

District I

1625 N French Dr., Hobbs, NM 87401

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

RECEIVED

OCT 14 2009

HOBBSOCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-31632

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name:

Arrowhead Grayburg Unit

8. Well Number

240

9. OGRID Number

005380

10. Pool name or Wildcat

Arrowhead; Grayburg

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.)

1. Type of Well:

Oil Well ☐ Gas Well ☐ Other Injection

2. Name of Operator

XT0 Energy, Inc.

3. Address of Operator

200 N. Loraine, Ste. 800 Midland, TX 79701

4. Well Location

Unit Letter M : 660' feet from the South line and 775' feet from the West lineSection 18 Township 22S Range 37E NMPM County Lea

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

12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐DOWNHOLE COMMINGLE ☐OTHER: Run Tandem Straddle Packer; RWTI ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐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.

1. MIRU Completion unit. ND wellhead. NU BOP. Release packer assembly. POOH w/116 jts 2-3/8" cmt. lined tbg & 5-1/2" Guiberson G-6 packer. MI 4000' 2-7/8", 6.5 ppf, N-80 work string.

2. RIH with notched collar, scraper and 2-7/8" WS. Keep scraper 3 jts above notched collar to stay out of float collar. Tag fill & circulate hole clean with fresh water to PBTD. POOH w/2-7/8" WS, scraper, and notched collar. MI 113 jts of new 2-3/8" IPC tbg, and two new 5-1/2" Peak injection packers for dual packer assembly.

3. RIH w/5-1/2" Peak injection packer on 2-7/8" WS & set pkr @ 3700'. POOH w/2-7/8" WS.

Procedure Cont'd. on Next Page

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

*Kristy Ward*TITLE Regulatory AnalystDATE 09/30/09

kristy_ward@xtoenergy.com

Type or print name Kristy Ward

E-mail address:

PHONE 432-620-6740

For State Use Only

APPROVED BY

Yang W. Li

TITLE

DISTRICT 1 SUPERVISOR

DATE

OCT 29 2009

Conditions of Approval (if any):

Condition of Approval: Notify OCD Hobbs
office 24 hours prior to running MIT Test & Chart.

Arrowhead Grayburg Unit #240 WIW
Straddle Packer; RWTI - Cont'd.

4. RIH w/2 jts of 2-3/8", 4.7ppf, J-55 Rite wrap/IPC tbg, 5-1/2" Peak injection packer, profile nipple, on/off tool & 113 jts of new IPC 2-3/8" tbg. Connect to previously set injection packer.
5. Load tbg/csg annulus w/FW & test bottom pkr to 500 psig before setting upper pkr. Release annulus pressure. Set upper packer & test to 500 psig.
6. MIT well to 500 psi for 30 mins. ND BOP. NU Wellhead.
7. RDMO Completion Unit. **RWTI.**