Form 3160-5 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB NO. 1004-0137 Expires March 31, 2007

BUREAU OF LAND MANAGEMENT 5. Lease Serial No. SUNDRY NOTICES AND REPORTS ON WELLS NMSF077383 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 Type of Well Oil Well X Gas Well Other Well Name and No. EDERAL GAS COM 2. Name of Operator XIO Energy Inc. API Well No. 3a. Address 3b. Phone No. (include area code, 2700 Farmington Ave., Bldg. K. Ste 1 Farmington 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) BASIN DAKOTA 1,975' FSL & 1,980' FWL OTERO CHACRA 11. County or Parish, State SEC. K27, T28N, R10W 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 Production (Start/Resume) Water Shut-Off Alter Casing Fracture Treat Reclamation Well Integrity X Subsequent Report New Construction Other TO & ST Casing Repair Recomplete Change Plans Plug and Abandon Temporarily Abandon PROD CSG Final Abandonment Notice Water Disposal Convert to Injection 13 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.) Reached driller's TD of 6,737' KB @ 1:15 a.m., 04/20/05. TIH w/169 jts 5-1/2", 15.5#, J-55, LT&C csg to 6,736.86' KB. Cmtd 1st stage w/500 sx Premium Lite HS cmt w/0.2% CD-32, 0.5% FL-52, 1/4 PPS celloflake, 2% KCl & 2% phenoseal (mixed @ 12.5 ppg & 2.01 cuft/sx) followed by 150 sx Type III w/1/4 PPS celloflake, 2% phenoseal, 0.3% CD-32, 0.2% FL-52 & 5% A-10 (mixed @ 14.2 ppg & 1.54 cuft/sx). Dropped bomb & op DV tool. Circ 80 bbls cant to surf off stage tool. Omtd 2nd stage w/750 sx Type III cant w/8% gel, 1/4 PPS celloflake & 2% phenoseal (mixed @ 11.9 ppg, 2.60 cuft/sx) followed by 100 sx Type III Neat cmt (mixed @ 14.5 ppg, 1.39 cuft/sx). Closed DV tool. Circ 157 bbls cmt to surf. Released Aztec WS drilling rig #545 @ 1:00 a.m., 04/22/05. **PRODUCTION CSG WILL BE PRESSURE TSTD @ COMPLETION** FARMING RECE I hereby certify that the foregoing is true and correct Name (Printed/Typed) KELLY K. DRILLING ASSISTANT Date 04/25/05 CCEPTED THIS SPACE FOR FEDERAL OR STATE OFFICE USE Date 19 2 9 2005 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. FARMINGIUM FIELU OFFICE

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.