

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

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 2. Name of Operator XTO Energy Inc. 3. Address of Operator 382 CR 3100 AZTEC, NM 87410 4. Well Location Unit Letter <u>J</u> : <u>1975</u> feet from the <u>NORTH</u> line and <u>550</u> feet from the <u>EAST</u> line Section <u>35</u> Township <u>31N</u> Range <u>12W</u> NMPM County <u>SAN JUAN</u> 11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>6353'</u> 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 _____		WELL API NO. 30-045-30546
		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
		6. State Oil & Gas Lease No. RCVD APR 29 '08
		7. Lease Name or Unit Agreement Name: OLIVER UNIT OIL CONS. DIV.
8. Well Number DIST. 3 #1		
9. OGRID Number 5380		
10. Pool name or Wildcat BASIN FC/AZTEC PC		

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input 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 proposes to DHC production from the Basin Fruitland Coal (71629) & the Aztec PC (71280) upon approval of this application. Both pools are in the NMOCD pre-approved pool combinations for DHC in the SJ Basin. Please see the attachments for allocation justification calculated as follows:

FC: Oil: 0% Water: 79% Gas: 92% PC: Oil: 100% Water: 21% Gas: 8%

Ownership is diverse & owners were notified via certified, return-receipt mail on 3/31/2008. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights.

DHC 2874AZ

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 Lorri D. Bingham TITLE REGULATORY COMPLIANCE TECH DATE 4/28/08
E-mail address: Lorri_bingham@xtoenergy.com
Type or print name LORRI D. BINGHAM Telephone No. 505-333-3204

For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE APR 30 2008
Conditions of Approval, if any:

Oliver Unit #1

The gas DHC allocation percentages were determined by individual zone well production. The Picture Cliff (PC) formation ending average test rate was 920 MCFM prior to recompletion to the Fruitland Coal (FC). The ending average test rate for the FC formation was 10436 MCFM (Please see attachment). Based on these ending test rates, we calculated the gas allocation percentages of 8% for the PC and 92% for the FC. No oil was produced from either zone during the production tests, but if any is produced, 100% will be allocated to the PC. Water allocation will be 21% to the PC and 79% to the FC based the same well test.

Pool	Oil	Water	Gas
FC	0%	79%	92%
PC	100%	21%	8%