| Form 31 | 60-5 |
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| (August | 2007) |

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

open-hole completion of the well runs from 2947' - 4967'.

| FORM APPRO | VEI |
|------------------|-----|
| OMB NO. 1004- | 013 |
| Expires July 31, | 201 |

5. Lease Serial No.

| , | | | | | | | |
|---|---|--|---|---|--|---|--|
| | SUNDRY NOTICES | | | | NMNM-035921 | NMM-0359212 | |
| L | Oo not use this form for p | | | | 6. If Indian, Allottee or Tribe Name | | |
| ab | pandoned well. Use Fort | | | | RCVD MAR 21 '08 | | |
| | SUBMIT IN TRIPLICAT | E - Other instruction | | \$42-1 v. | 7. If Unit or CA/ | Agreement, Name and/or N | |
| | | | | ^{1 €} 3008 | l on co | NS. DIV. | |
| 1. Type of Well | | | MAR | II O | 8. Well Name an HENDERSON 5 | 11-1 | |
| <u> </u> | as Well Other | | of l | and Managem | 8. Well Name an | d No.⊔ #a | |
| 2. Name of Operator | | | Buleau | and Managem ion Field Office | HENDERSON S | #3 | |
| XIO Energy Inc | • | | Fa | | 9. API Well No. | | |
| 3a. Address | | | 3b. Phone No. (include are | a code) | 30-045-3258 | 8 | |
| | Aztec, NM 87410 | | 505-333-3204 | | 10. Field and Po | ool, or Exploratory Area | |
| 4. Location of Well (Food | tage, Sec., T., R., M., or Survey I | Description) | | | BASIN FRUITLAND COAL | | |
| 963' FNL & 101: | 2' FWL NWNW SEC 5 | (D) -T26N-R11W | | | | | |
| • | | | | | 11. County or P | arish, State | |
| | | | | | SAN JUAN | NM_ | |
| 12. | CHECK APPROPRIATE | E BOX(ES) TO INI | DICATE NATURE OF N | OTICE, REPO | RT, OR OTHER | R DATA | |
| TYPE OF | SUBMISSION | TYPE OF ACTION | | | | | |
| Notice | of Intent | Acidize | Deepen | Production | (Start/Resume) | Water Shut-Off | |
| X Subseq | uent Report | Alter Casing Casing Repair | Fracture Treat New Construction | Reclamation Recomplet | | Well Integrity X Other CHANCE | |
| Final A | bandonment Notice | Change Plans Convert to Injection | Plug and Abandon Plug Back | Temporaril Water Disp | _ | LINER DEPTH | |
| | | | | · · | | | |
| If the proposal is to Attach the Bond un following completing testing has been contact the street of the proposal is to a street or the proposal is the proposal is to a street or the proposal is | or Completed Operation (clearly o deepen directionally or recomp inder which the work will be person of the involved operations. I ompleted. Final Abandonment is final site is ready for final inspection. | plete horizontally, give so formed or provide the formed the provide the formed the filed on Notices shall be filed on | ubsurface locations and meas Bond No. on file with BLM/ n a multiple completion or re | ured and true ver BIA. Required s completion in a r | tical depths of all pubsequent reports new interval, a For | pertinent markers and zones, shall be filed within 30 days m 3160-4 shall be filed once | |
| A liner haḥg | er failure occurred w | hen initially s | etting the producti | on liner in | this well. | A gauge ring | |
| trip was mad | e to determine whethe | r or not the ex | pandable liner hand | per was set. | Once it wa | as determined | |
| that it was | not set, the liner wa | s retrieved usi | ng a fishing spear. | While mak | ing a clean- | -out run prior | |
| to re-runnin | to re-running the liner, great difficulty was encountered getting the directional drilling BHA past | | | | | | |
| 3110'. A second hole was drilled parallel to the the original hole from this point to reported TD. On | | | | | | | |
| the second attempt to run the producton liner it continued to tag at 3110'. A final clean out attempt | | | | | | | |
| was made and it was determined that there was a great deal of formation instablility from 2945' - 3170'. | | | | | | | |
| The final ru | The final run of the liner resulted in a pre-perforated liner being set to a depth of 1716' - 2947'. The | | | | | | |
| ; | | | | | | | |

MAR 1 9 2008

FARHANGTON FIELD OFFICE

| | - 4 | B1 1 201183 |
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| 14. I hereby certify that the foregoing is true and on the Name (Printed Typed) LORRI B. BINCHAM | Title REGULATORY COMPLIANC | E TECH |
| Signature And Andrew | Date 3/17/08 | |
| THIS SPACE FOR FEDERA | AL OR STATE OFFICE USE | |
| Approved by | Title | Date |
| 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 | office 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

