

PNRMO301438367

C-103 Received 11-15-02
DHC No. Assigned 12-10-02

Order Number

API Number

Operator

County

H0B-0052

30-025-10148

Zia Energy, Inc.

Lea

Order Date

Well Name

Number

Location

10-16-02

Penrose

004

E

9

22S

37E

UL

Sec

T (+Dir)

R (+Dir)

Oil %

Gas %

Pool 1

49210

Paddock

79%

11%

Pool 2

19190

Drinkard

21%

89%

Pool 3

Pool 4

Comments:

Work completed effective
Work cancelled effective
Supplement 1616N

10-16-02

3-10-03

1-14-03
Posted to
RBDYM &

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-10148
HOB-0052

OPERATOR: Zia Energy, Inc.

PROPERTY NAME: Penrose

WNULSTR: 4-E, 9-22-37

	SECTION I:	ALLOWABLE AMOUNT	
49210	POOL NO. 1 <u>Paddock</u>	<u>107</u>	<u>642</u> MCF 6000
19190	POOL NO. 2 <u>Drinkard</u>	<u>142</u>	<u>852</u> MCF 6000
	POOL NO. 3 _____	_____	_____ MCF
	POOL NO. 4 _____	_____	_____ MCF
		<u>POOL TOTALS</u> <u>249</u>	<u>1494</u> MCF

	SECTION II:	Oil	Gas
APAD20000	POOL NO. 1 <u>Paddock</u>	79% X 249 = 196.71	1190
ADRI30000	POOL NO. 2 <u>Drinkard</u>	21%	89%
	POOL NO. 3 _____		
	POOL NO. 4 _____		

	<u>OIL</u>	<u>GAS</u>
SECTION III:	<u>107 ÷ 79% = 135.45 (136)</u>	_____
SECTION IV:	<u>136 X 79% = 107.44 (107)</u>	_____
	<u>136 X 21% = 28.56 (29)</u>	_____
	_____	_____
	_____	_____

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd, Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, NM 87505

WELL API NO. 30-025-10145

5. Indicate Type of Lease STATE [] 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 Penrose

1. Type of Well: OIL WELL [x] GAS WELL [] OTHER []

8. Well No. 4

2. Name of Operator Zia Energy, Inc.

9. Pool name or Wildcat Drinkard/Paddock

3. Address of Operator PO Box 2510, Hobbs, NM 88241

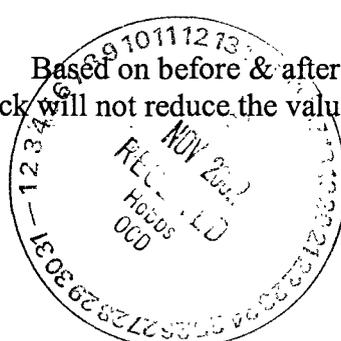
4. Well Location Unit Letter E 2310 Feet From The North Line and 330 Feet From The West Line Section 9 Township 22s Rang. 37e NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3411' Gr

11. 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 [] CASING TEST AND CEMENT JOB [] OTHER: Downhole commingle []

12. 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.

Application for downhole commingled (i) Division order establishing pre-approved pool or area R-11363 (ii) Pool Names Drinkard <19190> Paddock <49210> (iii) 6330-6510 5090-5200 (iv) 21% Oil 89% Gas 79% Oil 11% Gas (v) The downhole commingling of oil & gas from the Drinkard and the Paddock will not reduce the value of the total remaining production (vi) Ownership between both pools is identical (vii) This lease is a Federal property



DHC Order No. HOB-0052

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE Scott Nelson TITLE Engineer DATE 11/15/02

TYPE OR PRINT NAME Scott Nelson 505-393-2937 TELEPHONE NO.

(This space for State Use) APPROVED BY [Signature] TITLE DATE

CONDITIONS OF APPROVAL, IF ANY: