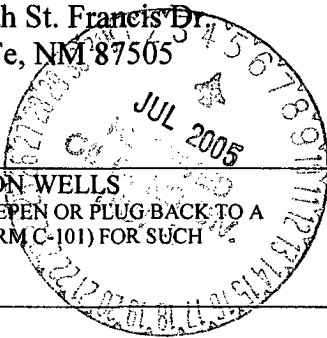


Submit 3 Copies To Appropriate District Office  
 District I  
 625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

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

WELL API NO. 30-045-33141
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-1250-4, E-8443-1, E-286-42, B-11370-55 & E-3150-11
7. Lease Name or Unit Agreement Name STATE GAS COM BA
8. Well Number 1G
9. OGRID Number 167067
10. Pool name or Wildcat Basin Dakota/Blanco Mesa Verde



**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  
2700 FARMINGTON AVE, SUITE K-1, FARMINGTON, NM 87401

4. Well Location  
 Unit Letter B : 665' feet from the North line and 2,620' feet from the East line  
 Section 32 Township 31N Range 12W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6,170'

Pit or Below-grade Tank Application  or Closure

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 \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b> 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 COMPL <input type="checkbox"/> OTHER: Downhole Commingle <input checked="" type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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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.

*DHC 1926 AZ*

XTO Energy Inc. requests approval for exception to Rule 303-C to permit DHC of Production from the Basin Dakota (71599) & the Blanco Mesa Verde (72319) XTO Energy Inc. proposes to downhole commingle these pools upon completion of this well.

Allocations are based upon a 9 section EUR and are calculated as follows:

Basin Dakota:	Gas 51.63%	Oil 72.93%
Blanco Mesa Verde	Gas 48.37%	Oil 27.07%

Both pools are included in the NMOCD pre-approved pool combinations for DHC in the San Juan Basin. Working interest, net royalty interest and overriding royalty interest owners have been notified by certified, return receipt mail on June 30, 2005. The BLM has been notified with form 3160-5 of our intent to DHC. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights.

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 Melissa M Osborne TITLE Regulatory Compliance Tech DATE 06/30/2005  
 Type or print name Melissa M Osborne E-mail address: Regulatory@xtoenergy.com Telephone No. 505-566-7925  
**For State Use Only**

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 09 DATE JUL - 5 2005  
 Conditions of Approval (if any): \_\_\_\_\_



2700 Farmington Ave, K-1 Farmington, NM 87401  
Phone: (505) 324-1090 FAX: (505) 564-6700

June 30, 2005

RE: Notice of Intent to Apply for Downhole Commingling

State Gas Com BA #1G  
B Sec 16, T31N, R12W; 665' FNL & 2,620' FEL  
San Juan County, NM

To: All working interest, royalty interest and overriding royalty interest owners.

XTO Energy Inc. is applying for permission to downhole commingle the Basin Dakota (71599) and the Blanco Mesa Verde (72319) pools in the State Gas Com BA #1G. We propose to downhole commingle production from both pools after this well is drilled and upon approval from the NMOCD. NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between pools.

Both of these pools are included in the New Mexico Oil Conservation Division pre-approved pool combinations for downhole commingling in the San Juan Basin. Based upon the 9-section EUR's for the Basin Dakota and Blanco Mesa Verde, XTO Energy Inc. proposes allocation of commingled production as follows:

Pool	Oil	Gas
Basin Dakota	72.93%	51.63%
Blanco Mesa Verde	27.07%	48.37%

If you need additional information or have any questions, I may be contacted at (505) 566-7925. If you are opposed to commingling production from these two pools please respond in writing within 20 days of the date of this letter to XTO Energy Inc., 2700 Farmington Avenue, Suite K-1, Farmington, NM 87401.

Sincerely,

Melissa M Osborne  
Regulatory Compliance Tech

xc: Well File  
FW Land Dept.