State of New Mexico Form C-103 Submit 3 Copies To Appropriate District Office Energy, Minerals and Natural Resources Revised March 25, 1999 District I WELL API NO. 1625 N. French Dr., Hobbs, NM 87240 30-045-31060 District II OIL CONSERVATION DIVISION 811 South First, Artesia, NM 87210 2040 South Pacheco Co Indicate Type of Lease District III 1000 Rio Brazos Rd., Aztec, NM 87410 STATE FEE X Santa Fe, NM 87505 District IV 6. State Oil & Gas Lease No. 2040 South Pacheco, Santa Fe, NM 87505 SUNDRY NOTICES AND REPORTS ON WELLS 7. Lease Name or Unit Agreement Name: (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.) STATE GAS COM BA 1. Type of Well: Oil Well Gas Well X Other 2. Name of Operator 8. Well No. XIO Energy Inc #1F 3. Address of Operator 9. Pool name or Wildcat 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401 BASIN DAKOTA/BLANCO MESAVERDE 4. Well Location Unit Letter __ 747 NORTH 1548 feet from the line and feet from the line Section 16 Township Range **NMPM** 31N 12W County SAN JUAN 10. Elevation (Show whether DR, RKB, RT, GR, etc.) 6166' KB 11. Check Appropriate Box to Indicate, Nature of Notice, Report, or Other Data NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF: PERFORM REMEDIAL WORK PLUG AND ABANDON REMEDIAL WORK **ALTERING CASING TEMPORARILY ABANDON CHANGE PLANS** COMMENCE DRILLING OPNS. **PLUG AND** ABANDONMENT CASING TEST AND PULL OR ALTER CASING **MULTIPLE** COMPLETION **CEMENT JOB** OTHER: X OTHER: SPUD, SET & PT SURFACE CASING 12. 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 recompilation. TOC for 7" intermediate casing: circulated 16 barrels cement to surface, 9.23.02. 10/6/02 - 10/8/02: Reached drillers TD of 7,435' KB. TTH w/177 jts 4-1/2", 10.5#, J-55, ST&C casing to 7,424.91' KB. Cemented casing as follows: 60 sx Premium Lite HS (class "H"/poz) w/2% KCl, 1/4#/sx celloflake, 0.5% FL, 0.2% dispersant, 0.3% retarder & 2% phenoseal (mixed 11.9 ppg & 2.36 cuft/sx) followed by 350 sx Premium Lite HS (class "H"/poz) w/2% KCl, 1/4#/sx celloflake, 0.5% FL, 0.2% dispersant, 0.3% retarder & 2% phenoseal (mixed @ 12.5 ppg & 2.01 cuft/sx). Released Bearcat Drilling Rig #2 on 10/8/02. RIH w/temp survey. TOC @ 2,300'. BID @ 7,410'. RDMO Wilson WL. I hereby certify that the information above is fruf and complete to the best of my knowledge and belief. TITLE DRILLING ENGINEER SIGNATURE. 10/21/02 _DATE __ Type or print name JEFFREY W. PATTON Telephone No. 505-324-1090 (This space for State use)

TITLE THE SALE BAS INSTITUTE

APPROVED BY_

Conditions of approval, if any: