

Submits 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. 30-045-32422
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMSF081239
7. Lease Name or Unit Agreement Name L.C. KELLY
8. Well Number #19
9. OGRID Number 167067
10. Pool name or Wildcat BASIN DAKOTA & BLANCO MESAVERDE

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 P : 660 feet from the SOUTH line and 660 feet from the EAEST line
 Section 3 Township 30N Range 12W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5799' 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: _____ mill Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>	X	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.

XTO Energy Inc. requests approval for an exception to Rule 303-C to permit the downhole commingling of production from the Basin Dakota and the Blanco Mesaverde pools in the LC Kelly #19. XTO is currently drilling this well and will downhole commingle these pools upon completion of the well. Based on individual pool tests in the LC Kelly #5M offset well, allocations for each pool are proposed as follows:

Basin Dakota (71599)	58% Oil	95% Water	30% Gas
Blanco Mesaverde (72319)	42% Oil	5% Water	70% Gas

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. Ownership in this well's pools is common; therefore no notification was done. The BLM has been notified of our intent to downhole commingle. Downhole commingling will offer an economic method of production while protecting against reservoir damage, waste of reserved, and violation of correlative rights.

DHC 1711A2

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 Holly C. Perkins TITLE REGULATORY COMPLIANCE TECH DATE 11/8/04
 Type or print name HOLLY C. PERKINS E-mail address: Holly_perkins@xtoenergy.com Telephone No. 505-324-1090

For State Use Only
 APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #1 DATE DEC 8 2004