| Submit 3 Copies To Appropriate District Office   | State of New Mexico  | Form C-103  |
|--|--|---|
| District I   | Energy, Minerals and Natural Resources   | May 27, 2004<br>WELL API NO.                          |
| 1625 N. French Dr., Hobbs, NM 87240<br>District II   | OIL CONSERVATION DIVISION  | 30-045-32642  |
| 1301 W. Grand Ave., Artesia, NM 88210  | 1220 South St. Francis Dr.   | 5. Indicate Type of Lease                             |
| District III<br>1000 Rio Brazos Rd., Aztec, NM 87410   | Santa Fe, NM 87505   | STATE FEE 🔀   |
| District IV<br>1220 S. St. Francis Dr., Santa Fe, NM 87505   | (18/18/212)  | 6. State Oil & Gas Lease No.                          |
| CUMPRY NOTICE  | ES AND REPORTS ON WELLS  |   |
| (DO NOT USE THIS FORM FOR PROPO<br>DIFFERENT RESERVOIR. USE "APPLIC  | ES AND REPORTS ON WELLS! SALS TO DRILL OR TO DEEPEN OR PLUGBACK TO A ATION FOR PERMIT" (FORM C-101) FOR SUCH   | 7. Lease Name or Unit Agreement Name:  Morris Gas Com |
| PROPOSALS.)  1. Type of Well:  |  | 8. Well Number  |
| Oil Well Gas Well  | Other  | #2  |
| 2. Name of Operator  | No.  | 9. OGRID Number                                       |
| XIO Energy Inc.  |  | 167067  |
| 3. Address of Operator   | and the same and t | 10. Pool name or Wildcat                              |
| 2700 Farmington Ave., Bldg<br>4. Well Location   | . K. Ste 1 Farmington, NM 87401  | Basin Fruitland Coal                                  |
| Unit Letter :  | 1810 feet from the south line and  | 470 feet from theeast line                            |
| Section 26   | Township 29N Range 10W   | NMPM NMPM County San Juan                             |
|  | 11. Elevation (Show whether DR, RKB, RT, GR, e   |   |
|  | 5557' Ungraded Ground Level  |   |
| Pit or Below-grade Tank Application  | or Closure   |   |
| Pit type Depth to Groundwater _  | Distance from nearest fresh water well Di  | stance from nearest surface water                     |
| Pit Liner Thickness: mil   | Below-Grade Tank: Volumebbls; Constructi   | on Material   |
|  |  |   |
| 12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data  |  |   |
|  |  | • •   |
| NOTICE OF INTE   |  | SSEQUENT REPORT OF:                                   |
| PERFORM REMEDIAL WORK  | PLUG AND ABANDON REMEDIAL WORK   | ALTERING CASING                                       |
| TEMPORARILY ABANDON  | CHANGE PLANS   COMMENCE DRILL  | ING OPNS. PLUG AND ABANDONMENT                        |
| PULL OR ALTER CASING   | MULTIPLE CASING TEST AND CEMENT JOB  |   |
| OTHER: Change Casing Depth   | X OTHER:   |   |
| 13. Describe proposed or completed   | operations. (Clearly state all pertinent details, and give   | ve 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 Inc. request approval to set the surface casing at 750-800'. The original APD for the surface casing was 225' but due to a potential water flow at 500-600', XTO would like to set surface  |  |   |
| below this depth.  |  |   |
|  |  |   |
|  |  |   |
|  |  |   |
|  |  |   |
| 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 on closed according to NMOCD guidelines, a general permitor an (attached) alternative OCD-approved plan |  |   |
| SIGNATURE  | TITLE Drillin  | g Engineer DATE 3/22/05                               |
| Type or print name   | E-mail address: J  | eff_Patton@XTOEnergy.com<br>Telephone No. 324-1090    |
| For State Use Only   | SUPERvio   | FOR DISTRICT # 3DATE                                  |
| APPROVED BY Mah /  | TITLE  | FOR DISTRICT # 3DATE                                  |
| Conditions of Approval, if any:  |  |   |