

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. <b>30-045-21393</b>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <b>NNMB405</b>
7. Lease Name or Unit Agreement Name: <b>CANYON</b>
8. Well Number <b>11</b>
9. OGRID Number <b>5380</b>
10. Pool name or Wildcat <b>BASIN DAKOTA/BASIN MANCOS</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
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>G</b> : <b>2300</b> feet from the <b>NORTH</b> line and <b>1850</b> feet from the <b>EAST</b> line Section <b>11</b> Township <b>25N</b> Range <b>11W</b> NMPM <b>NMPM</b> County <b>SAN JUAN</b>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <b>6,327' GR</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: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐  
**RCVD FEB 11 '11**  
**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 Energy requests an exception to NMCD Rule 19.15.12.9 to permit DHC of the Basin DK (71599) & the Basin MC (97232), both are pre-approved per order R-12984-A, upon completion of the Mancos. Please see the attached spreadsheet for justification of proposed allocations.

Basin Dakota:	Oil: 1%	Gas: 56%	Water: 14%
Basin Mancos:	Oil: 99%	Gas: 44%	Water: 86%

Ownership is common in both zones; therefore, there are no owners to notify. DHC will offer an economical method of production while protecting against reservoir damage, waste of reserves & violation of correlative rights. The BIM was notified of our intent to DHC via Form 3160-5 on 2/10/2011.

Spud Date:

Rig Release Date:

*DHC 3533AZ*

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

SIGNATURE *Wanett McCauley* TITLE REG COMPLIANCE TECHNICIAN DATE 2/10/2011

Type or print name WANETT MCCAULEY E-mail address: wanett\_mccauley@xtoenergy.com PHONE 505-333-3630

For State Use Only

APPROVED BY *Chant* TITLE Deputy Oil & Gas Inspector DATE FEB 21 2011

Conditions of Approval (if any):

*A*

Dakota Only, Past 6 mos. production

Date	Oil	Gas	Water
8/31/2009	7	1390	0
9/30/2009	7	1257	80
10/31/2009	7	1236	0
11/30/2009	2	1262	0
12/31/2009	2	1163	0
1/31/2010	2	463	0
Average	5	1129	13

There have been 2 wells, Canyon 7E and Canyon 19, completed into the Mancos after having established production in the Dakota in this 9 section area of T25N R11W. These wells were used in establishing allocation factors for future commingling.

## Canyon 19

Added the Mancos in April 2006

### Stabilized Mancos Only Production

	BOPM	MCFPM	BWPM
Mancos	OIL	GAS	WATER
9/30/06	497	609	80
10/31/06	392	790	0
11/30/06	612	1095	0
12/31/06	366	904	0
1/31/07	309	777	0
2/28/07	429	760	0
Average	434	823	13

## Canyon 7E

Added the Mancos in Dec 2008

### Stabilized Mancos Only Production

	BOPM	MCFPM	BWPM
Mancos	OIL	GAS	WATER
3/31/09	297	1074	211
4/30/09	363	990	176
5/31/09	258	1029	178
6/30/09	78	258	0
7/31/09	266	1422	192
8/31/09	297	1053	117
Average	260	971	146

### Average Mancos

OIL	GAS	WATER
347	897	80

### Average Monthly Production

	Oil	Gas	Water
Dakota	5	1129	13
Gallup	347	897	80
Total	352	2026	93

previous 6 month avg. in Canyon 11

stabilized Mancos Production in 9 section area

### % Production

	Oil	Gas	Water
Dakota	1%	56%	14%
Gallup	99%	44%	86%
Total	100%	100%	100%