

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF ZIA ENERGY INC. FOR APPROVAL
OF TWO NON-STANDARD PRORATION
AND SPACING UNITS, UNORTHODOX
WELL LOCATIONS, PENN-ROSE SKELLY
POOL, LEA COUNTY, NEW MEXICO.

CASE: 9221

A P P L I C A T I O N

COMES NOW ZIA ENERGY INC., by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for approval of unorthodox well locations and non-standard proration units for its Brunson No. 1 well and its Brunson No. 4 well both in Unit J, Section 4, T22S, R37E, NMPM, Lea County, New Mexico, and in support thereof would show:

1. Applicant currently operates two Penn-Rose Skelly wells simultaneously dedicated to the NW/4SE/4 of Section 4, T22S, R37E, Lea County, New Mexico.

2. The Brunson No. 1 well is located 2310 feet from the South and East lines of said Section and has and continues to produce as an oil well in the Penn-Rose Skelly Oil Pool.

3. The Brunson No. 4 well is located 1650 feet from the South line and 2210 feet for the East line of said Section and recently has produced a gas oil ratio in excess of 100,000 to one and should be reclassified as a gas well in this oil pool.

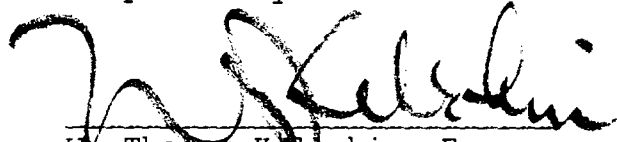
4. Applicant proposed that the 40-acre spacing and proration unit now assigned to the two subject wells be divided between the two wells and each well placed on a separate 20-acre non-standard proration and spacing unit.

5. Applicant proposed that the allowable for each well be fifty percent of the original allowable for this 40 acre tract.

6. The offset operators to the subject spacing unit are set forth on Exhibit "A" attached hereto.

WHEREFORE, applicant requests that this application be set for hearing and that after notice and hearing the application be granted.

Respectfully submitted:

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over a horizontal line.

W. Thomas Kellahin, Esq.
Kellahin, Kellahin & Aubrey
P. O. Box 2265
Santa Fe, New Mexico 87504

Exhibit "A"

Anadarko Production Company
215 West Wall
P. O. Box 2497
Midland, Texas 79701

Shell Oil Company
One Shell Place
P. O. Box 2463
Houston, Texas 77252

Texaco Producing Company
P. O. Box 3109
Midland, Texas 79702

Cities Service Oil & Gas Company
P. O. Box 3908
Tulsa, Oklahoma 74102

Chevron, U. S. A.
P.O. Box 670
Hobbs, New Mexico 88240

Amerada Hess Corporation
P. O. Box 840
Seminole, Texas 79360

Mobil Producing Texas and New Mexico
901 East Bender Boulevard
Hobbs, New Mexico 88240

Sun Exploration and Production Company
P. O. Box 2880
Dallas, Texas 75221