



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

September 17, 1997

Zia Energy, Inc.  
P. O. Box 2219  
Hobbs, New Mexico 88241  
Attention: Scott Nelson

*Administrative Order NSP-1777*

Dear Mr. Nelson:

Reference is made to your application dated August 19, 1997 for a 40-acre non-standard gas spacing and proration unit consisting of the following acreage in the Eumont Gas Pool:

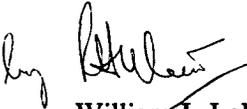
LEA COUNTY, NEW MEXICO  
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 17: NE/4 NE/4

It is my understanding that this unit is to be dedicated to the existing Elliott "B" Well No. 6 (API No. 30-025-10333), located at a standard gas well location 660 feet from the North and East lines (Unit A) of said Section 17.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division") and Rule 2(d) of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended. Pursuant to said rules no objection to the subject application has been received within the required 20-day waiting period.

By the authority granted me under the provisions of said rules, Zia Energy, Inc. is hereby authorized to operate the above-described non-standard gas spacing and proration unit, with allowable assigned thereto in accordance with Rule 5 of said special pool rules based upon the unit size of 40 acres.

Sincerely,

by  Deputy Director

William J. LeMay  
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad  
New Mexico State Land Office - Santa Fe