

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
 Revised May 08, 2003

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

WELL API NO. 30-015-33059
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. v-5654
7. Lease Name or Unit Agreement Name TDC Cowtown State
8. Well Number 1
9. OGRID Number 23032
10. Pool name or Wildcat Runyan Ranch, Morrow
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4056' GR

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 PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other **MAR - 9 2004**

2. Name of Operator **Threshold Development Company** **OCD-ARTESIA**

3. Address of Operator **777 Taylor St. - Penthouse II - Ft Worth TX 76102**

4. Well Location
 Unit Letter **P** : **660** feet from the **South** line and **660** feet from the **East** line
 Section **6** Township **19S** Range **23E** NMPM **Eddy** County

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 checked="" type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Spot ready-mix <input checked="" 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.

Spudded a 26" hole with rat hole machine at 8:00 PM 2-26-2004. Drilled to 40'. Set 40' of 20" conductor pipe and cemented to surface. NOTE: Notified Van Barton with OCD-Artesia of spud. Moving in and rigged up rotary tools. Resumed drilling a 17-1/2" hole with rotary tools at 12:30 PM 2-28-2004. Lost returns at 130', built volume and swept hole. Regained 75% returns. Drilled to 205' with 75% to 50% returns. Lost all returns at 205'. Got stuck and worked loose. Rocks falling in on top of bit. Cut hole in conductor pipe and spotted 10 yards of Ready-Mix. WOC. NOTE: Notified Phil Hawkins w/OCD-Artesia of resuming drilling.

TIH and tagged cement at 75'. Broke circulation and had good returns. Resumed drilling at 205'. Lost returns at 230'. Dry drilled and pumped hi-vis sweeps to 275' (TD).

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Rusty Klein* TITLE Agent DATE 3/3/04

Type or print name RUSTY KLEIN Telephone No. (505) 513-0318

(This space for State use)

APPROVED BY _____ FOR RECORDS ONLY DATE MAR 10 2004

Conditions of approval, if any:

***** CHART SCANNER WELL TEST DATA *****

COMPANY: THRESHOLD DEVELOPMENT COMPANY
CLIENT: RAY SELBY
GAUGE NUMBER: 576
WELL NAME: TDC COWTOWN STATE
WELL NUMBER: #1
TEST NUMBER: 1
LOCATION:
TEST OPERATOR: JULIAN GUAJARDO/KELTIC SERVICE
COMMENTS: 03-01-2004
CT @ 80 FT // TAG TD AT 209 FT

RECEIVED
MAR - 9 2004
OCD-ARTESIA

DATE: 03/01/04

GAUGE S/N: 576

REAL TIME	DELTA TIME HRS	TEMPERATURE Deg F	DEPTH FEET	FLOW RATE BBLs/DAY	COMMENTS
14:00:03	0.001	58.00	0.00		
14:04:15	0.071	58.39	10.00		
14:07:05	0.118	60.14	50.00		
14:09:06	0.152	60.82	80.00		CEMENT TOP
14:10:38	0.177	63.35	100.00		
14:14:23	0.240	64.35	150.00		
14:17:42	0.295	66.94	200.00		
14:19:32	0.326	68.33	209.00		TAG TD

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