

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

Form C-103

June 19, 2008

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

| |
|------------------------------------------------------------------------------------------|
| WELL API NO. 30-045-30202 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name: WF FEDERAL 3 |
| 8. Well Number #1 |
| 9. OGRID Number 5380 |
| 10. Pool name or Wildcat FRUITLAND SAND 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 |
| 2. Name of Operator XTO Energy Inc. |
| 3. Address of Operator 382 CR 3100 AZTEC, NM 87410 |
| 4. Well Location Unit Letter D : 1265 feet from the NORTH line and 1095 feet from the WEST line Section 3 Township 29N Range 14W NMPM County SAN JUAN |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5460' |

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 ☐ ROVD AUG 19 '09
OIL CONS. DIV.
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 requests an exception to NMOC rule 303A to permit DHC of prod from the PC & FC pools in the WF Federal 3 #1. XTO proposes to DHC the two pools upon completion of the FC. Proposed allocations are based on a 9-section EUR & recommended as follows:

GAS: 61% OIL: 0% WATER: 21%
GAS: 39% OIL: 100% WATER: 79%

Ownership is diverse & owners were notified by CRR on 7/29/09. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. An application for DHC was submitted to EIM on 8/18/09.

DHC 3214 AZ

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 Lorri D. Bingham TITLE REGULATORY ANALYST DATE 8/18/09
Type or print name LORRI D. BINGHAM E-mail address: lorri_bingham@xtoenergy.com PHONE 505-333-3204

For State Use Only

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE AUG 25 2009
Conditions of Approval (if any):

| LEASE NAME | NO. | RESERVOIR | SEC | LOCATION | FIELD | OPERATOR | 1st PROD | LAST PROD | CUM GAS | REM GAS | CUM WTR | EUR-GAS | EUR GAS | DLY GAS | DLY WTR |
|------------------------|-----|-----------------|-----|-----------|--------|-----------------|----------|-----------|---------|-----------|---------|-----------|-----------|---------|---------|
| COM | 1 | FRUITLAND COAL | 2 | 29 N 14 W | BASIN | DUGAN PRODUCTIC | 19980501 | 20080401 | 591,619 | 752,469 | 186,747 | 591,619 | 1,344,088 | 149.2 | 12.2 |
| KING COM | 90 | FRUITLAND COAL | 11 | 29 N 14 W | BASIN | DUGAN PRODUCTIC | 19990801 | 20080401 | 210,102 | 1,188,720 | 67,775 | 210,102 | 1,398,822 | 235.7 | 56.7 |
| WF FEDERAL 34 | 2 | FRUITLAND COAL | 34 | 30 N 14 W | BASIN | XTO ENERGY | 20000131 | 20090301 | 472,567 | 522,244 | 116,865 | 994,811 | 994,811 | 34.8 | 14.7 |
| WF FEDERAL 34 | 3 | FRUITLAND COAL | 34 | 30 N 14 W | BASIN | XTO ENERGY | 20000331 | 20090301 | 282,276 | 11,388 | 108,455 | 293,664 | 293,664 | 55.1 | 19.7 |
| COM | 91 | FRUITLAND COAL | 2 | 29 N 14 W | BASIN | DUGAN PRODUCTIC | 20000601 | 20080401 | 201,178 | 177,526 | 187,578 | 201,178 | 378,704 | 35.2 | 21.4 |
| FEDERAL I | 99 | FRUITLAND COAL | 3 | 29 N 14 W | BASIN | DUGAN PRODUCTIC | 20000601 | 20080401 | 450,017 | 655,132 | 140,291 | 450,017 | 1,105,149 | 129.9 | 42.2 |
| TABOR COM | 90 | FRUITLAND COAL | 35 | 30 N 14 W | BASIN | DUGAN PRODUCTIC | 20000701 | 20080801 | 506,365 | 559,813 | 209,542 | 506,365 | 1,066,178 | 111 | 55.9 |
| FEDERAL I | 98 | FRUITLAND COAL | 10 | 29 N 14 W | BASIN | DUGAN PRODUCTIC | 20000801 | 20080401 | 198,176 | 181,057 | 145,954 | 198,176 | 379,233 | 35.9 | 16.6 |
| WF FEDERAL 3 | 2 | FRUITLAND COAL | 3 | 29 N 14 W | BASIN | XTO ENERGY | 20000930 | 20090301 | 299,119 | 0 | 135,772 | 299,119 | 299,119 | 17 | 17.6 |
| WF FEDERAL 33 | 1 | FRUITLAND COAL | 33 | 30 N 14 W | BASIN | XTO ENERGY | 20011231 | 20090301 | 471,675 | 863,700 | 200,727 | 1,335,375 | 1,335,375 | 124 | 7.2 |
| PERF | 90 | FRUITLAND COAL | 35 | 30 N 14 W | BASIN | XTO ENERGY | 20020831 | 20090301 | 313,369 | 205,332 | 68,822 | 518,701 | 518,701 | 36.7 | 0.2 |
| ROPCO 10 | 2 | FRUITLAND COAL | 10 | 29 N 14 W | BASIN | XTO ENERGY | 20020831 | 20090301 | 110,435 | 110,855 | 75,894 | 221,290 | 221,290 | 11.3 | 3.4 |
| ROPCO 4 | 3 | FRUITLAND COAL | 4 | 29 N 14 W | BASIN | XTO ENERGY | 20020831 | 20090301 | 285,565 | 261,504 | 72,984 | 547,069 | 547,069 | 52.9 | 27.4 |
| ROPCO 9 | 3 | FRUITLAND COAL | 9 | 29 N 14 W | BASIN | XTO ENERGY | 20020831 | 20070201 | 63,603 | 0 | 58,701 | 63,603 | 63,603 | | |
| FEDERAL I | 90 | FRUITLAND COAL | 11 | 29 N 14 W | BASIN | DUGAN PRODUCTIC | 20020901 | 20080401 | 244,557 | 433,224 | 37,963 | 244,557 | 677,781 | 85.9 | 31.6 |
| ROPCO 9 | 1 | FRUITLAND COAL | 9 | 29 N 14 W | BASIN | XTO ENERGY | 20020930 | 20090301 | 177,675 | 0 | 70,413 | 177,675 | 177,675 | 79.4 | 2.7 |
| ROPCO 4 | 1 | FRUITLAND COAL | 4 | 29 N 14 W | BASIN | XTO ENERGY | 20021130 | 20090301 | 109,371 | 0 | 35,954 | 109,371 | 109,371 | 12.4 | 17.5 |
| WF FEDERAL 33 | 5 | FRUITLAND COAL | 33 | 30 N 14 W | BASIN | XTO ENERGY | 20041231 | 20090301 | 297,281 | 1,168,489 | 72,613 | 1,465,770 | 1,465,770 | 260.2 | 31 |
| WF FEDERAL 34 | 4 | FRUITLAND COAL | 34 | 30 N 14 W | BASIN | XTO ENERGY | 20050430 | 20090301 | 193,163 | 453,380 | 92,281 | 646,543 | 646,543 | 213.4 | 89 |
| ROPCO 4 | 4 | FRUITLAND COAL | 4 | 29 N 14 W | BASIN | XTO ENERGY | 20050731 | 20090301 | 211,043 | 1,234,548 | 46,341 | 1,445,591 | 1,445,591 | 179.4 | 2.8 |
| PERF | 91 | FRUITLAND COAL | 35 | 30 N 14 W | BASIN | XTO ENERGY | 20050831 | 20090301 | 27,208 | 108,080 | 45,649 | 135,288 | 135,288 | 27.7 | 0 |
| KING COM | 2 | FRUITLAND COAL | 11 | 29 N 14 W | BASIN | DUGAN PRODUCTIC | 20051201 | 20080401 | 110,012 | 552,248 | 32,039 | 110,012 | 662,260 | 109.5 | 29.3 |
| WF FEDERAL 34 | 1 | FRUITLAND COAL | 34 | 30 N 14 W | BASIN | XTO ENERGY | 20051231 | 20090301 | 76,413 | 41,896 | 51,182 | 118,309 | 118,309 | 65.9 | 34.1 |
| ROPCO 10 | 1 | FRUITLAND COAL | 10 | 29 N 14 W | BASIN | XTO ENERGY | 20060228 | 20090301 | 116,151 | 269,782 | 41,750 | 385,933 | 385,933 | 148.8 | 20.9 |
| ROPCO 9 | 2R | FRUITLAND COAL | 9 | 29 N 14 W | BASIN | XTO ENERGY | 20070131 | 20090301 | 36,962 | 0 | 59,586 | 36,962 | 36,962 | 49.3 | 46.6 |
| ROPCO 9 | 3R | FRUITLAND COAL | 9 | 29 N 14 W | BASIN | XTO ENERGY | 20070331 | 20090301 | 90,475 | 1,190,117 | 46,768 | 1,280,592 | 1,280,592 | 121.3 | 36.6 |
| Fruitland Coal Average | | | | | | | | | 236,399 | 420,827 | 92,640 | 484,142 | 657,226 | 95 | 25 |
| WF FEDERAL 3 | 1 | PICTURED CLIFFS | 3 | 29 N 14 W | HARPER | XTO ENERGY | 20000930 | 20090301 | 371,686 | 449,919 | 111,932 | 821,605 | 821,605 | 62.2 | 94 |

| | Gas | Oil | Water |
|-----------------|-----|------|-------|
| Fruitland Coal | 61% | 0% | 21% |
| Pictured Cliffs | 39% | 100% | 79% |



382 CR 3100
Aztec, NM 87410

July 29, 2009

Interest Owners

Subject: Notice of Intent to Apply for Downhole Commingling
WF Federal 3 #1
Unit D, Sec 3, 29N, R14W

XTO Energy Inc is submitting an application to the New Mexico Oil Conservation Division (NMOCD) to downhole commingle production from the Twin Mounds Fruitland Sand Pictured Cliffs and the Basin Fruitland Coal pools in the WF Federal 3 #1. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

The proposed allocation percentages for each pool are as follows:

| | | | |
|------------------|----------|------------|-----------|
| Fruitland Coal: | Gas: 61% | Water: 21% | Oil: 0% |
| Pictured Cliffs: | Gas: 39% | Water: 79% | 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) 333-3100. 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 'Lorri D. Bingham', written over a horizontal line.

Lorri D. Bingham
Regulatory Analyst

xc: well file

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

SUNDRY NOTICES AND REPORTS ON WELLS

AUG 19 2009

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

Bureau of Land Management
Farmington Field Office

SUBMIT IN TRIPLICATE - Other instructions on page 2

1 Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2 Name of Operator

XTO Energy Inc.

3a Address

382 CR 3100 Aztec, NM 87410

3b Phone No (include area code)

505-333-3204

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)

1265' ENL & 1095' FWL SEC 3D-T29N-R14W N.M.P.M.

5 Lease Serial No

NMSF-079968

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

8 Well Name and No

WF FEDERAL 3 #1

9 API Well No

30-045-30202

10 Field and Pool, or Exploratory Area

FRUITLAND SAND PC/
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

- ☒ Notice of Intent
- ☐ Subsequent Report
- ☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>DOWNHOLE</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>COMMINGLE</u> |
| <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 recompleate 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 recompleation 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. proposes to downhole commingle production from the Basin Fruitland Coal & the Fruitland Sand Pictured Cliffs in this well. Both pools are in the NMOC pre-approved pool combinations for DHC in the San Juan Basin. Allocations are based on a 9-section EUR (please see attached spreadsheet). Allocations are as follows:

| | | | | | | |
|-----|------|-----|------|------|--------|-----|
| FC: | Gas: | 61% | Oil: | 0% | Water: | 21% |
| PC: | Gas: | 39% | Oil: | 100% | Water: | 79% |

Ownership is diverse & owners were notified by CRR on 7/29/09. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. The NMOC was notified of our intent to DHC via Form C103 on 8/18/09.

RCVD AUG 21 '09
OIL CONS. DIV.
DIST. 314. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

LORRI D. BINGHAM

Title REGULATORY ANALYST

Signature

Date 8/18/09

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Joe Hewitt

Title

Geo

Date

8-20-09

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

FDD

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.

NMOC