



PLANTATION PETROLEUM COMPANIES

PP HOLDINGS II, LLC; PP ACQUISITIONS, LLC; ZIA ENERGY, INC.

2203 Timberloch Place, Ste. 229
The Woodlands, TX 77380
Tel: (281) 296-7222
Fax: (281) 298-2333

Donald P. Dotson
COO

RECEIVED

APR 9 2005

CITIZEN

April 8, 2005

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attn: Mr. William Jones

RE: Grizzell #2 DHC Allocation for Zia Energy, Inc.
DHC-2530

Dear Mr. Jones,

Zia Energy, Inc. requests administrative approval to change the downhole commingle allocation percentages for the current zones on the administrative order DHC-2530 for the following well:

Well: Grizzell #2
API #: 30-025-10067
Location: 1980' FSL & 1980' FEL
Well Unit: Unit J, Section 5, T22S, R37E, Lea County, NM

We added perforations and fraced the Drinkard Pool in August 2004 causing an increase in production from that zone. All interests are identical in the commingled zones. Please change the allocation of production for the well as follows:

			<u>BOPD</u>	<u>MCFD</u>
Penrose-Skelly; Grayburg Pool	28.6% Oil	9.1% Gas	2 x 20	
Drinkard Pool	71.4% Oil	90.9% Gas	5 x 20	

If you have any questions or need additional information, please call me at (281) 796-1645 or e-mail me at ddotson@plantationpetro.com.

Best regards,

Don Dotson
COO - Zia Energy

Attachments

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 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

Form C-103
 Revised May 08, 2003

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

WELL API NO. 30-025-10067
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Grizzell
8. Well Number 2
9. OGRID Number 25616
10. Pool name or Wildcat Penrose Skelly Grayburg/Drinkard

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

2. Name of Operator
 Zia Energy, Inc.

3. Address of Operator
 2203 Timberloch Pl, Ste 229, The Woodlands, TX. 77380

4. Well Location
 Unit Letter J : 1980 feet from the South line and 1980 feet from the East line
 Section 5 Township 22S Range 37E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3406' GR

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

8-2-04 thru 8-11-04.
 MIRU Mesa Well Service workover rig. POH w/ rods and tubing. Rig up Computalog and set 5" Composite bridge plug at 6460'. Perforate upper Drinkard f/ 6358'-6440' w/ 3 1/8" csg guns w/ .42" EHD. Perf 1 JSPF for total of 58 holes.
 Acidize perms w/ 1500 gal 15% NEFE acid. Swab test zone w/ show of gas.
 Frac perms 6358'-6440' w/ 52,000 gal XLink gel + 2000# 100 mesh sand + 70,000# 20/40 Ottawa sand down 2.875" work string at 20 BPM. Max pressure-5600 psi. Flow back frac. Rig up foam unit and clean out sand and drill composite bridge plug. Commingle open hole Drinkard, new Drinkard perms and old Penrose Skelly perforations. TOH & LD work string. RIH w/ production tubing, rods and pump. Place well back on production.

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

SIGNATURE Gene Lee TITLE Agent DATE 8/5/04

Type or print name Gene Lee Telephone No. (505) 626-4292

(This space for State use)

APPROVED BY _____ DATE _____
 Conditions of approval, if any:

ORIGINAL TITLE _____
 SIGNED BY GARY W. WINK
 OG FIELD REPRESENTATIVE II/STAFF MANAGER

OCT 12 2004

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9. OGRID Number 25616
10. Post name of Well Penrose Skelly Grayburg/Drinkard

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PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Frac existing zones & add perfs <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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Zia Energy, Inc plans to frac the open hole interval of the Drinkard and add Additional Perfs in the Drinkard from 6314'-6440'. A composite plug will be set above the open hole interval after frac'ing and the Upper Drinkard perfs will be stimulated and tested. The composite plug will be drilled out and the two Drinkard zones will be commingled. This well is currently commingled in the Penrose Skelly Grayburg and Drinkard formations and approved on 10/99.

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

SIGNATURE Gene Lee TITLE Agent DATE 5/5/04

Type or print name Gene Lee Telephone No. (505) 626-4292

(This space for State use)

APPROVED BY Gary Wink DATE 5/5/04

Conditions of approval, if any:
 GARY W WINK
 OC FIELD REPRESENTATIVE II/STAFF MANAGER