

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. 30-045-32127
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: PICWAY
8. Well Number #1
9. OGRID Number 5380
10. Pool name or Wildcat FULCHER KUTZ PC/BASIN FC
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5355'

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 ☐ Gas Well ☒ Other

2. Name of Operator
XTO Energy Inc.

3. Address of Operator
382 CR 3100 AZTEC, NM 87410

4. Well Location
Unit Letter **D** : **660** feet from the **NORTH** line and **1160** feet from the **WEST** line
Section **32** Township **30N** Range **13W** NMPM County **SAN JUAN**

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 ☐
RCVD MAR 17 '10
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 (77200) & FC (71629) pools in the Picway #1. XTO proposes to DHC the two pools upon completion of the FC. Proposed allocations are based on current producing zones & offset production (see attachment) & recommended as follows:

PC:	OIL: 100%	WATER: 74%	GAS: 57%
FC:	OIL: 0%	WATER: 26%	GAS: 43%

Ownership is diverse & owners were notified by CRR on 2/24/2010. 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 BIM on 3/16/2010. **DHC 3359A2**

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 Wanett McCauley TITLE REGULATORY COMPLIANCE TECH DATE 3/16/2010
Type or print name WANETT MCCAULEY E-mail address: wanett_mccauley@xtoenergy.com PHONE 505-333-3630

For State Use Only

APPROVED BY [Signature] Deputy Oil & Gas Inspector, District #3 DATE MAR 26 2010
Conditions of Approval (if any): to

Picway #1
Allocation Percentages

The proposed gas, oil, and water production allocation percentages are based on the current producing zones & offset production. The Pictured Cliffs was data comes from the previous six months of production. Offset production for the Fruitland Coal comes from three Picway wells in the same section. Please see attachments.

Proposed Allocation Percentages:

Pool	Oil	Water	Gas
Pictured Cliffs	100%	74%	57%
Fruitland Coal	0%	26%	43%

Basin Fruitland Coal (Test gas, oil and water prod.)

BOPM	BWPM	MCFM
0	433	3100

Kutz Pictured Cliffs (Test gas, oil and water prod.)

BOPM	BWPM	MCFM
0	1247	4037

Pictured Cliffs - currently open

Month	CF/mo	BW/mo	BOPD/mo
4/30/2009	3680	1510	0
5/31/2009	4196	1555	0
6/30/2009	3857	1065	0
7/31/2009	4557	1225	0
8/31/2009	4076	1070	0
9/30/2009	3857	1055	0
Average	4037	1247	0

Fruitland Coal - proposed

Three wells were completed in this section in 2008.

	CF/mo	BW/mo	BOPD/mo
Picway 2	4500	450	0
Picway 3	2800	275	0
Picway 4	2100	575	0
average	3100	433	0

Allocation:

	Gas	Water	Oil
Pictured Cliffs	57%	74%	0%
Fruitland Coal	43%	26%	0%