Form 3160-5 (August 2007)

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

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

	اللا صدا ح	700	5 Lease	Serial	N
1 111 - 11	- IV 13 ()	1/11	11 11		

SUNDRY NOTICES	AND REPORTS OF	1 MELLS 114			
Do not use this form for p abandoned well. Use Forn			AUG 1.8 2009	6 If Indian, Allottee of	r Tribe Name
SUBMIT IN TRIPLICAT	E - Other instructions	on page 2 Dur	cou of Land Mana armington Fletd O	7 If Unit or CA/Agree វិសាភូសិ,	ement, Name and/or No
1 Type of Well Oil Well X Gas Well Other 2 Name of Operator	8 Well Name and No. CALLEGOS FEDERAL 23 13 12 1				
XIO ENERGY INC.				9 API Well No	
3a Address	3	b Phone No (mclu	de area code)	30-045-31657	
382 CR 3100 AZTEC, NM 87410		505-333-31	.000	10 Field and Pool, or	Exploratory Area
4 Location of Well (Footage, Sec., T., R., M., or Survey E	Description)			BASIN FRUITIAND	COAL
1000' FNL & 1980' FWL NENW SI	EC.12 (C) -T26N-R13	W N.M.P.M.			
				11. County or Parish,	
		~		SAN JUAN	NM
12. CHECK APPROPRIATE	BOX(ES) TO INDIC	CATE NATURE	OF NOTICE, REPO	ORT, OR OTHER DA	ΓA
TYPE OF SUBMISSION			TYPE OF ACTION		
X Notice of Intent	Acidize	Deepen	Production	n (Start/Resume) V	Vater Shut-Off
_	Alter Casing	Fracture Treat	Reclamatic	on \square w	ell Integrity
Subsequent Report	Casing Repair	New Constructi			
14 -	Change Plans	Plug and Aband		1 A b d s	
Final Abandonment Notice			<u> </u>	ly Abandon REFR	AC
	Convert to Injection	Plug Back	Water Dis	posal	
Describe Proposed or Completed Operation (clearly If the proposal is to deepen directionally or recomp. Attach the Bond under which the work will be perfollowing completion of the involved operations. It testing has been completed. Final Abandonment N determined that the final site is ready for final inspection.	lete horizontally, give substormed or provide the Bot f the operation results in a lotices shall be filed only tion)	surface locations and nd No on file with l multiple completion after all requirement	measured and true versible. Required so or recompletion in a s, including reclamation	rtical depths of all pertine subsequent reports shall be new interval, a Form 316 on, have been completed	ent markers and zones be filed within 30 days 0-4 shall be filed once , and the operator has
				OIL CONS	
Excitland formation) 846-1215'	·)		DIST	. .
14 I hereby certify that the foregoing is true and correct	2 0 10 .0.10	<u></u>			
Name (Printed/Typed) BARBARA J CONDER	4	Title REC	ULATORY CLERK		
Signature MILIARA AM	Des	Date 08/1			

THIS SPACE FOR FEDERAL OR STATE OFFICE USE Original Signed: Stephen Mason Title Date Approved by AUS 2 0 2003 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

Title 18 U S C Section 1001, and Title 43 U S C Section 1212, makes it a crime for any person production 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.

GALLEGOS FEDERAL 26-13-12 #1S OAP: FRUITLAND COAL REFRAC: FRUITLAND COAL SEC 12, T26N, R13W SAN JUAN CO., NM

AFE #/ACCT #: 903872 / 67998

PROD CSG: 4-1/2", 10.5#, J-55 CSG @ 1,382'.

CAPACITY: 0.0159 BPF OR 0.6699 GPF

PBTD: 1,320'

PERFS: LWR FC: 1,179'-1,197' (3 JSPF, 0.36" DIA, TTL 54 HOLES)

TBG: 36 JTS 2-3/8", 4.7#, J-55, EUE TBG. SN @ 1,205'. EOT @ 1,238'.

RODS: 3-1-1/4" SINKER BARS, 44-3/4" PLAIN RODS

PROCEDURE:

1. MI & set 2 – 400 bbl frac tanks & 1 flowback tank. Fill frac tanks w/FC produced wtr. Note: Have frac company run preliminary fluid quality tests and add biocide.

- 2. Test anchors. MIRU PU. POH and LD rods and pmp. ND WH. NU BOP. Tag fill. TOH & visually inspect 2-3/8" tbg. Set RBP over FC (set @1,140') & PT csg to 3,850 psig. Release plug. TOH w/ plug & tbg.
- 3. ND BOP. NU Frac vlv. RDMO PU.
- 4. MIRU frac equip. EIR w/ FC produced wtr. Spearhead 750 gals 15% HCI. Flush acid 1 bbl past btm perf w/ 879 gal FW. Frac FC perfs fr/1,179'-1,197' down csg w/19,500 gals 70Q, N2 foamed, 9cp Delta 140 XL (12# Borate gel), frac fluid carrying 40,000# 20/40 BASF sd coated with sandwedge. Flush w/ 745 gals linear gel (1 bbl short of top perf). Est TP 1,300 psig. Pmp frac @ 40 BPM. MaxTP @ 3,850 psig. Frac schedule:

Fruitland Coal Schedule							
Stage	ВРМ	Fluid	Foam Vol	Clean Volume	Prop	Cum. Prop	
water	5	water	500	500 gal	-	-	
acid	5	15% HCI	750	750 gal	-	-	
flush	12	water	879	879 gal	-		
pre-pad	40	70Q XL Foam	500	150 gal	-	-	
pad	40	70Q XL Foam	1,950	585 gal	-	-	
1 ppg	40	70Q XL Foam	6,000	1,800 gal	6,000# 20/40	6,000# 20/40 BASF	
2 ppg	40	70Q XL Foam	4,000	1,200 gal	8,000# 20/40	14,000# 20/40 BASF	
3 ppg	40	70Q XL Foam	4,000	1,200 gal	12,000# 20/40	26,000# 20/40 BASF	
4 ppg	40	70Q XL Foam	3,500	1,050 gal	14,000# 20/40	40,000# 20/40 BASF	
flush	40	70Q N2 Linear Gel	745	224 gal	-	-	
Total		19,500 Gal 9cp Delta 140		8,338 Gal	40,000# 20/40		

- 5. MIRU WLU & mast TRK.
- 6. RIH w/CBP & set @ 1,140' (collars @ 1,119' & 1,166'). PT plug to 2,000 psig for 5 min.
- 7. RIH w/ perf gun & perf Fruitland Coal w/3-1/8" csg gun w/Titan charges (22.7 gm, 0.36" EHD, 35.63" pene) or equiv performance charges @ 3 JSPF 120° phasing.

Fruitland Coal Perfs				
1,046'-1,051'	16			
1,098'-1,106'	25			
1,121'-1,127'	19			

Tti = 60

- 8. MIRU acid equip. BD perfs. EIR w/2% KCl wtr. Max press 3,850 psig. Switch to acid. Acidize FC perfs fr/1,046'-1,127' w/1,000 gals 15% NEFE HCl acid (FE control, surf & Cl additives) + 90 7/8" 1.1 SG RCN BS. Flush acid 1 bbl past btm perf w/19 bbls FW. Pump flush @ ±12 BPM. Record ISIP, 5". Surge off balls.
- 9. RIH w/JB to CBP @ 1,140'. POH. RDMO WL & mast trk.
- 10. MIRU frac equip. Frac FC perfs fr/1,046'-1,127' down 4-1/2" csg w/26,806 gals 70Q, N2 foamed, 9cp Delta 140 XL (12# Borate gel), frac fluid carrying 50,000# 20/40 BASF sd coated with sandwedge. Flush w/615 gals linear gel (2 bbls short of top perf). Est TP 1,200 psig. Pmp frac @ 40 BPM. Max TP @ 3,850 psig. Frac schedule:

	Fruitland Coal Schedule							
Stage	врм	Fluid	Foam Volume	Clean Volume	Prop	Cum. Prop		
Water	5	Water	500	500 gal	-	-		
Acid	5	15% HCI Acid	1,000	1000 gal	-	-		
Flush	12	Water	795	795 gal	-	-		
Pre-pad	40	70Q XL Foam	500	150 gal	-	-		
Pad	40	70Q XL Foam	2,681	804 gal	-	-		
0.25 ppg	40	70Q XL Foam	2,000	600 gal	500# 20/40	500# 20/40 BASF		
0.5 ppg	40	70Q XL Foam	1,000	300 gal	500# 20/40	1,000# 20/40 BASF		
1 ppg	40	70Q XL Foam	7,000	2,100 gal	7,000# 20/40	8,000# 20/40 BASF		
2 ppg	40	70Q XL Foam	4,750	1,425 gal	9,500# 20/40	17,500# 20/40 BASF		
3 ppg	40	70Q XL Foam	5,000	1,500 gal	15,000# 20/40	32,500# 20/40 BASF		
4 ppg	40	70Q XL Foam	4,375	1,313 gal	17,500# 20/40	50,000# 20/40 BASF		
Flush	40	70Q N2 Linear Gel	615	185 gal	-	-		
TOTAL		26,806 Gal 9cp Delta 140		10,671 Gal	50,000# 20/40			

Record ISIP & 5" SIP's. SWI. RDMO frac equip.

- 11. MIRU PU. Remove frac vlv. NU BOP. RU AFU.
- 12. TIH with 3-7/8" bit & 2-3/8" work string. CO frac sd fill & DO CBP @ 1,140'. TIH & CO to PBTD @ 1,320'.
- 13. TOH & LD bit.
- 14. TIH w/15' OEMA w/ 3/16" weep hole, SN & 2-3/8" tbg. SN @ 1,210' & EOT @ 1,240'. Swb well until frac sd cleans up. TIH & tag for fill. CO as necessary.
- 15. TIH w/ rod assembly as follows:
 - 2"x1-1/2"x10' RWAC-Z pump
 - 1"x1' Lift Sub
 - Spiral Rod Guide
 - RHBO tl
 - 3 1-1/4" Sinker Bars
 - 10 3/4" API D Molded Rods "T" couplings
 - 34 3/4" API D Rods
 - Pony Rods
 - 1-1/4"x16' PR w/ 8' PRL
- 16. Load tbg & start well pumping @ 3-1/2x54" SPM. RDMO PU.
- 17. RWTP. Report daily gas & water volumes.

Regulatory Requirements

Acquire approval of C-144 CLEZ. Sundry

Services & Equipment List

- 2 400 bbl frac tank filled with fresh or FC produced water.
- 1 flowback tank.

Frac vlv

4-1/2" CBP

4-1/2" RBP

3-7/8" bit

Halliburton frac & acid equip