



PLANTATION PETROLEUM COMPANIES

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

Donald P. Dotson  
COO

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

RECEIVED

APR 9 2005

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 200	

If you have any questions or need additional information, please call me at (281) 796-1645 or e-mail me at [ddotson@plantationpetro.com](mailto: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 ☐ FEE ☒

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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐

COMMENCE DRILLING OPNS ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

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 perfs w/ 1500 gal 15% NEFE acid. Swab test zone w/ show of gas.

Frac perfs 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 perfs 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

TITLE Agent

DATE

Type or print name Gene Lee

Telephone No. (505) 626-4292

APPROVED BY

Conditions of approval, if any:

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

DATE

OCT 12 2004

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 Well Unit Penrose Skelly Grayburg/Drinkard

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> 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 <u>J</u> : <u>1980</u> feet from the <u>South</u> line and <u>1980</u> feet from the <u>East</u> line Section <u>5</u> Township <u>22S</u> Range <u>37E</u> NMPM <u>Lea</u> 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 checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input 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: Frac existing zones & add perfs <input checked="" 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.

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