

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103

June 19, 2008

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

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

WELL API NO. <b>30-045-30522</b>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <b>14-20-603-2198</b>
7. Lease Name or Unit Agreement Name: <b>BENALLY 14</b>
8. Well Number <b>#3</b>
9. OGRID Number <b>5380</b>
10. Pool name or Wildcat <b>BASIN FC/W. KUTZ PC</b>

**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	11. Elevation (Show whether DR, RKB, RT, GR, etc.) <b>5245'</b>
2. Name of Operator <b>XTO Energy Inc.</b>	
3. Address of Operator <b>382 CR 3100 AZTEC, NM 87410</b>	
4. Well Location Unit Letter <b>K</b> : <b>1592</b> feet from the <b>SOUTH</b> line and <b>1320</b> feet from the <b>WEST</b> line Section <b>14</b> Township <b>29N</b> Range <b>14W</b> NMPM County <b>SAN JUAN</b>	

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 ☐  
DOWNHOLE COMMINGLE ☐

OTHER: DOWNHOLE COMMINGLE ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐ RECORD MAR 4'09  
OIL CONS. 27%  
DIST. 3

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 proposes to DHC production from the Basin FC (71629) & the W. Kutz PC (79680) upon approval of this application. Both pools are in the NMOC pre-approved pool combinations for DHC in the SJ Basin. Please see the attachments for allocation justification calculated as follows:

FC: Gas: 50% Water: 52% Oil: 0% PC: Gas: 50% Water: 48% Oil: 100%

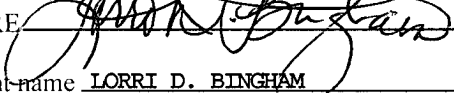
Ownership is diverse & owners were notified via certified, return-receipt mail on 2/11/2009. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights.

DHC 3084AZ

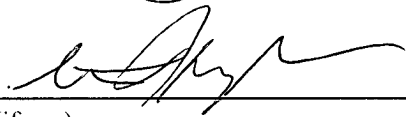
Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE SR REGULATORY COMPLIANCE TECH DATE 3/3/09  
Type or print name LORRI D. BINGHAM E-mail address: Lorri\_bingham@xtoenergy.com PHONE 505-333-3204

For State Use Only

APPROVED BY  TITLE Deputy Oil & Gas Inspector, District #3 DATE MAR 24 2009  
Conditions of Approval (if any):



382 CR 3100  
Aztec, NM 87410

February 11, 2009

Interest Owners

Subject: Notice of Intent to Apply for Downhole Commingling  
Benally 14 #3  
Unit K, Sec 14 29N, R14W

XTO Energy Inc is submitting an application to the New Mexico Oil Conservation Division (NMOCD) to downhole commingle production from the Basin Fruitland Coal and the Blanco Pictured Cliffs pools in the Benally 14 #3. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

After further review, the proposed allocation percentages have been revised as follows:

Basin Fruitland Coal	Gas: 50%	Water: 52%	Oil: 0%
W. Kutz Pictured Cliffs	Gas: 50%	Water: 48%	Oil: 100%

NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between zones. If you need additional information or have any questions, I may be contacted at (505) 333-3204. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lori D. Bingham', written over a horizontal line.

Lori D. Bingham  
Regulatory Compliance Tech

xc: well file