

Submit 3 Copies To Appropriate District Office
 District I
 1625 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

Form C-103
 May 27, 2004

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

WELL API NO.
 30-039-20504

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 Federal SF 079266

7. Lease Name or Unit Agreement Name
 Vaughn

8. Well Number #18

9. OGRID Number 37581

10. Pool name or Wildcat
 Blanco PC and Otero Chacra

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
 Thompson Engineering and Production, Corp.

3. Address of Operator
 7415 E. Main St., Farmington, NM 87402

4. Well Location
 Unit Letter D : 1090' feet from the North line and 990' feet from the West line
 Section 29 Township 26 N Range 6 W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 6754' GR

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

NOTICE OF INTENTION TO: 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"/>		SUBSEQUENT REPORT OF: 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"/> Surface Commingle		OTHER: <input type="checkbox"/>	

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.

Thompson Engineering requests approval to surface commingle the gas production from the Blanco Pictured Cliffs and Otero Chacra Pools according to the attached schematic diagram. Surface commingling will allow both of these marginal zones to utilize a common compressor. The Chacra well will be equipped with an allocation meter. The volume allocated to the Chacra will be the volume measured at the allocation meter minus one-half of the compressor fuel gas. The volume allocated to the Pictured Cliffs will be the volume measured at the CDP meter minus the volume measured at the Chacra allocation meter plus the compressor fuel gas volume. All interests in both zones are common as certified by Ben Malone, Burlington Resources, Sr. Staff Landman.

The actual commercial value of the production will not be less than the sum of the values of the production from each well.

PC-1158

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 Paul C. Thompson TITLE President DATE 12/8/05

Type or print name Paul C. Thompson, P.E. E-mail address: paul@walsheng.net Telephone No. 505.327.4892

For State Use Only

APPROVED BY: Will Jones TITLE Engineer DATE 1/13/06
 Conditions of Approval (if any): _____