NSP 9/10/97

P. O. BOX 2219

ZIA ENERGY, INC.

PHONE (505) 393-2937

HOBBS, NEW MEXICO 88241

August 19, 1997

NMOCD
2040 South Pacheco
Santa Fe, NM 87505

Attn: Mr. Michael Stogner
Engineering

Ref: Non Standard Proration Unit
Elliott 'B' No. 6, Sect 17, T 22S, R 37E
Lea County, NM

Dear Mr. Stogner:

Zia Energy, Inc. would like to request adminstrative approval of a non standard proration unit for the above referenced well. The well was originally a Penrose Skelly completion and upon reaching an economic limit the well was plugged back to test the Eumont. It potentialed for 133 MCFD. Due to depletion of the Eumont gas in this area, approval of a non standard proration unit will maximize the economic recovery of gas reserves. We would like to dedicate 40 acres to this unit. Forty acre units have previously been allowed in the Eumont as referenced by the Conoco State 'C' 16 #1 (16-20S-37E unit E - order NSP-600). All offset operators have been notified by certified mail. This is a Federal lease and the appropriate forms are attached. If you require any additional information I can be reached at (505) 393-2937 or by e-mail at nelsosd@leaconet.com.

Oil-Eumont

Respectfully,

Scott Nelson

Scott Nelson

Attachments

Any objection must be filed in writing within 20 days from the date the notice was sent.

Offset Operators:
Altura
PO Box 4294
Houston, TX 77210-4294

BEC
Box 1392
Midland, TX 79702

Hawkins Oil & Gas
400 S Boston Ave
Tulsa, OK 74103-5025

John Hendrix Corp.
P.O. Box 3040
Midland, TX 79702-3040

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe. NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025--10333	22800	Eumont

[4] Property Code	[5] Property Name	[6] Well Number
013025	Elliott 'B'	6

[7] OGRID No.	[8] Operator Name	[9] Elevation
25616	Zia Energy, Inc.	3404

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	17	22S	37E		660	N	660	E	Lea

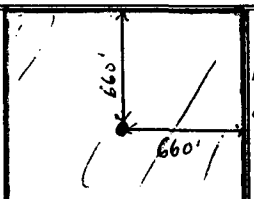
[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40	N		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



[17] OPERATOR CERTIFICATION

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

Scott Nelson
Signature
Scott Nelson
Printed Name
Engineer
Title
August 19, 1997
Date

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under

Date of Survey
Signature and Seal of Professional Surveyer:

Certificate Number

Form 3160-5
(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE (Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.: LC-032573 - b

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

OPERATOR'S COPY

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—" for such proposals.)

1. OIL WELL ☐ GAS WELL ☒ OTHER

7. UNIT AGREEMENT NAME:

2. NAME OF OPERATOR: Zia Energy Inc

8. FARM OR LEASE NAME: Elliott "B"

3. ADDRESS OF OPERATOR: P.O. Box 2219, Hobbs, NM 88241

9. WELL NO.: 6

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface: 660' FNL & 660' FEL

10. FIELD AND POOL, OR WILDCAT: Eumont

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: 17-T22S-37E

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.): 3404' GR

12. COUNTY OR PARISH: Lea

13. STATE: NM

16. **Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data**

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
TEST WATER SHUT-OFF	☐	PULL OR ALTER CASING	☐	WATER SHUT-OFF	☐	REPAIRING WELL	☐
FRACTURE TREAT	☐	MULTIPLE COMPLETE	☐	FRACTURE TREATMENT	XX	ALTERING CASING	☐
SHOOT OR ACIDIZE	☐	ABANDON*	☐	SHOOTING OR ACIDIZING	☐	ABANDONMENT*	☐
REPAIR WELL	☐	CHANGE PLANS	☐	(Other) PB and recomplete to Queen	☐		
(Other)	☐			(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)			

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

5/20/97 POH w/ Prd. equip. Set CIBP @ 3490'.

5/21/97 RIH w/ 3½" tubing & Pkr. and set @ 3122'. Perforated through tubing with 2 1/8" gun in the following intervals: 3438', 40, 42, 44, 46, 48, 56, 58, 60, 74, 76, 78, 80, (2 SPI)

5/22/97 Fractured treated perfs. with 26,869 gals. gelled water, 25,443 gal. CO_2 and 176,000 lbs of 16/30 sand.

5/27/97 POH with frac. tubing.

5/28/97 Clean out sand with wireline bailer and swab.

5/29/97 Put well on pump.

RECEIVED
1997 JUL -2 A 11:47
BUREAU OF LAND MGMT.
HOBBS, NEW MEXICO

Where Eumont July 1st 1997

65 640

ACCEPTED FOR RECORD
JUL 10 1997
BLM
David R. Glass

18. I hereby certify that the foregoing is true and correct

SIGNED Scott Nelson TITLE Engineer DATE 7/2/97

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Form 3160-5
(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.
OPERATOR'S COPY 032573(b)

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

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—" for such proposals.)

1. OIL WELL [XX] GAS WELL [ ] OTHER

7. UNIT AGREEMENT NAME

2. NAME OF OPERATOR
Zia Energy Inc

8. FARM OR LEASE NAME
Elliott "B"

3. ADDRESS OF OPERATOR
P.O. Box 2219, Hobbs, NM 88241

9. WELL NO.
6

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
660' from the North line and 660' from the East line

10. FIELD AND POOL, OR WILDCAT
Eumont

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
17-T22S-R37E

14. PERMIT NO.	15. ELEVATIONS (Show whether DF, RT, GR, etc.)	12. COUNTY OR PARISH	13. STATE
	3404' GR	Lea	NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
TEST WATER SHUT-OFF	[ ]	PULL OR ALTER CASING	[ ]	WATER SHUT-OFF	[ ]	REPAIRING WELL	[ ]
FRACTURE TREAT	[XX]	MULTIPLE COMPLETE	[ ]	FRACTURE TREATMENT	[ ]	ALTERING CASING	[ ]
SHOOT OR ACIDIZE	[ ]	ABANDON*	[ ]	SHOOTING OR ACIDIZING	[ ]	ABANDONMENT*	[ ]
REPAIR WELL	[ ]	CHANGE PLANS	[ ]	(Other)			
(Other)				(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)			

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

1. Rig up well servicing unit - install BOP - pull tubing and rods.
2. Set a RBP at 3525' - pressure test casing to 500#.
3. Perforate zones of porosity in the interval from 3448' to 3510'.
4. Break down perfs. using acid with a RBP and packer.
5. With RBP set at 3525' and packer at 3400' fracture treat perfs. through 3½" frac. tubing using approximately 900 barrels of gelled water plus 125 tons of CO_2 plus 125,000# of sand.
6. Flow to recover CO_2 and dissipate pressure.
7. Remove the 3½" frac. tubing. Run production tubing. Place well on production to recover load and test.

BUREAU OF LAND MANAGEMENT
RECEIVED
APR 28 1997
DIST. 6 N.M.
Carlsbad, New Mexico

18. I hereby certify that the foregoing is true and correct

SIGNED Jarris Nelson TITLE Engineer DATE 4/25/97

(This space for Federal or State office use)

APPROVED BY David R. Glass TITLE PETROLEUM ENGINEER DATE MAY 08 1997

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Form 3160-4
(November 1983)
(formerly 9-330)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE (See other instructions on reverse side)

OPERATOR'S COPY

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.: LC-032573-b

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Elliott "B"

9. WELL NO.: 6

10. FIELD AND POOL, OR WILDCAT: Eumont

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: 17-T22S-R37E

12. COUNTY OR PARISH: Lea

13. STATE: NM

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL XX DRY ☐ Other

b. TYPE OF COMPLETION: NEW WELL ☐ WORK OVER ☐ DEEP-EN ☐ PLUG BACK XX DIFF. RESVR. X Other

2. NAME OF OPERATOR: Zia Energy Inc

3. ADDRESS OF OPERATOR: P.O. Box 2219, Hobbs, NM 88241

4. LOCATION OF WELL (*Report location clearly and in accordance with any State requirements*)*
At surface: 660' FNL and 660' FEL
At top prod. interval reported below
At total depth

14. PERMIT NO. | DATE ISSUED

15. DATE SPUDDED	16. DATE T.D. REACHED	17. DATE COMPL. (*Ready to prod.*)	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*	19. ELEV. CASINGHEAD
7/2/38	7/30/38	6/1/97	3404 GR	

20. TOTAL DEPTH, MD & TVD	21. PLUG, BACK T.D., MD & TVD	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY	ROTARY TOOLS	CABLE TOOLS
3700	3490		→		

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*: 3439 - 3480 Queen

25. WAS DIRECTIONAL SURVEY MADE

26. TYPE ELECTRIC AND OTHER LOGS RUN

27. WAS WELL CORED

28. CASING RECORD (*Report all strings set in well*)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
No Change in Casing Program					

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (*Interval, size and number*)
3438, 40, 42, 44, 46, 48, 56, 58, 60, 74, 76, 78, 80,
26 holes .29"

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3438 - 3480	Frac. 52312 gals 50/50 CO_2 and 176,000 lbs. 16/30 sand

RECEIVED
1997 JUL -2 A 11:47
BUREAU OF LAND MGMT.
HOBBS, NEW MEXICO

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (*Flowing, gas lift, pumping—size and type of pump*)	WELL STATUS (*Producing or shut-in*)
6/1/97	Pumping - 1½" pump	Producing

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD →	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
6/20/97	24			0	133	2	

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE →	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)

34. DISPOSITION OF GAS (*Sold, used for fuel, vented, etc.*): Sold — TEST WITNESSED BY

35. LIST OF ATTACHMENTS

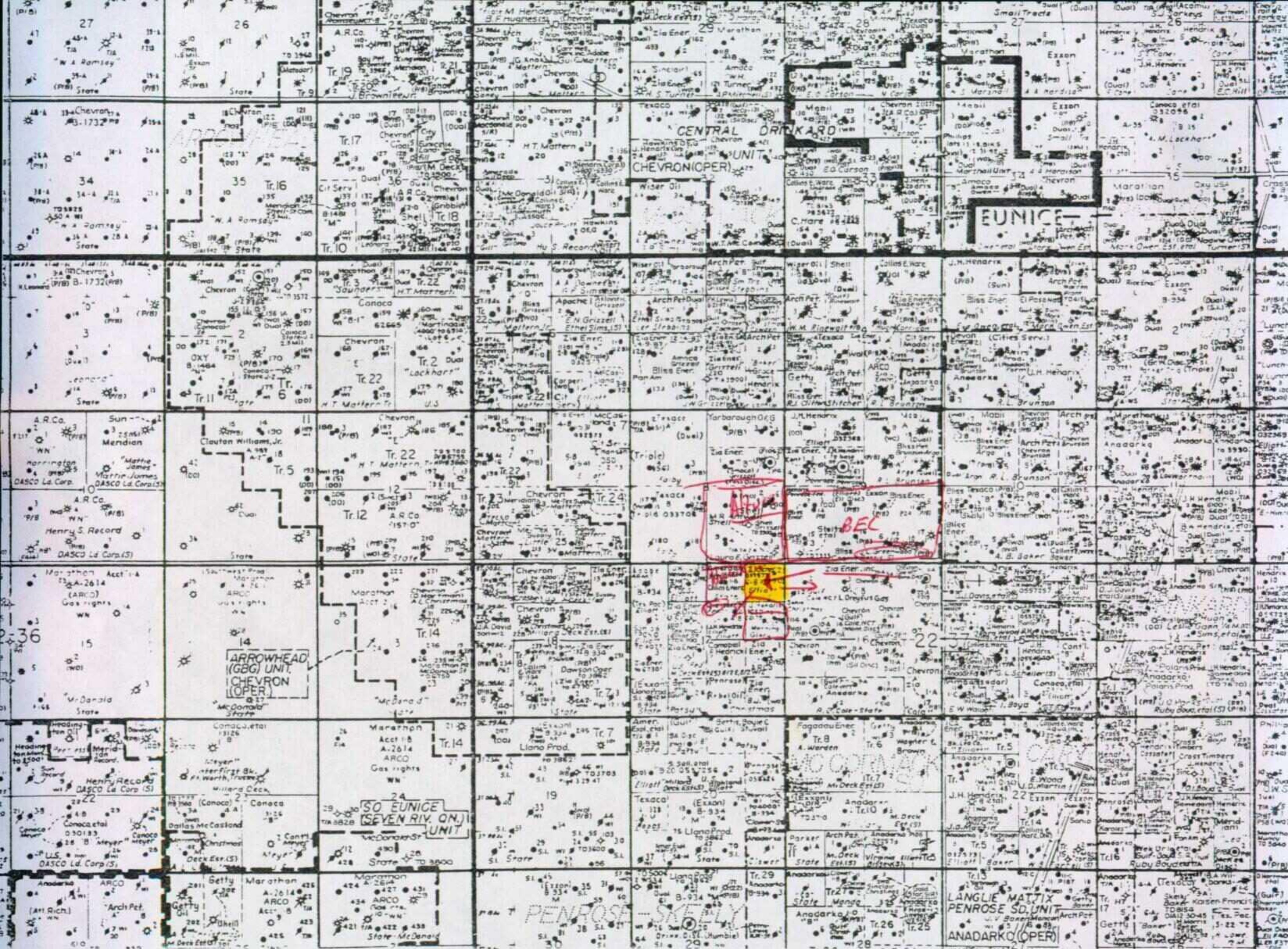
ACCEPTED FOR RECORD
David R. Glass
JUL 9 1997
BLM

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Scott Nelson TITLE Engineer DATE 7/2/97

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.


CENTRAL DRINKARD UNIT
CHEVRON(OPER)
EUNICE
ARROWHEAD (GBG) UNIT CHEVRON (OPER)
SO EUNICE (SEVEN RIV. QN.) UNIT
PENROSE-SKELLY
McCORMACK
LANGLIE MATTIX PENROSE SD. UNIT
ANADARKO (OPER)
BEC

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

09/17/97 15:05:06
OGOMES -EMEW
PAGE NO: 1

Sec : 17 Twp : 22S Rng : 37E Section Type : **NORMAL**

D Z Z 40.00 CS B00934 11/38 EXXON CORP A	Z C 40.00 Federal owned A A	B 40.00 CS B00934 27 11/38 BP EXPLORATION A A	A 40.00 Federal owned A A
E 40.00 CS B00934 11/38 EXXON CORP	F 40.00 CS B00934 34 11/38 SOHIO PET CO & SU A	G 40.00 Federal owned A A	H 40.00 Fee owned P A

PF01 **HELP** PF02 PF03 **EXIT** PF04 **GoTo** PF05 PF06
PF07 **BKWD** PF08 **FWD** PF09 **PRINT** PF10 **SDIV** PF11 PF12

Sec : 17 Twp : 22S Rng : 37E Section Type : **NORMAL**

L	K	J	I
40.00 CS B00934 11/38 EXXON CORP A	40.00 Federal owned A	40.00 Fee owned A	40.00 Fee owned A A
M	**N**	**O**	**P**
40.00 CS B00934 11/38 EXXON CORP A	40.00 Fee owned A	40.00 Fee owned A	40.00 Fee owned A