Form 3160-5 (August 2007)

Approved by

entitle the applicant to conduct operations thereon

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

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

RECEIVED

FORM APPROVED OMB NO 1004-0137 Expires July 31, 2010

MAY 26 2011

5. Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS

NMSF078089 Do not use this form for proposals to drill or to re-enter agrinington Field Office 1 Indian, Allottee or Tribe Name

abandoned well. Use Form 3160-3 (APD) for such proposals of Land Management 7 If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on page 2 1. Type of Well 8. Well Name and No. Oil Well X Gas Well Other E SCOTT FEDERAL #3 2. Name of Operator XIO ENERGY INC. 9. API Well No. 3a. Address 3b. Phone No (include area code) 30-045-06316 382 CR 3100 AZTEC, NM 87410 505-333-3100 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) W. KUIZ PICTURED CLIFFS 850' FSL & 1850' FEL SWSE Sec. 23 (0) -T27N-R11W N.M.P.M. 11. County or Parish, State SAN JUAN CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA 12. TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Acidize Deepen Production (Start/Resume) Water Shut-Off Alter Casing Fracture Treat Reclamation Well Integrity Subsequent Report Casing Repair New Construction Recomplete Other MARKWEST SOZ Change Plans Plug and Abandon Temporarily Abandon Final Abandonment Notice RECORD CLEAN-UP 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) During BIM's review it was noted that the previous operator, MarkWest, did not file a Subsequent Sundry for the Verbal Squeeze Approval they received from Wayne Townsend @ the HIM on 08/10/2001. Please see the attached Well Bore Diagram and History for the work that was done August 2001. I hereby certify that the foregoing is true and correct Name (PrintedTyped) Title DOLENA JOHNSON REGULATORY COMPLIANCE TECHNICIAN

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 Spaces any false fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Date

Title

Office

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

05/26/2011

ENERGY

Downhole Well Bore Diagram

Well Name: Scott E Federal 03 E/W Dist (ft) County Kutz W Pictured Cliffs 30045063160000 FSL T27N-R11W-S23 New Mexico 1,850.0 FFI 850.0 San Juan Well Configuration Type XTO ID B Orig KB Elev (ft) Gr Elev (ft) KB-Grd (ft) Spud Date PBTD (All) (ftKB) Total Depth (ftKB) Method Of Production 78507 6,432.00 -6,426.00 1/16/1952 Original Hole - 2196.0 2,200.0 Flowing 6.00 Well Config: Vertical - <untitled>, 5/26/2011 9:24:58 AM Producing Zones KEKKB Depth Top (ftKB) **Pictured Cliffs** 2,060.0 2,194. MDTVDIncibLS Schematic - Actual Markers nClSs)rPrtrZr Casing Strings 101 OD (in) Wt (lbs/ft) ring Grade op Connection Set Depth (ftK SJ Surface 10 3/4 29.00 107.0 Casing Descriptio OD (in) Wt (lbs/fl) a Grade op Connectio Set Depth (ftK Intermediate 5 1/2 14.00 J-55 2,070.0 OD (in) Set Depth (ftk String Grade Top Connection Casing Description Wt (ibs/ft) 6 2,206.0 Production 3 1/2 9.20 J-55 Cement Type String Surface Casing Cement casing Surface, 107.0ftKB 10-3/4", 298' 32.75# line pipe @ 107' w/80 s cmt. Circ cmt to surf. Intermediate Casing Cement | casing Intermediate, 2,070.0ftKB 5-1/2", 14 & 15# Nat @ 2,070'. Cmt 40 sx cmt. **Production Casing Cement** Production, 2,206.0ftKB casing 86 3-1/2" 9.2# J-55 NUE @ 2,200'. Гуре Cement Squeeze squeeze Intermediate, 2,070.0ftKB Surface, 10 0. 3/4, 10:192, 6. 101.0 Perforations Shot Hole Diameter Phasing Top (fiKB) (shots/fi (ın) . Date Btm (RKB) (°) Zona 8/10/2001 1,159.0 Squeeze 1,159.0 2,060.0 2,194.0 Holes, 8/10/2001 Pictured Cliffs 1.159 Tubing Strings 8/10/2001 Set Depth (ftKB) Run Date **Tubing Components** Top Thread Top (fiKB) OD (In) (lbs/.. Gra Btm (flKB Item Description Jts Model -71-Len (ft) Rods Run Date String Length (ft) Set Depth (ftKB) Rod Components Of-Intermediate OD (in) Grade -Len (ft) Top (ftKB) Btm (ftKB 5 1/2. 4.974. 6. Stimulations & Treatments P.066r8ted Top Perf (. V (slurry) .. Total Add . 15 Min (psi) ISIP (psi) AIR (bb/. . 2,060-2,194 8/10/2001 8/10/2001 07 PBTD Shot 2 sq holes in 5-1/2" csg @ 1,159' w/pkr @ 802', sq w/140 sx cmt. Circ 5 bbls cmt out brad. valve. WOC. DO cmt, 5-1/2" CIBP @ 1,170', and new 4-3/4" hole to 2,200'. Ran.GSL neutron log 2,201'-1,650'. Ran 3-1/2" 9.2# J-55 tbg & landed @ 2,197'. Cmt (Original Hole), 2,196 w/132 sx cmt. Started flush w/100 gal 10% acedic acid. Circ 5 bbls cmt to surf. 10/31/2001 Frac Start D ... | Top Perf (... | Bottom Pe .. | V (slury) ... | Total Add | 15 Min (psi) | ISIP (psi) | | AIR (bbl/... | ATP (psi) TD 8/21/2001 2060 2194 (<untitled>). 2,200 Frac PC perfs dwn 3-1/2" csg w/150,000# 20/40 sand in 70Q foam w/30# gel as base 8/10/2001 fluid. Ave. 62 BPM @ 3,540 psi. TIH w/1-1/4" tbg & CO w/air/mist to 2,196'. Ran after Production, frac GR log 2,200'-1800'. TIH w/64 Jts 1-1/4" 2.4# J-55 EUE tbg & land @ 2,085' 3 1/2, w/standard SN @ 2,051'. 2.992.6 2.200.0