Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
1301 W Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 S. St Francis Dr.,, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

RECEIVED
JUN 05 2008
HOBBS OCD

WELL API NO. 30-025-31674
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

(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.)

7. Lease Name or Unit Agreement Name: Arrowhead Grayburg Unit
8. Well Number #226
9. OGRID Number 005380
10. Pool name or Wildcat Arrowhead; Grayburg

1. Type of Well: Oil Well [X] Gas Well [ ] Other
2. Name of Operator XTO Energy, Inc.
3. Address of Operator 200 N. Loraine, Ste. 800 Midland, TX 79701
4. Well Location

Unit Letter H : 1650 feet from the North line and 560 feet from the East line

Section 13 Township 22S Range 36E NMPM County Lea

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

Pit or Below-grade Tank Application [ ] or Closure [ ]

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. 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	[ ]
PULL OR ALTER CASING	[ ]	MULTIPLE COMPLETION	[ ]	CASING TEST AND CEMENT JOB	[ ]		
OTHER: Return to Production			[X]	OTHER:			[ ]

13. 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 recompletion.

The T/A status for this well expires on 7/16/2008. This well failed a MIT test on 5/29/2008. This notice of intent is to return this well to production. We would also like to request an extension on the T/A status to allow us time to bring this well back to production.

Please see attached

Conditions of Approval:
OCD requires the Operator to complete a 24 hours production test and submit on form C-104 Request for Allowable before producting this well Accompanied by Subsequent report on C-103with dates and what was done, perfs producing from, along with tubing size and depth

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [ ], a general permit [ ] or an (attached) alternative OCD-approved plan [ ]**

SIGNATURE Sherry Pack TITLE Regulatory Analyst DATE _____

E-mail address: sherry_pack@xtoenergy.com

Type or print name Sherry Pack Telephone No. 432.620.6709

For State Use Only

APPROVED BY _____ TITLE PETROLEUM ENGINEER DATE JUN 19 2008

Conditions of Approval, if any:

XTO ENERGY

AGU # 226
API - 30-025-31674

RECOMMENDED PROCEDURE

1. MI and rack 3900' of 2-7/8" WS.

2. RUPU. TIH with 4 ¾" bit, 6 3 ½" DC & WS. Tag up on TOC of CIBP located at 3540' (3 sx of cmt). Drill out CIBP and clean out to top of 4" liner at 3723'. TOH. TIH w/tbg & tie into on/off tool and release pkrs and pull two pkrs & 1 joint of 4" 8rd casing. POH.

3. TIH with composite CICR. Set CICR at 3500'. Rig up BJ and Squeeze perfs from 3622' to 3868' with cement 150 sx of Cl C with 10% BWOC A-10, 150 sx of Cl C with 2% Ca CL, and 150 sx of Class C Neat (Volumes to be adjusted based on Pump-in Rate/Pressure). Max Rate/Pressure: 3 BPM/1500 psi. SION.

4. TIH with 4-3/4" bit, 6-3 ½" DC & WS. Drill out CIBP and cement to TD of 3795'

5. TIH with 3-3/8" perforating gun and perforate well as follows with 120 degree phasing, 0.38" hole size, and 38" penetration with 1 JSPF

    a. Zone 3 – 3782-88 (6', 6 holes)
    b. Zone 3 – 3768-73 (5', 5 holes)
    c. Zone 2 – 3745-55 (10', 10 holes)
    d. POH.

6. Test in hole with with 2-6' 2-7/8" subs, pkr & WS. Set pkr at 3725'. Monitor backside for communication. .

7. Rig up Petroplex and Stimulate well as follows Acidtrol System. Max Rate/Pressure: 2 BPM/900 psi.
    a. Test lines
    b. Break down perfs with 9# brine.
    c. Pump 500 gals of 15% Acidtrol
    d. Pump 500 gals of 9# brine with 1 ppg GRS mixed with 12 1.3 SG BS
    e. Pump 500 gals of 15% Acidtrol
    f. Pump 500 gals of 9# brine with 1 ppg GRS mixed with 12 1.3 SG BS
    g. Pump 500 gals of 15% Acidtrol
    h. Pump 500 gals of 9# brine with 1 ppg GRS mixed with 12 1.3 SG BS
    i. Pump 500 gals of 15% Acidtrol
    j. Flush with tubing/casing volume + 10 bbls 9# brine.
    k. Shut well in for 1 hour.

XTO ENERGY

AGU # 226
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8. Open well back to pit through adjustable choke starting at 8/64". Open well in 8/64 increments until well flows down. Continue until well dies. Rig up swab and swab until it is determined productivity and oil/gas cut of well.

9. Pump pill as follows: Max Rate/Pressure: 2 BPM/800 psi.
   Mix 3 drums of T-175 and 5 gals of DP-61 in each transport of 9# brine. Also mix 5 gals of RN-211 each in three transports of 9# brine.
   a. Pump 10 bbl spacer of 9# brine with RN-211
   b. **Pump 40 bbls of T-175/DP-61 mixture.**
   c. Flush with 100 bbls of RN-211 mixture.
   d. Pump 1000 gals 9# brine with 1 ppg GRS
   e. Pump 10 bbls of 9# brine spacer.
   f. **Pump 40 bbls of T-175/DP-61 mixture.**
   g. Flush with 100 bbls of RN-211 mixture.
   h. Pump 1000 gals 9# brine with 1 ppg GRS
   i. Pump 10 bbls of 9# brine spacer.
   j. **Pump 40 bbls of T-175/DP-61 mixture.**
   k. Flush with tubing volume plus 100 bbls of RN-211 mixture.

10. Shut well in 48 hours.

11. Flow well down and POH laying down pkr & WS. Determine production equipment to run and TIH with tubing and lift equipment and RWTP.

WELL DATA SHEET

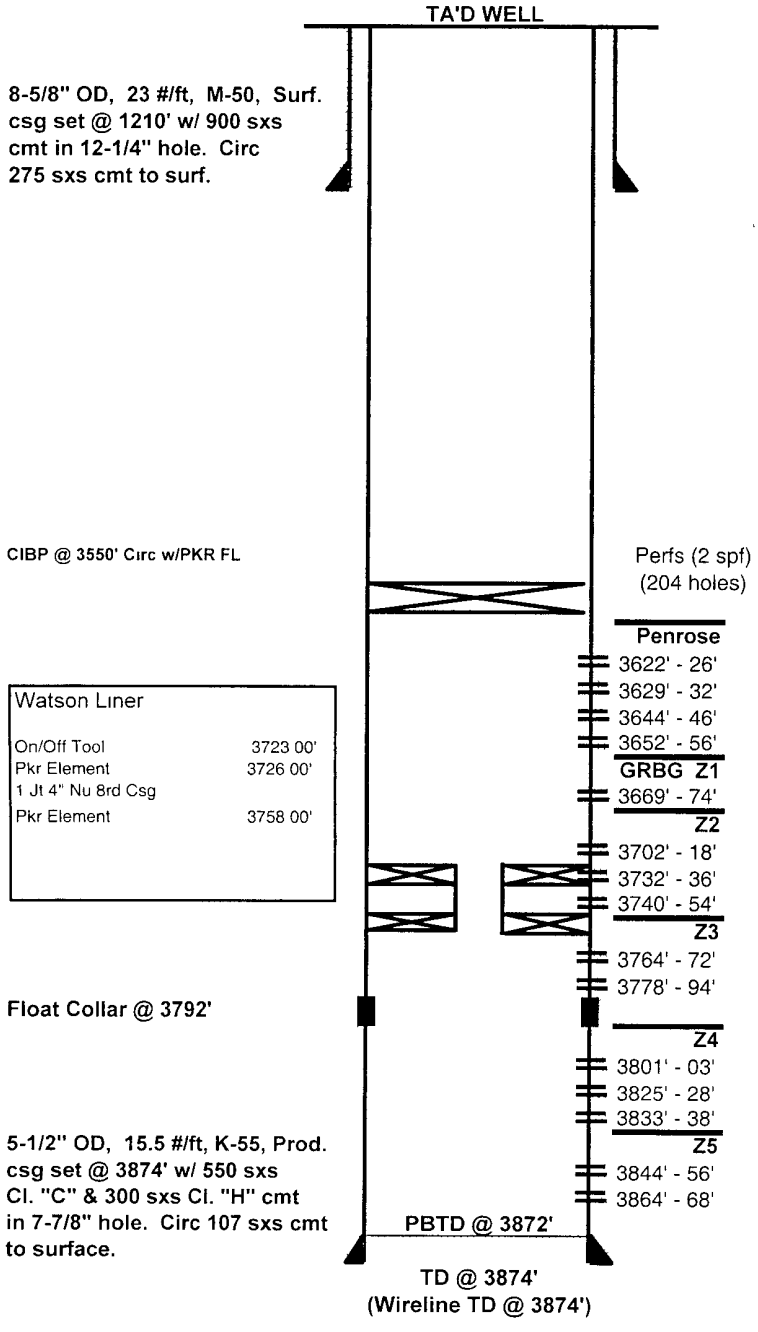
FIELD: Arrowhead | **WELL NAME:** AGU No. 226 | **FORMATION:** Grayburg

LOC: 1650' FNL & 560' FEL
TOWNSHIP: 22-S
RANGE: 36-E

SEC: 13
COUNTY: Lea
STATE: NM

GL: 3451'
KB to GL: 13.5'
DF to GL: 12.5'

CURRENT STATUS: Producer
API NO: 30-025-31674
CHEVNO: OS9128



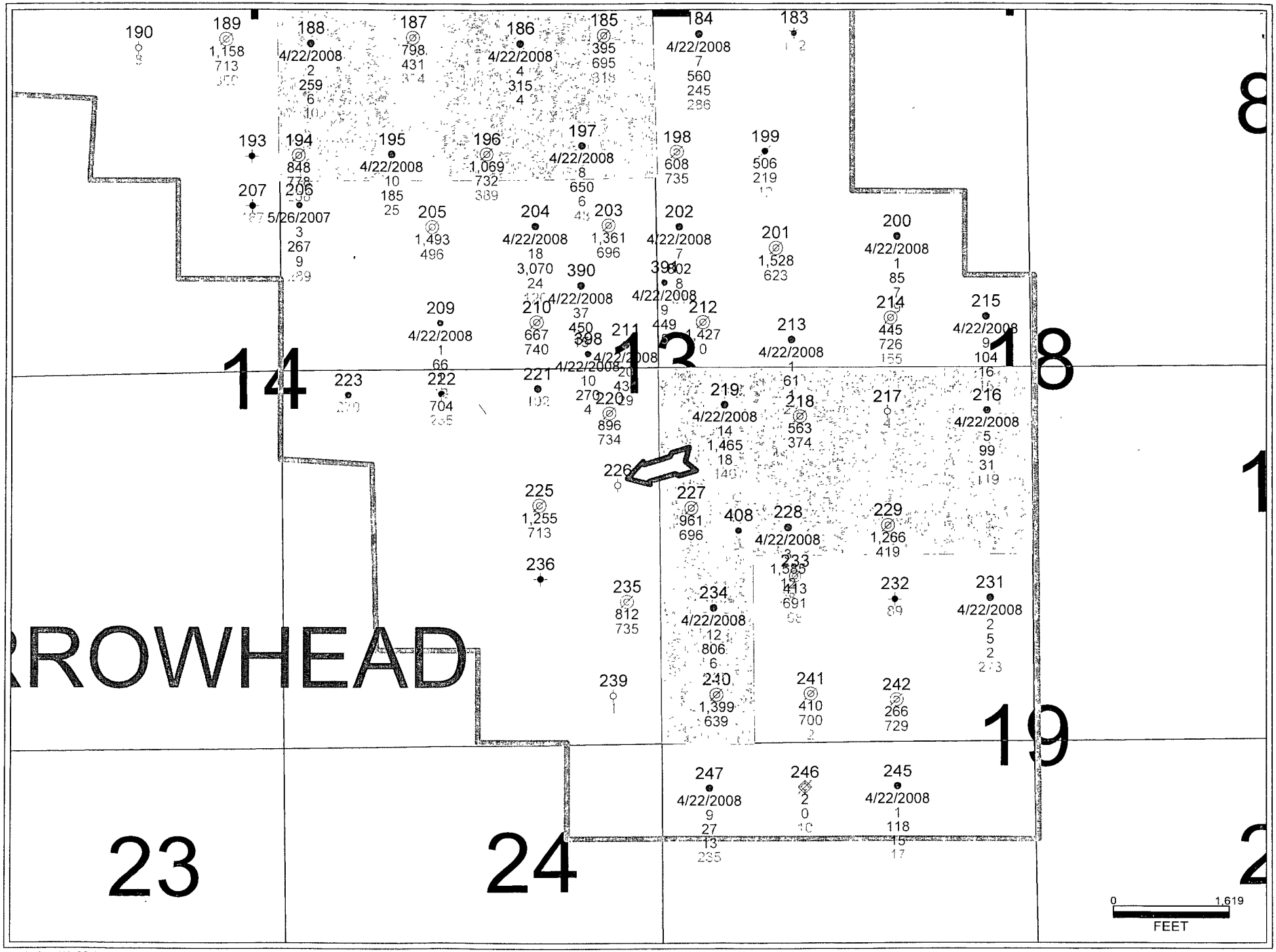
Date Completed: 10/07/92
Initial Production: 26 BOPD / 624 BWPD / 26 MCFGPD
Initial Formation: Penrose/Grayburg **From:** 3622' **To:** 3868'

Completion Data:
MIRU RIH w/ 4-3/4" bit Drill out cement 3620' to 3872' (PBTD). Run GR-CCL-CBL-CET log Selectively perf, acidize w/336 gals 9/30, and swab test 3825' to 3868' Selectively perf and acidize w/1450 gals 9/30 f/3622' to 3803' Swab test 3622' to 3868'. Run prod. equip Set pumping unit. Place well on production.

Workover History:
4/96 - TA'd TD @3870. RIH w/Watson 4" x 5 1/2" liner Top element @ 3726 & Btm element @ 3758 Isolated perfs 3732'-36' & 3740'-54'
6-24-03 CIBP set @ 3550', circ w/Pk Fl, tst csg & CIBP to 500 PSI, Good tst

Additional Data:
T/Penrose @ 3474' (-9' subsea)
T/AGU @ 3615' (-150' subsea)
T/Grayburg Zone 1 @ 3658' (-193' subsea)
T/Grayburg Zone 2 @ 3693' (-233' subsea)
T/Grayburg Zone 3 @ 3761' (-296' subsea)
T/Grayburg Zone 4 @ 3794' (-329' subsea)
T/Grayburg Zone 5 @ 3839' (-374' subsea)
T/San Andres @ 3876'

FILE: WBS226.XLS
MRV: 12/29/97



PETRA 5/14/2008 10 50 51 AM