UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

5 Lease Serial No. NMSF-079757A

| Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. | | 6. If Indian, Allottee or Tribe Name |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| SUBMIT IN TRIPLICATE - | Other instructions on reverse side | 7 If Unit or CA/Agreement, Name and/or No |
| Oil Well X Gas Well Other | SEP 1 9 2007 | 8 Well Name and No. |
| 2 Name of Operator | | VAQUEROS CANYON #1 |
| XIO Energy Inc. | Bureau of Land Management | 9. API Well No. |
| 3a. Address | 3b. Phone No (include area code) | 30-039-27679 |
| 2700 Farmington Ave., Bldg. K. Ste | | 10. Field and Pool, or Exploratory Area |
| 4. Location of Well (Footage, Sec., T, R, M., or Survey I | Description) | BYSIN FROTTIME COM |
| 1370' FNL & 665' FEL SEC 10H-T29N- | R4W | Choza Meca Pictured Cliff |
| | | 11. County or Rarish, State Rio Arribo SAN JUAN NM |
| | BOX(ES) TO INDICATE NATURE OF NOTICE, | |
| TYPE OF SUBMISSION | TYPE OF AC | TION |
| Notice of Intent | Acidize Deepen Pro | oduction (Start/Resume) Water Shut-Off |
| | Alter Casing Fracture Treat Rec | clamation Well Integrity |
| X Subsequent Report | Casing Repair New Construction Rec | complete X Other SET INT CSG |
| Final Abandonment Notice | Change Plans Plug and Abandon Tem | nporarily Abandon & PROD LINER |
| . Pina Abandonnient Notice | Convert to Injection Plug Back Wat | ater Disposal |
| cemented w/285 sx Prem Lite cemen 1.38 cuft/sx). Did not circ ceme casing to 1500 psig for 30 min. | ole to 3666' on 8/17/07. Set 7", 23#, K-5 nt (12.1 ppg & 2.13 cuft/sx) f/b 87 sx Tyr ent to surf. Ran temp survey - TOC @ <u>380'</u> | pe III neat coment (14.6 ppg & Pressure tested intermediate F Nacionien to @ 1789' |
| 14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) | Title | |
| LORRI D BINGHAM | REGULATORY CO | MPLIANCE TECH |
| Mark Auxan | Date 9/14/07 | |
| THIS | S SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved by | Title | Date |
| Conditions of approval, if any, are attached Approval o certify that the applicant holds legal or equitable title to which would entitle the applicant to conduct operations the | those rights in the subject lease | |