

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

March 2, 1978

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Re: Zia Energy, Inc.
Elliott Federal No. 1
Unit Letter I, Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Elliott Oil Company completed their Elliott Federal No. 1 on February 16, 1938 at a total depth of 3780'. 7" casing was set at 3702' and cemented with 150 sacks of cement. This well is classified as a Eumont oil well.

The Elliott Federal No. 2 was completed on May 19, 1938 at a total depth of 3780' with 7" casing set at 3720' and cemented with 150 sacks of cement. It was completed as a Eumont oil well. In August 1954, this well was fracture treated and reclassified as a Eumont gas well under Order No. NSP-30. The acreage dedicated to this gas well is the N/2 SE/4 and the W/2 NE/4 of Sec. 26, T20S, R 36E.

The Elliott Federal No. 1 has recently been worked over. The open hole section from 3702' to total depth was cleaned out and fracture treated. Then new perforations were added--24 holes from 3554' to 3656'--and these perforations were fracture treated. These new perforations are in the upper portion of the Queen formation. Well tests indicate the well will produce 300 MCF per day with only a trace of oil, making this well eligible for a gas well classification.

The New Mexico Oil Conservation Commission is requested to administratively approve an unorthodox gas well location for the Elliott Federal No. 1 oil well, which has been recompleted as a gas well. The location for this well is 2310' from the south line and 330' from the east line of Sec. 26, T20S, R36E.

The New Mexico Oil Conservation Commission is also requested to administratively approve simultaneous dedication of the 160 acres dedicated to