FORM APPROVED UNITED STATES REC'D / SAN JUAN Form 3160-5 OMBING, 1004-0131 (April 2004) DEPARTMENT OF THE INTERIOR Expires March 31, 20% BUREAU OF LAND MANAGEMENT AUG 0 4 2006 5. Lease Scrial No SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on reverse side RECE! I. Type of Well 8. Well Name and No. Oil Well X Gas Well Other VALENCIA CANYON UNIT #40B 2. Name of Operator XTO Energy Inc. 9. API Well No. 3b. Phone No. (include area code) 2700 Farmington Ave., Bldg. K. Ste 1 Farmington 505-324-1090 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) BLANCO MESAVERDE 2410' PSL & 2175' FWL SEC 35-T28N-R04W 11. County or Parish, State CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Production (Start/Resume) Water Shut-Off Notice of Intent Acidize Alter Casing Reclamation Well Integrity Fracture Treat X Subsequent Report Casing Repair New Construction Other SPUD Temporarily Abandon Final Abandonment Notice Convert to Injection Plug Back Water Disposal Describe Proposed or Completed Operation Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation; have been completed, and the operator has determined that the final site is ready for final inspection.) XTO Energy Inc. spudded 12-1/4" surf hole @ 4:30 p.m., 6/4/06. RIH w/8-5/8", 24#, J-55 csg to 375' KB. Cmtd w/300 sx Class B cmt w/2% CaCl2 & 1/4 pps Celloflakes (15.6 ppg & 1.19 cuft/sx). to surf. PT surf cag to 1000 paig f/30 min.

14. I hereby certify that the foregoing is true and correct Name (Printed Typed)

LORRI D. BINEAM

Date 7/24/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.