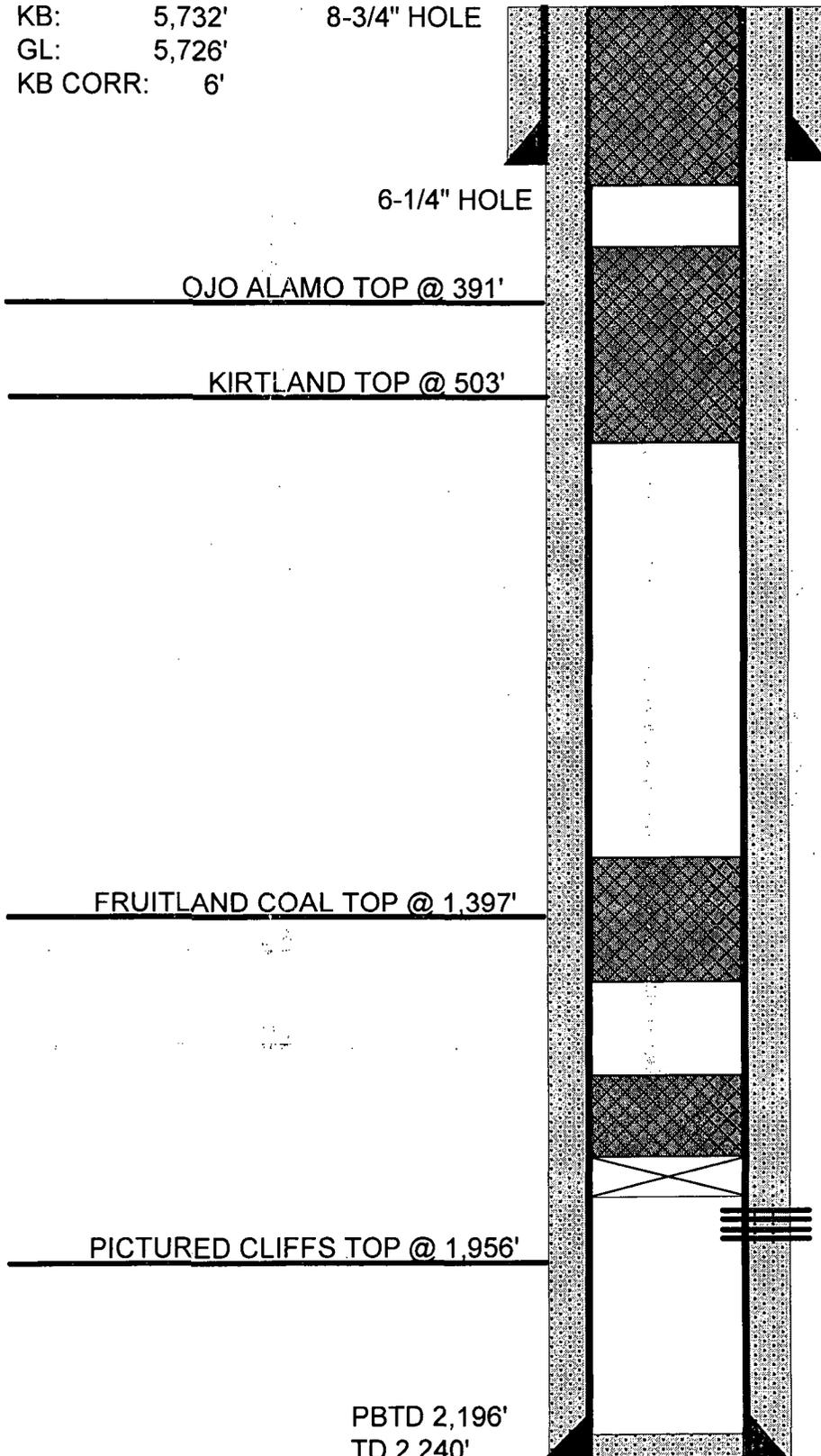
CR @ 1,900'

FC FR/1,928' - 1,951'

PICTURED CLIFFS TOP @ 1,956'

PBTD 2,196'
 TD 2,240'

4-1/2", 10.5#, J-55 CSG @ 2,239'
 CMT'D W/215 SX
 CIRC 20 BBLS CMT TO SURF.



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: McKenzie A #3.

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Leases."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.
3. The following modifications to your plugging program are to be made:
 - a) Set plug #2 from (1661-1561) ft. to cover the Fruitland top. BLM picks the top of the Fruitland at 1611 ft.
 - b) Set plug #3 from (649-390) ft. to cover the Kirtland and Ojo Alamo tops. BLM picks the top of the Kirtland at 599 ft., top of Ojo Alamo at 440 ft.

Note: Low concentrations of H₂S (10 ppm- 20ppm GSV) have been reported in wells within a 1 mile radius of this location.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.