

**CASE 6193: ZIA ENERGY, INC., FOR
AN UNORTHODOX GAS WELL LOCATION
SIMULTANEOUS DEDICATION, LEA CO.**

Case NO.

6193

Application

Transcripts

Small Exhibits

ETC.



PHIL R. LUCERO
COMMISSIONER

State of New Mexico



Commissioner of Public Lands

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

April 11, 1978

*File
Case 6193*

Kellahin and Fox
Attorneys at Law
P. O. Box 1769
Santa Fe, New Mexico 87501

Re: Zia Energy, Inc. (State Lease No. B-2149)

Attn: Mr. Tom Kellahin

Gentlemen:

We have reviewed the citations together with your interpretation of the subject lease and communitization agreement, and we concur that State of New Mexico Oil and Gas Lease No. B-2149 is continued and in full force and effect at this time.

By copy of this letter we are advising the Oil Conservation Division of the lease status and that we have no objection to any order they may issue affecting the lands covered by the Elliott Federal Communitization Agreement.

Very truly yours,

Phil R. Lucero
Commissioner of Public Lands

Ray D. Graham
By: Ray D. Graham, Director
Oil and Gas Division

PRL:RDG:cw

cc: Mr. Dan Nutter
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6193
Order No. R-5708

APPLICATION OF ZIA ENERGY, INC., FOR
AN UNORTHODOX GAS WELL LOCATION AND
SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 5, 1978,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of April, 1978, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Zia Energy, Inc., seeks approval of
an unorthodox gas well location for its Elliott Federal Well No.
1 located 2310 feet from the South line and 330 feet from the
East line of Section 26, Township 20 South, Range 36 East, NMPM,
Eumont Gas Pool, Lea County, New Mexico.

(3) That said well was originally drilled as an oil well at
a standard location but has been recompleted as a Eumont gas well.

(4) That no offset operator objected to the proposed
unorthodox location.

(5) That the applicant further requests that the N/2 SE/4
and W/2 NE/4 of said Section 26 be simultaneously dedicated to
the aforesaid well and to Well No. 2 in Unit J.

(6) That approval of the subject application will afford
the applicant the opportunity to produce its just and equitable
share of the gas in the subject pool, will prevent the economic
loss caused by the drilling of unnecessary wells, avoid the
augmentation of risk arising from the drilling of an excessive
number of wells, and will otherwise prevent waste and protect
correlative rights.

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Case No. 6193
Order No. R-5708

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the Zia Energy, Inc., Elliott Federal Well No. 1 located at a point 2310 feet from the South line and 330 feet from the East line of Section 26, Township 20 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(2) That the N/2 SE/4 and W/2 NE/4 of said Section 26 shall be simultaneously dedicated to the aforesaid well and to Well No. 2 in Unit J.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S E A L

jr/

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
APRIL 5, 1978

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Zia Energy,)
Inc., for an unorthodox gas)
well location and simultaneous)
dedication, Lea County, New)
Mexico.)
)

Case 6193

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARINGS

A P P E A R A N C E S

For the New Mexico Oil Conservation Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

Tom Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

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MR. NUTTER: We call Case No. 6193.

MS. TESCHENDORF: Case 6193, Application of Zia Energy, Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico.

MR. KELLAHIN: I am Tom Kellahin of Kellahin and Fox, Santa Fe, New Mexico, appearing on behalf of the Applicant and I have one witness.

MR. NUTTER: We will recess Case 6193 for a while.

(WHEREUPON, Case 6193 recessed.)

MR. NUTTER: We will resume Case No. 6139. Previously we recessed Case 6139, we will resume that case. Mr. Kellahin?

MR. KELLAHIN: I believe the record will reflect, Mr. Examiner, that Mr. Nelson has been duly sworn and has been admitted as an expert witness, having previously testified before the Commission and that he appears today as an expert on behalf of Zia Energy.

FARRIS NELSON

the witness herein, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

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Q Mr. Nelson, please refer to what you have marked as Applicant's Exhibit No. 1 identify it and tell us what Zia Energy is seeking to accomplish?

A Exhibit No. 1 proposes to show the acreage involved here. We're requesting the Oil Conservation Division to approve an unorthodox location for the Zia Energy Elliott Federal No. 1 well located 2310 from the south line and 330 feet from the east line of Section 26, Township 20 south, Range 36 east, Lea County, New Mexico.

We are asking you to approve this unorthodox location for a gas well of the Eumont Gas Pool and to simulatenously dedicate the north half of the southeast quarter section of the west half of the northeast quarter section of Section 26 to this Elliott Federal No. 1, and/or to the Elliott Federal No. 2, which is located in Unit Letter J.

This also proposes to show the offsetting wells and the location of the offsetting wells in relation to this 160 acre lease.

Q What acreage would you dedicate to the production for the two wells?

A The acreage to be dedicated to the two

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wells would be the north half of the southeast quarter and the west half of the northeast quarter of Section 26.

Q West half of the northeast quarter of 26 is a State lease, is it not?

A Yes, it is.

Q The north half of the southeast quarter of 26 is a Federal lease, is that correct?

A That's correct.

Q And both leases have been communitized by a communitization agreement?

A Yes, that's correct.

MR. KELLAHIN: If the Examiner please, there has been some question raised by Mr. Ray Graham of the State Land Office with regard to whether the State lease committed to this unit has expired. We would like to continue our testimony and have you take the case under advisement until further advised by Mr. Graham as to whether that lease has, in fact, expired.

MR. NUTTER: We will do that, Mr. Kellahin.

Q (By Mr. Kellahin) Please continue, Mr. Nelson, what you have marked as Exhibit No. 2, identify it and explain what information that exhibit and its pages contain?

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A All right. Exhibit No. 2 is listed as Exhibit No. 2-A through H and these are the offsetting wells to the Elliott Federal No. 1 well and these exhibits propose to show the date of completion, total depth, the producing interval of each well, it shows stimulations and production and the current status of each of the wells.

Exhibit No. 2-A, 2-B, 2-C, 2-D, have all either been shut in or plugged for a period of some time.

Exhibit No. 2-E is a Getty Skelly "H" No. 1 which is still currently producing, maybe I should qualify that. The last production shown on that was in November of 1977. Producing from the Eumont Gas Pool.

Exhibit No. 2-F is Phillips Petroleum Company new lease No. 2 well which is currently producing and is capable of producing 194 MCF per day. This was reported in December of 1977.

Exhibit Nos. 2-G and 2-H are not actually offset wells to the No. 1 Elliott. However, they are offset to the 80 acres in question. All of the completion and production information is given on these two as well.

Q Please refer to what you have marked as Exhibit No. 3 and identify it?

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A Exhibit No. 3 is an offset well to the Elliott Federal No. 1. It was drilled by Elliott Oil Company and has just recently been acquired by Zia Energy. It's the Schafer State No. 2. This well was plugged and abandoned in June of 1971.

MR. NUTTER: Mr. Nelson, where is that well on Exhibit 1?

MR. NELSON: The well on Exhibit 1 would be unit letter G.

MR. NUTTER: That's what I thought and Exhibit 3 says that its' J, so I think that should be corrected.

MR. NELSON: Yes.

Q (By Mr. Kellahin) All right. Please identify Exhibit No. 4?

A Exhibit No. 4 is Zia Energy Elliott Federal Comm No. 2 well which is correctly Unit letter J in Section 26.

This well is currently producing as an Eumont gas well. It was reclassified as an Eumont gas well in 1954, in June of 1954 and has produced as an Eumont gas well through April of 1977. And there was period of months during 1977 when production ceased for mechanical reasons.

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It was returned to production in December of 1977 and is currently producing. Recent production tests indicates it is capable of producing two barrels of oil per day and 250 MCF per day of gas.

MR. NUTTER: I presume that period of inactivity for this well is the period that brought this question up as to whether the communitization and the State lease were still effective?

MR. NELSON: Yes, that is correct. But it was a mechanical problem which has been correct.

MR. NUTTER: Okay. Go ahead.

Q (By Mr. Kellahin) Please identify Exhibit No. 5?

A Exhibit No. 5 is well data on the Elliott Federal No. 1 well showing its history. It was completed in February of 1939 at a total depth of 3780 feet. It had potential of 588 barrels per day and this well was deepened in August of 1940 to 3809 and then it was shut-in for a period of time from sometime in 1961 until in February of 1978, at which time we cleaned out the well, we fracture treated the open hole section between 3702 and 3809.

Then referring to Exhibit 5 D which is a schematic of the well bore, in February of 1978 we

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perforated 23 holes from 3554 to 3656, set a bridge plug at 3674 and fracture treated these 23 holes. The well is currently producing with the bridge plug still in place and it is currently capable of producing three barrels of oil per day and 400 MCF of gas per day.

Q Please identify Exhibit No. 6 and explain what information it contains?

A Exhibit No. 6-A is a tabulation of production for the Elliott Federal No. 1 and No. 2 wells for the period from 1950 through 1977.

Exhibit No. 6-B is a declining curve for the Elliott Federal Comm. No. 2 gas well. This just proposes to show the producing history for this period of time.

Q Please identify Exhibit No. 7?

A Exhibit No. 7-A through 7-E are waivers of objection from the offset operators to the Elliott Federal No. 1 well. This was secured following our application for a hearing to convert this to--this Elliott Federal No. 1 to a gas well.

Q In your opinion, Mr. Nelson, will approval of this application be in the best interest of conservation, the prevention of waste and the protection of correlative

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rights?

A Yes, it will.

Q Were Exhibit 1 through 7 prepared by you directly or compiled under your direction and supervision?

A Yes, they were.

MR. KELLAHIN: We move the introductions of Exhibits 1 through 7.

MR. NUTTER: Applicant's Exhibits 1 through 7 will be admitted into evidence.

(WHEREUPON, Applicant's Exhibits Nos. 1 through 7 admitted into the evidence.)

MR. KELLAHIN: That concludes our examination.

MR. NUTTER: Does anyone have any questions of Mr. Nelson?

(No response.)

You may be excused. Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir. Thank you.

MR. NUTTER: Does anyone have anything to offer in Case 6193? We will take this case under advisement.

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RPR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this fourteenth day of April, 1978.

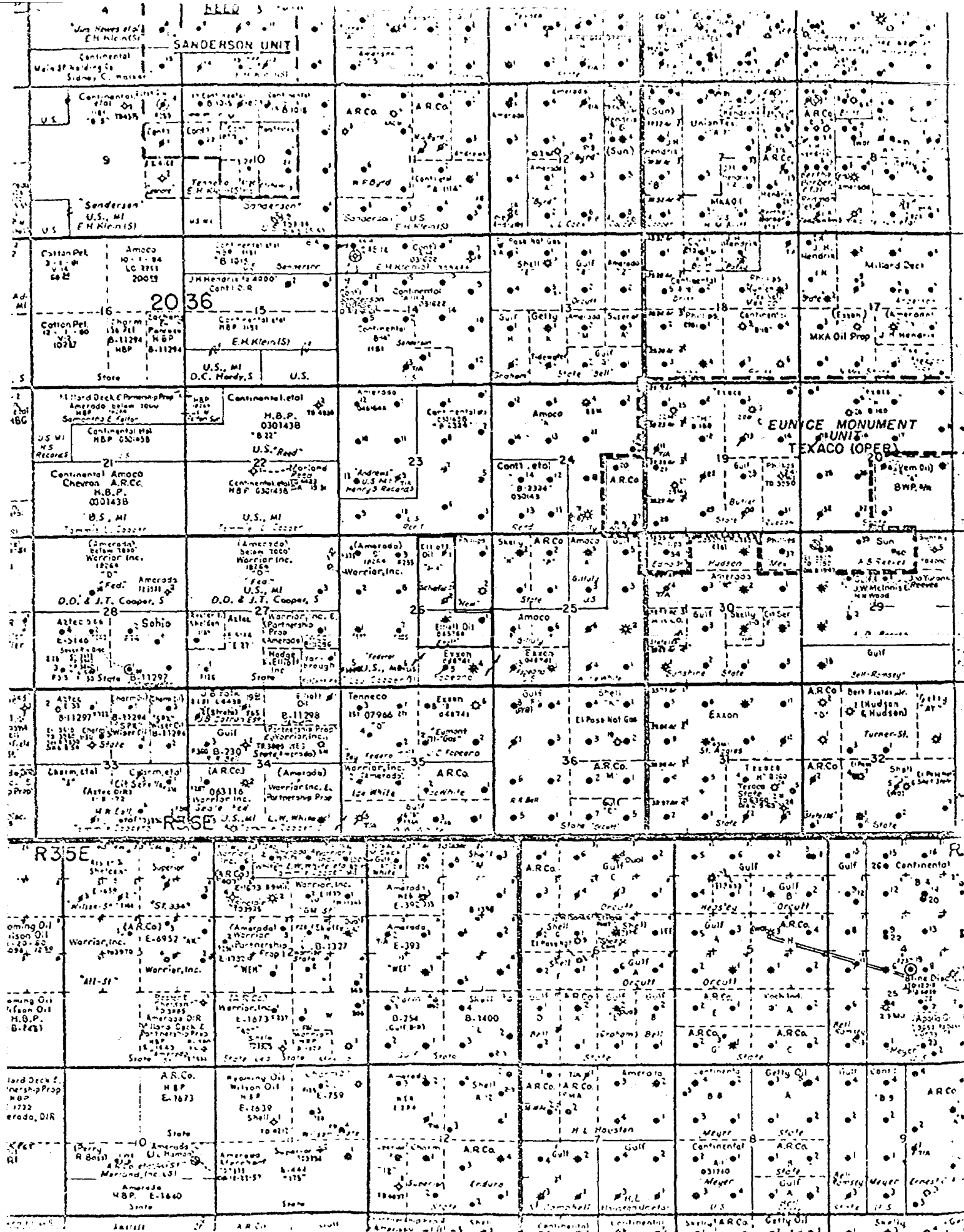

Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 493 heard by me on 4.5, 1978.

 Examiner
New Mexico Oil Conservation Commission

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CASE NO. 6193

ZIA ENERGY, INC.

Company: Amoco Production Company
Lease: Gillully "B" Fed. RA A Well No. 1
Field: Eumont oil
Unit Letter L Sec. 25, T 20S, R 36E

Lea County, New Mexico

Date Completed 11/1/37 Total Depth 3854' Elevation 3554'

Intermediate Casing: Size 9 5/8" Depth 2647' Cement 600 s x s

Production Casing: Size 7" Depth 3741' Cement 300 s x s

Perforation: _____ Open Hole: 3741' - 3854'

Formation Tops: TA 1190' TS 1280' BS 2612' TY _____
T7R _____ TQu _____ TGb _____

Stimulation: Initial treatment 1000 gallons of acid.

Initial Potential: BOPD 342 BWPD 0 MCF/D 212

Cumulative Production to 1/1/77: BO 3746 MCF NA

Remarks: Acidized 7/15/57 with 5000 gallons of acid. Production before
O BO + O BWPD - After 8 BO + O BWPD + 39 MCF.
Well SI since January, 1969.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
21A EXHIBIT NO. 2
CASE NO. 6193

Company: Exxon Company, U.S.A.
Lease: L. C. Fopeano Well No. 3
Field: Eumont oil
Unit Letter M Sec. 25, T 20S, R 36E

Lea County, New Mexico

Date Completed 11/28/37 Total Depth 3855' Elevation 3558'

Intermediate Casing: Size 7 5/8" Depth 1184' Cement 400 s x s

Production Casing: Size 5 1/2" Depth 3702' Cement 125 s x s

Perforation: _____ Open Hole: 3702' - 3855'

Formation Tops: TA 1155' TS 1270' BS 2624' TY 2939'
T7R _____ TQu _____ TGb _____

Stimulation: Initial treatment 3000 gallons of acid.

Initial Potential: BOPD 1616 BWPD 0 MCF/D NA

Cumulative Production to 1/1/77: BO 148,807 MCF NA

Remarks: P & A 12/3/70.

Company: Exxon Company, U.S.A.
Lease: L. C. Fopeano Well No. 4
Field: Eumont oil
Unit Letter P Sec. 26, T 20S, R 36E

Lea County, New Mexico

Date Completed 3/19/38 Total Depth 3850' Elevation 3563'

Intermediate Casing: Size 7 5/8" Depth 1267' Cement 450 s x s

Production Casing: Size 5 1/2" Depth 3711' Cement 150 s x s

Perforation: _____ Open Hole: 3711' - 3850'

Formation Tops: TA _____ TS _____ BS _____ TY _____
T7R _____ TQu _____ TGb 3840'

Stimulation: Initial treatment 2000 gallons of acid.

Initial Potential: BOPD 548 BWPD 0 MCF/D 744

Cumulative Production to 1/1/77: BO 32,230 MCF NA

Remarks: Set and cemented 4" FJ liner. Perforated 3787'-3808'.
Treated with 1000 gallons of acid and fracture treated using
10,000 gallons of refined oil and 10,000 # of sand. Production
after workover 45 BO + 3 BWPD and 85.7 MCF.
Reclassified as a Eumont gas well on 9/11/68.
Well SI February, 1975.

Company: Exxon Company, U.S.A.
Lease: L. C. Fopeano Well No. 5
Field: Eumont oil
Unit Letter 0 Sec. 26, T 20S, R 36E

Lea County, New Mexico

Date Completed 5/7/38 Total Depth 3855 Elevation NA

Intermediate Casing: Size 7 5/8" Depth 1301' Cement 400 s x s

Production Casing: Size 5 1/2" Depth 3727' Cement 150 s x s

Perforation: _____ Open Hole: 3727' - 3855'

Stimulation: Initial treatment 4500 gallons of acid.

Initial Potential: BOPD 20 BWPD 1 MCF/D _____

Cumulative Production to 1/1/77: BO 72,643 MCF NA

Remarks: Fracture treated 10/19/55 using 10,000 gallons of refined oil and 10,000 # sand. Production after workover 23 BOPD + 0 BWPD and 31.3 MCF.
P & A 10/8/74.

Company: Getty Oil Company
Lease: Skelly "R" "H" Well No. 1
Field: Eunice Monument - Grayburg San Andres
Unit Letter E Sec. 25, T 20S, R 36E

Lea County, New Mexico

Date Completed 11/5/37 Total Depth 3852' Elevation 3547' G.L.

Surface Casing: Size 9 5/8" Depth 1130' Cement 250 s x s

Production Casing: Size 7" Depth 3740' Cement 300 s x s

Perforation: _____ Open Hole: 3740' - 3852'

Formation Tops: TA _____
TS _____ BS _____ TY _____
T7R _____ TQu 3477' TGb 3760'

Stimulation: Initial treatment 2000 gallons of acid.

Initial Potential: BOPD 662 BWPD 0 MCF/D N. A.

Cumulative Production to 1/1/77: BO 255,644 MCF N. A.

Remarks: Dually completed 1/3/57. Perforated the Queen 3481'-90', 3526'-31', 3537'-41', 3560'-76'. Treat with 500 gallons of acid. Set Baker model D packer at 3687'. Initial production 4200 MCF/day. Cumulative gas 1/1/77 1,814,963 MCF produced from Eumont gas.

Company: Phillips Petroleum Company
Lease: New Well No. 2
Field: Eumont oil - recompleted to Eumont gas
Unit Letter H Sec. 26, T 20S, R 36E

Lea County, New Mexico

Date Completed 4/3/38 Total Depth 3810' Elevation 3552' G.L.

Surface Casing: 9 5/8" Depth 1236' Cement 250 s x s

Production Casing: 7" Depth 3701' Cement 400 s x s

Perforation: _____ Open Hole: 3701' - 3810'

Stimulation: Initial treatment 1000 gallons of acid

Initial Potential: BOPD 604 BWPD 0 MCF/D 400

Cumulative Production to 1/1/77: BO _____ MCF _____

Remarks: Recompleted as a Eumont gas well 1/8/47. Set bridge plug in 7" casing. Perforated with 4 JSPF from 3540' to 3670'. Treated using 250 gallons of acid. Initial potential 3838 MCF/day. Cumulative Eumont gas to 1/1/77 3,447,457 MCF.

Company: Warrior, Inc.
Lease: Federal "G" "D" Well No. 7
Field: Eumont oil
Unit Letter K Sec. 26, T 20S, R 36E

Lea County, New Mexico

Date Completed 3/14/55 Total Depth 3895' Elevation 3584'

Surface Casing: Size 8 5/8" Depth 302' Cement 20 s x s

Production Casing: Size 5 1/2" Depth 3705' Cement 140 s x s

Perforation: _____ Open Hole: 3705' - 3895'

Formation Tops: TA 1395' TS 1497' BS -2780' TY 2937'
T7R 3265' TQu 3700' TGb _____

Stimulation: Initial treatment-1000 gallons of acid followed by fracture treatment using 20,000 gallons of refined oil and 20,000 # of sand.

Initial Potential: BOPD 406 BWPD 0 MCF/D 439

Cumulative Production to 1/1/77: BO 85,647 MCF N. A.

Remarks:

Company: Warrior, Inc.
Lease: Federal "D" Well No. 8
Field: Eumont oil
Unit Letter F Sec. 26, T 20S, R 36E

Lea County, New Mexico

Date Completed 4/2/55 Total Depth 3940' Elevation 3574'

Surface Casing: Size 8 5/8" Depth 1403' Cement 1000 s x s

Production Casing: Size 5 1/2" Depth 3896' Cement 800 s x s

Perforation: Open Hole: 3896' - 3940'

Formation Tops: TA 1375' TS 1483' BS 2754' TY 2912'
T7R 3200' TQ 3710' TGb

Stimulation: Initial treatment-1000 gallons of acid followed by 25,000
gallons of gelled oil and 25,000 # of sand.

Initial Potential: BOPD 269 BWPD 304 MCF/D 649

Cumulative Production to 1/1/77: BO 149,622 MCF N. A.

Remarks: Attempted gas recompletion 4/7/55. Perforated 3200'-10' and 3228'-44' with 104 shots. Frac with 10,000 gallons of oil and 10,000 # of sand. It was non-commercial. On 4/28/67 perforated 3726', 3742', 3751', 3760', 3794', 3826', and 384' with 1 JS at each interval. Fracture treated perfs using 30,000 gallons of gelled water and 30,000 # of sand. No production report.

Company: Zia Energy, Inc.
Lease: Schafer State Well No. 2
Field: Eumont
Unit Letter J Sec. 26, T 20S, R 36E

Lea County, New Mexico

Date Completed 8/3/46 Total Depth 4390' Elevation 3557'

Surface Casing: Size 8 5/8" Depth 1290' Cement 250 s x s

Production Casing: Size 7" Depth 3723' Cement 300 s x s

Perforation: Open Hole: 3723' - PB 3936'

Stimulation: Initial treatment 3000 gallons of acid.

Initial Potential: BOPD 30 BWPD - MCF/D -

Cumulative Production to 1/1/77: BO 16,336 MCF N. A.

Remarks: P & A 6/25/71.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Zia EXHIBIT NO. 3
CASE NO. 6193

Company: Zia Energy, Inc.
Lease: Elliott Federal Comm Well No. 2
Field: Eumont oil - recompleted to Eumont gas
Unit Letter J Sec. 26, T 20S, R 36E

Lea County, New Mexico

Date Completed 6/7/38 Total Depth 3780' Elevation 3563'

Surface Casing: Size 8 5/8" Depth 1305' Cement 200 s x s

Production Casing: Size 7" Depth 3720' Cement 150 s x s

Perforation: _____ Open Hole: 3720' - 3780'

Formation Tops: TA 1290'
TS 1390' BS 2700' TY _____
T7R _____ TQu _____ TG6 _____

Stimulation: Initially treated O. H. with 3000 gallons of 15% regular
HCl. On 6/24/54 fracture treated O. H. using 10,000 gallons of refined
oil and 10,000# of sand. Treated through 2 3/8" tubing below packer
at 3629' at 5 BPM and 4500 psi. Production tested 1700 MCF/day.

Initial Potential: BOPD 120 BWPD 0 MCF/D NA

Cumulative Production to 1/1/77: BO 133,865 MCF 2,378,092

Remarks: In January, 1978, installed pumping unit, rods, and
pump. Production test 2 BOPD and 250 MCF/day of
gas.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Zia EXHIBIT NO. 4
CASE NO. 6193

Company: Zia Energy, Inc.
Lease: Elliott Federal Well No. 1
Field: Eumont oil
Unit Letter: I Sec. 26 T 20S R 36E

Lea County, New Mexico

Date Completed 2/16/38 Total Depth 3780' Elevation 3559' GL

Surface Casing: Size 8 5/8" Depth 1250' Cement 400 s x s

Production Casing: Size 7" Depth 3702' Cement 150 s x s

Perforations Open Hole 3702' - 3780'
Formation Tops: TA 1215' TS 1350' BS 2640' TY
T7R TQu 3544' TCb

Stimulation: Treated initially using approximately 1000 gallons of 15% regular HCl and thereafter with 5000 gallons of 15% regular HCl in four treatments.

Initial Potential: BOPD 588 BWPD 0 MCF/D 588

Cumulative Production to 1/1/77: Bbls oil 131,226 MCF Gas N. A.

Remarks: Well deepened in August, 1940 to 3809'. Shut-in from 1961 to February, 1978. In February, 1978, the well was cleaned out to 3809' and the open hole section, 3702' to 3780', was fracture treated using 36,000 gallons of gelled 9# brine and 45,000 # of sand. Treated at 20 BPM and 3000 psi max pressure through 3" tubing below a packer set at 3680'. ISDP 2000 psi. 15 minute SI pressure 1350'. Pulled tubing and packer, perforated from 3554' to 3656' with 23 0.5" holes. Reran tubing, bridge plug and packer. Set BP at 3674' and packer at 3423'. Broke down perforations with 1000 gallons of 15% regular HCl and 36 ball sealers at 5 BPM and a max. pressure of 3300 psi. ISDP Vac. Fracture treat using 30,000 gallons of gelled 9# brine and 42,500 # sand. Treated at 20 BPM and 2500 psi. ISDP 1450 psi. Pulled 3" tubing and packer. Reran 2 3/8 tubing and set at 3600'. Ran sucker rods and pump. Put to pumping to recover load water. Test 3/8/78 3 BOPD and 1 BWPD with 400 MCF of gas.

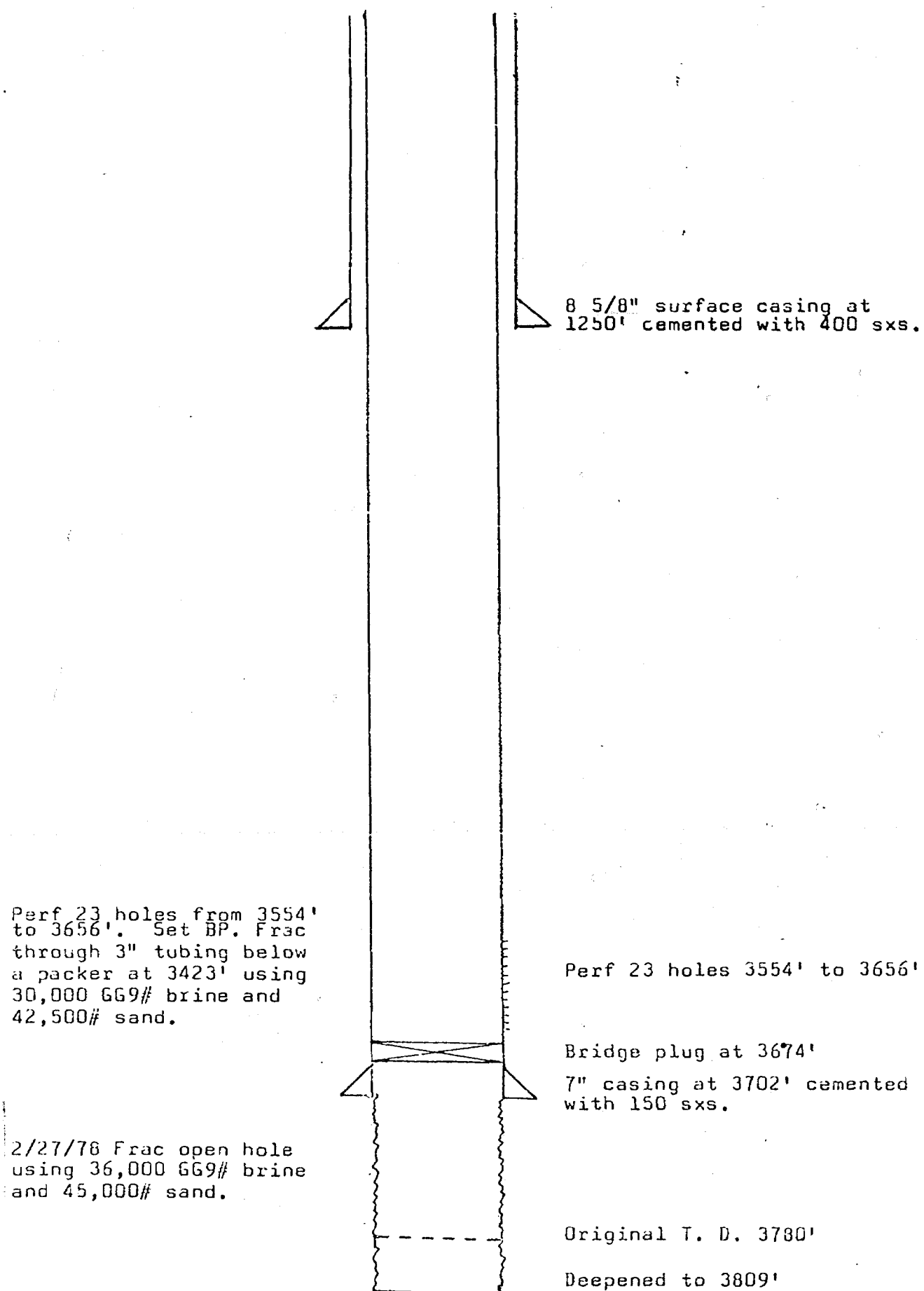
BEFORE EXAMINER NUTTER
OIL AND GAS COMMISSION
2 in WELL NO. 5
CASE NO. 6193

Company: ZIA ENERGY, INC.

Lease: Elliott Federal Well. No. 1

Unit Letter I Sec. 26, T 20S, R 36E

Well Bore Schematic



No.

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Exxon Company, USA</i>	
STREET AND NO. <i>P.O. Box 2100</i>	
P.O. STATE AND ZIP CODE <i>Hobbs, NM 88240</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$.85
POSTMARK OR DATE MAR 6 1978	

PS Form 3800, Apr. 1976

No. 730516

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Phillips Petroleum Co.</i>	
STREET AND NO. <i>P.O. Box 2130</i>	
P.O. STATE AND ZIP CODE <i>Hobbs, NM 88240</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$.85
POSTMARK OR DATE MAR 6 1978	

PS Form 3800, Apr. 1976

No. 730512

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Warrior, Inc.</i>	
STREET AND NO. <i>125 Midland Tower Bldg</i>	
P.O. STATE AND ZIP CODE <i>Midland, TX 79701</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$.85
POSTMARK OR DATE MAR 6 1978	

PS Form 3800, Apr. 1976

No. 730511

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Amoco Production Co.</i>	
STREET AND NO. <i>Drawer A</i>	
P.O. STATE AND ZIP CODE <i>Levelland, TX 79336</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$.85
POSTMARK OR DATE MAR 6 1978	

PS Form 3800, Apr. 1976

No. 730514

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Continental Oil Co.</i>	
STREET AND NO. <i>P.O. Box 460</i>	
P.O. STATE AND ZIP CODE <i>Hobbs, NM 88240</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$.85
POSTMARK OR DATE MAR 6 1978	

PS Form 3800, Apr. 1976

No. 730513

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Getty Oil Co.</i>	
STREET AND NO. <i>P.O. Box 730</i>	
P.O. STATE AND ZIP CODE <i>Hobbs, N.M. 88240</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$.85
POSTMARK OR DATE MAR 6 1978	

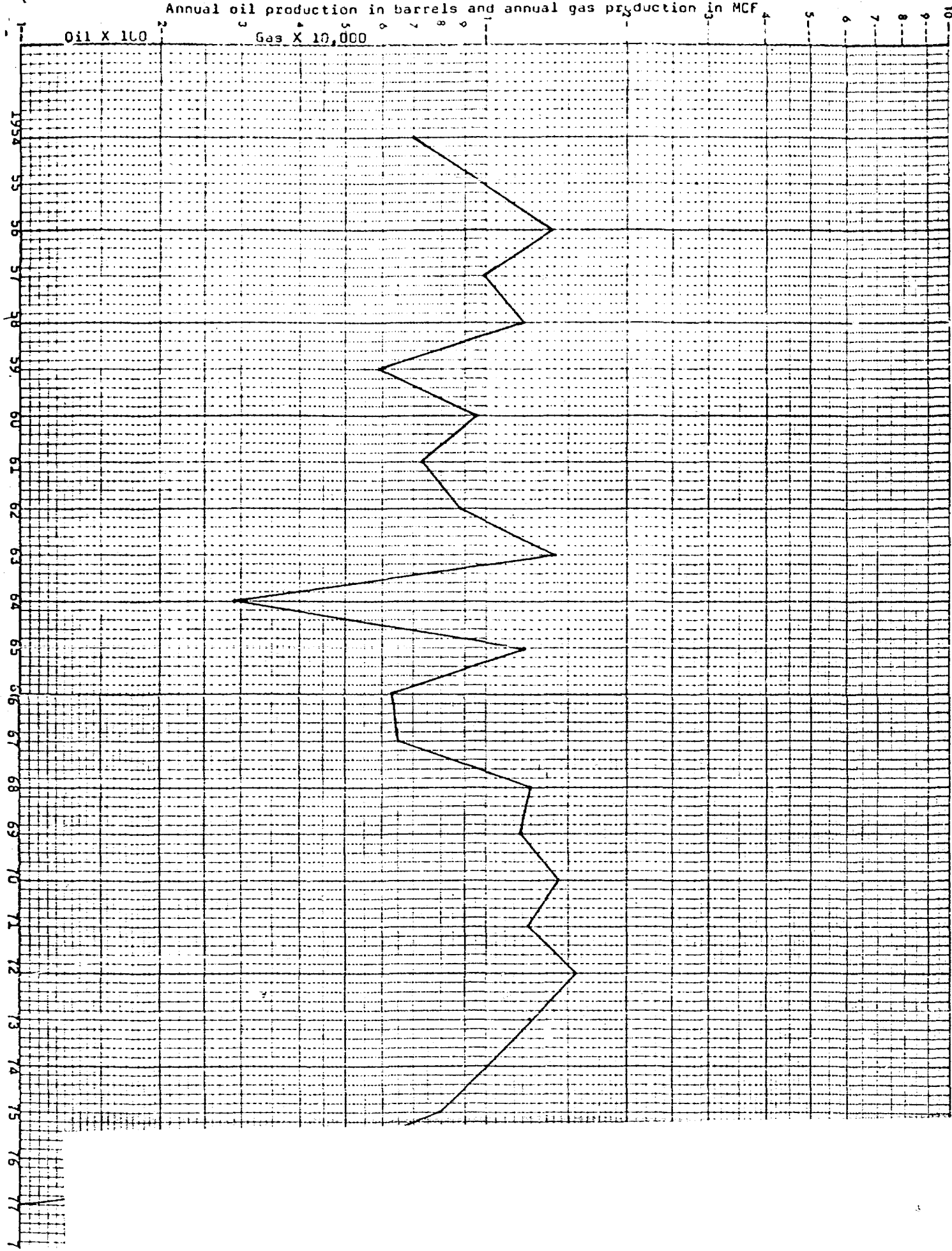
PS Form 3800, Apr. 1976

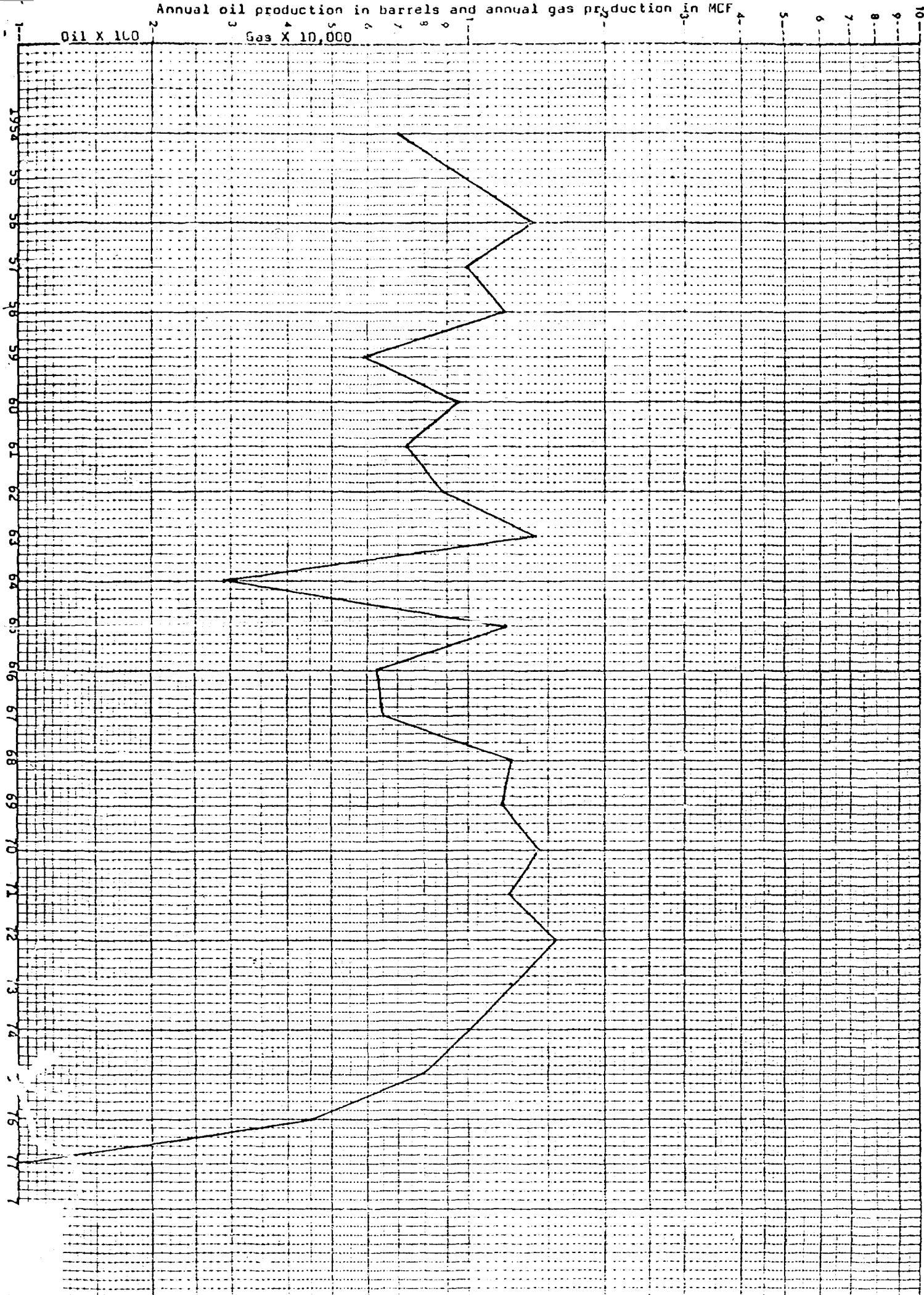
Annual Production Data

Elliott Federal Lease

<u>YEAR</u>	<u>Well No. 1</u>		<u>Well No. 2</u>	
	<u>OIL</u>	<u>GAS</u>	<u>OIL</u>	<u>GAS</u>
1950	2,119		2,119	
1951	1,854		1,856	
1952	2,345		2,346	
1953	1,773		1,775	
1954	1,945		1,253	69,820
1955	1,634		-	279,349
1956	1,226		-	136,716
1957	1,561		-	99,782
1958	-		-	120,783
1959	1,308		-	58,671
1960	1,423		576	94,847
1961	360		806	72,861
1962	SI		1,665	88,252
1963	"		1,572	141,347
1964	"		395	28,801
1965	"		1,589	120,761
1966	"		710	62,604
1967	"		440	65,660
1968	"		1,211	122,096
1969	"		686	118,590
1970	"		733	143,549
1971	"		579	121,938
1972	"		681	154,185
1973	"		34	122,585
1974	"		165	100,121
1975	"		446	79,091
1976	"		231	45,503
1977	"		8	7,300

BENTLEY & SONS LIMITED
 OIL & GAS PRODUCTION
 21A 6193 6







Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager

March 17, 1978

File: DSF-986.51NM-1640

Re: Unorthodox Gas Well Location Waiver
Zia Energy, Inc.
Elliott Federal No. 1
Section 26, T-20-S, R-36-E
Lea County, New Mexico

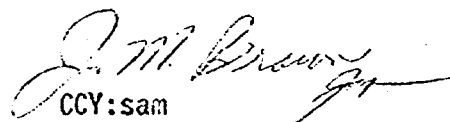
Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2038
Santa Fe, NM 87501

Dear Sir:

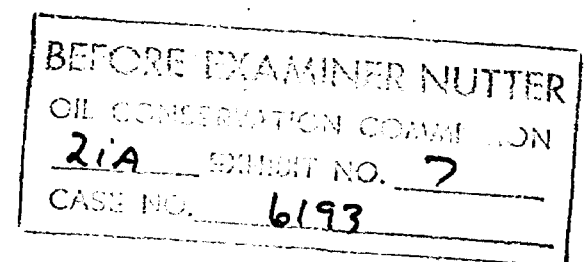
Zia Energy, Inc. has advised us of their application for an unorthodox location for the Elliott Federal No. 1 to be recompleted as a gas well. The well is located 2310' from the South line and 330' from the East line of Section 26, T-20-S, R-36-E. Approval is also being requested for simultaneous dedication of acreage to both Elliott Federal No. 1 and No. 2.

Amoco Production Company has no objections to this application and hereby waives notice and hearing.

Yours very truly,


CCY:sam

cc: Zia Energy, Inc.
P. O. Box 2463
Hobbs, NM 88240



P. O. BOX 2403
PHONE (505) 393-5347

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

March 2, 1978

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Re: Zia Energy, Inc.
Elliott Federal No. 1
Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Enclosed is a copy of an application to the New Mexico Oil Conservation Commission requesting approval for an unorthodox gas well location for the above oil well recompleted as a gas well. Approval was also requested for simultaneous dedication of acreage to both Elliott Federal No. 1 and No. 2.

You are requested to grant a waiver of objection for this application.

Yours truly,

Farris Nelson

Farris Nelson

APPROVAL OF WAIVER:

CONTINENTAL OIL COMPANY

By: *E. L. Oshlo*

E. L. OSHLO
Assistant Division Manager

PHONE (505) 383-8347

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

March 2, 1978

Exxon Company, U.S.A.
P. O. Box 2100
Hobbs, New Mexico 88240

Re: Zia Energy, Inc.
Elliott Federal No. 1
Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Enclosed is a copy of an application to the New Mexico Oil Conservation Commission requesting approval for an unorthodox gas well location for the above oil well recompleted as a gas well. Approval was also requested for simultaneous dedication of acreage to both Elliott Federal No. 1 and No. 2.

You are requested to grant a waiver of objection for this application.

Yours truly,

Farris Nelson
Farris Nelson

APPROVAL OF WAIVER:

P. H. Kelly

By: Mr. P. H. Kelly

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

March 2, 1978

Getty Oil Company
P. O. Box 730
Hobbs, New Mexico 88240

Re: Zia Energy, Inc.
Elliott Federal No. 1
Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Enclosed is a copy of an application to the New Mexico Oil Conservation Commission requesting approval for an unorthodox gas well location for the above oil well recompleted as a gas well. Approval was also requested for simultaneous dedication of acreage to both Elliott Federal No. 1 and No. 2.

You are requested to grant a waiver of objection for this application.

Yours truly,

Farris Nelson

Farris Nelson

APPROVAL OF WAIVER:

GETTY OIL COMPANY

Cecilia B. Camp/JPW

District Production Manager

By: _____

P. O. BOX 2463

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

NOTE: ORIGINAL TO
NMOCC, S.F.
3-8-78
PPCo.
THM

March 2, 1978

Phillips Petroleum Company
P. O. Box 2130
Hobbs, New Mexico 88240

Re: Zia Energy, Inc.
Elliott Federal No. 1
Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Enclosed is a copy of an application to the New Mexico Oil Conservation Commission requesting approval for an unorthodox gas well location for the above oil well recompleted as a gas well. Approval was also requested for simultaneous dedication of acreage to both Elliott Federal No. 1 and No. 2.

You are requested to grant a waiver of objection for this application.

Yours truly,

Farris Nelson

Farris Nelson

APPROVAL OF WAIVER:

Phillips Petroleum Co.

By: *[Signature]*
3/8/78

Dockets Nos. 14-78 and 15-78 are tentatively set for hearing on April 19 and May 3, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 5, 1978

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Rutter, Examiner, or Richard L. Stanets, Alternate Examiner:

CASE 6190: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Peter Siemens, Fidelity & Casualty Co. of New York, and all other interested parties to appear and show cause why the Wright Well No. 1 located in Unit F of Section 12, Township 10 North, Range 5 East, Bernalillo County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6191: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Daryl Davis and all other interested parties to appear and show cause why the State Well No. 1 located in Unit K of Section 1, Township 4 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6177: (Continued & Readvertised)

Application of Texas International Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of a proposed gas well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of Section 29, Township 20 South, Range 30 East, Eddy County, New Mexico, in such a manner as to penetrate the Strawn formation within 100 feet of a point 1980 feet from the North line and 1985 feet from the West line of said Section 29, and to bottom said well in the Morrow formation within 100 feet of a point 1501 feet from the North line and 1552 feet from the West line of said Section 29. The N/2 of the section would be dedicated to the Strawn formation, Golden Lane-Strawn Gas Pool, and all of Section 29 would be dedicated to the Morrow formation, Dos Hermanos-Morrow Gas Pool.

CASE 6192: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "DC" Well No. 1 to be located 1980 feet from the South line and 660 feet from the West line of Section 29, Township 20 South, Range 28 East, Eddy County, New Mexico, the S/2 of said Section 29 to be dedicated to the well.

CASE 6193: Application of Zia Energy, Inc., for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Elliott Federal Well No. 1 located 2310 feet from the South line and 330 feet from the East line of Section 26, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, the N/2 SE/4 and W/2 NE/4 of said Section 26 to be simultaneously dedicated to the aforesaid well and to Well No. 2 in Unit J.

CASE 6194: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla "A" Well No. 10 to be located 1190 feet from the South line and 1590 feet from the East line of Section 18, Township 26 North, Range 5 West, Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, the SE/4 of said Section 18 to be dedicated to the well.

CASE 6195: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla "A" Well No. 9 to be located 1850 feet from the North line and 1450 feet from the West line of Section 20, Township 26 North, Range 5 West, Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, the NW/4 of said Section 20 to be dedicated to the well.

CASE 6196: Application of Sun Oil Company for an unorthodox gas well location and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 280-acre non-standard gas proration unit comprising the NE/4, W/2 NW/4 and the SE/4 NW/4 of Section 24, Township 20 South, Range 33 East, to be dedicated to applicant's Teas Federal Well No. 1, a wild-cat Pennsylvanian well to be drilled at an unorthodox location 2180 feet from the North and West lines of said Section 24.

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

March 2, 1978

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Re: Zia Energy, Inc.
Elliott Federal No. 1
Unit Letter I, Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Elliott Oil Company completed their Elliott Federal No. 1 on February 16, 1938 at a total depth of 3780'. 7" casing was set at 3702' and cemented with 150 sacks of cement. This well is classified as a Eumont oil well.

The Elliott Federal No. 2 was completed on May 19, 1938 at a total depth of 3780' with 7" casing set at 3720' and cemented with 150 sacks of cement. It was completed as a Eumont oil well. In August 1954, this well was fracture treated and reclassified as a Eumont gas well under Order No. NSP-30. The acreage dedicated to this gas well is the N/2 SE/4 and the W/2 NE/4 of Sec. 26, T20S, R 36E.

The Elliott Federal No. 1 has recently been worked over. The open hole section from 3702' to total depth was cleaned out and fracture treated. Then new perforations were added--24 holes from 3554' to 3656'--and these perforations were fracture treated. These new perforations are in the upper portion of the Queen formation. Well tests indicate the well will produce 300 MCF per day with only a trace of oil, making this well eligible for a gas well classification.

The New Mexico Oil Conservation Commission is requested to administratively approve an unorthodox gas well location for the Elliott Federal No. 1 oil well, which has been recompleted as a gas well. The location for this well is 2310' from the south line and 330' from the east line of Sec. 26, T20S, R36E.

The New Mexico Oil Conservation Commission is also requested to administratively approve simultaneous dedication of the 160 acres dedicated to

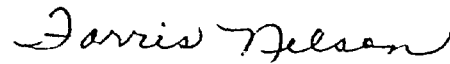
Elliott Federal No. 2 under NSP-30 to both the Elliott Federal No. 1 and No. 2 wells.

A copy of this application has been forwarded by certified mail to the following offset operators:

Phillips Petroleum Company
Getty Oil Company
Amoco Production Company
Exxon Company USA
Warrior, Inc.
Continental Oil Company

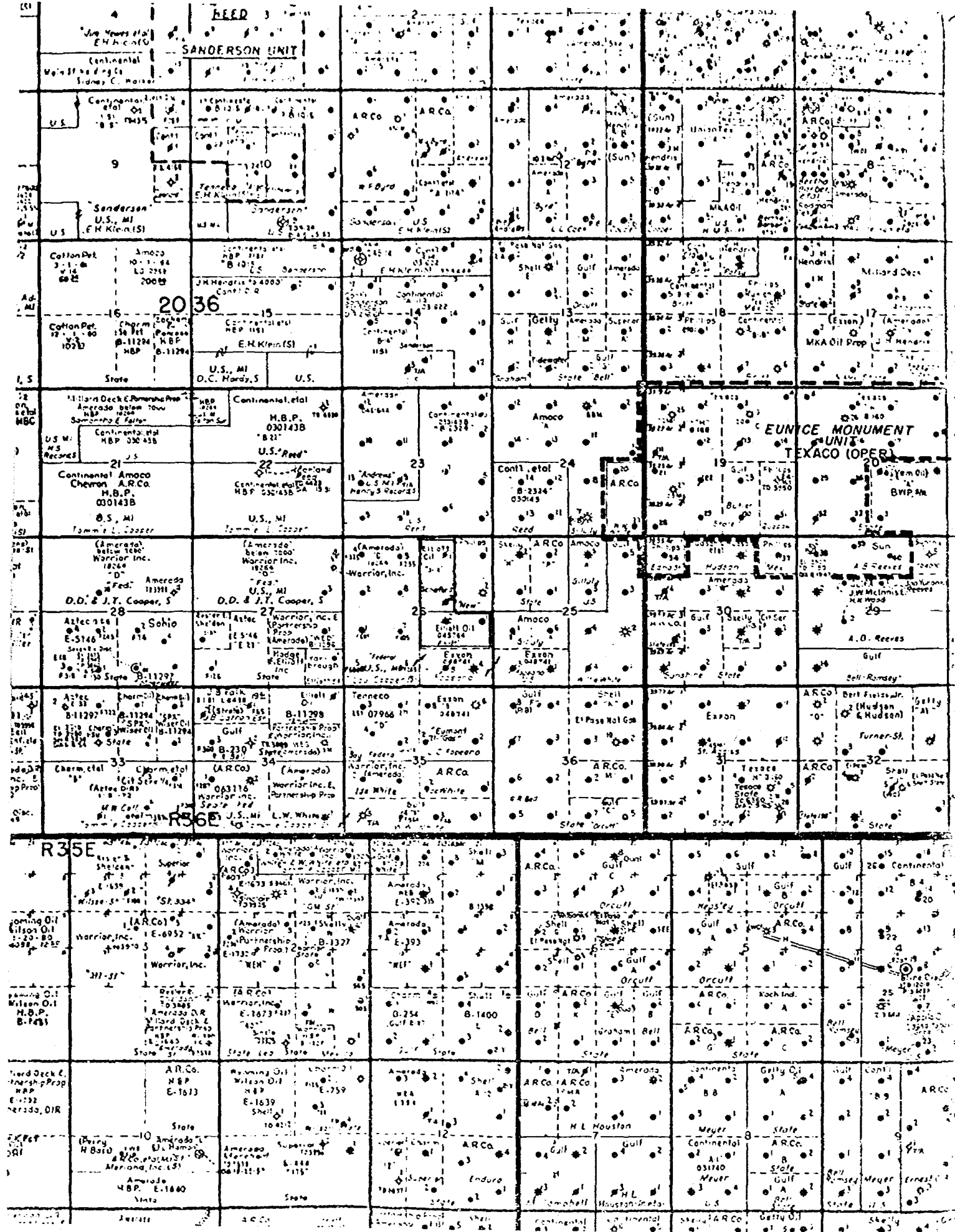
Your cooperation with this application will be sincerely appreciated.

Yours truly,



Farris Nelson

cc: As stated



ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

March 2, 1978

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Re: Zia Energy, Inc.
Elliott Federal No. 1
Unit Letter 1, Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Elliott Oil Company completed their Elliott Federal No. 1 on February 16, 1938 at a total depth of 3780'. 7" casing was set at 3702' and cemented with 150 sacks of cement. This well is classified as a Eumont oil well.

The Elliott Federal No. 2 was completed on May 19, 1938 at a total depth of 3780' with 7" casing set at 3720' and cemented with 150 sacks of cement. It was completed as a Eumont oil well. In August 1954, this well was fracture treated and reclassified as a Eumont gas well under Order No. NSP-30. The acreage dedicated to this gas well is the N/2 SE/4 and the W/2 NE/4 of Sec. 26, T20S, R 36E.

The Elliott Federal No. 1 has recently been worked over. The open hole section from 3702' to total depth was cleaned out and fracture treated. Then new perforations were added--24 holes from 3554' to 3656'--and these perforations were fracture treated. These new perforations are in the upper portion of the Queen formation. Well tests indicate the well will produce 300 MCF per day with only a trace of oil, making this well eligible for a gas well classification.

The New Mexico Oil Conservation Commission is requested to administratively approve an unorthodox gas well location for the Elliott Federal No. 1 oil well, which has been recompleted as a gas well. The location for this well is 2310' from the south line and 330' from the east line of Sec. 26, T20S, R36E.

The New Mexico Oil Conservation Commission is also requested to administratively approve simultaneous dedication of the 160 acres dedicated to

NMOCC
Page 2
March 2, 1978

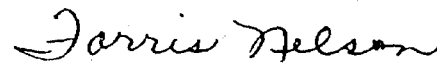
Elliott Federal No. 2 under NSP-30 to both the Elliott Federal No. 1 and No. 2 wells.

A copy of this application has been forwarded by certified mail to the following offset operators:

Phillips Petroleum Company
Getty Oil Company
Amoco Production Company
Exxon Company USA
Warrior, Inc.
Continental Oil Company

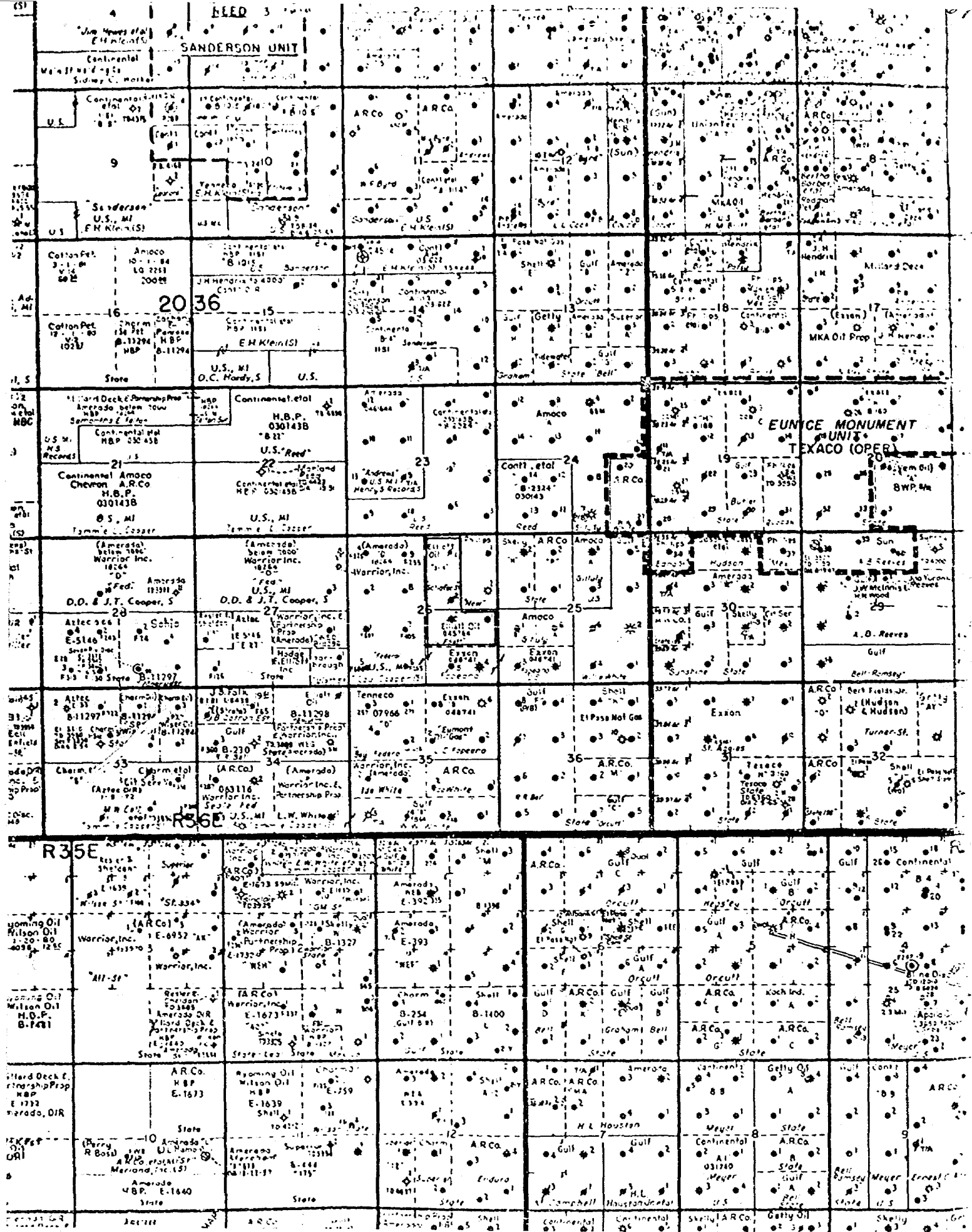
Your cooperation with this application will be sincerely appreciated.

Yours truly,



Farris Nelson

cc: As stated



No. 730512

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Warrior, Inc. 195 Midland Tower Bldg. Midland, TX 79701	
POSTAGE \$ 60	
CONSULT POSTMASTER FOR FEES OPTIONAL SERVICES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	RETURN RECEIPT SERVICE SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES \$.85	
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

No. 730516

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Phillips Petroleum Co. P.O. Box 2130 Hobbs, NM 88240	
POSTAGE \$ 60	
CONSULT POSTMASTER FOR FEES OPTIONAL SERVICES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	RETURN RECEIPT SERVICE SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES \$.85	
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

No. 730513

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Exxon Company, USA P.O. Box 2100 Hobbs, NM 88240	
POSTAGE \$ 60	
CONSULT POSTMASTER FOR FEES OPTIONAL SERVICES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	RETURN RECEIPT SERVICE SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES \$.85	
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

No. 730513

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Getty Oil Co. P.O. Box 730 Hobbs, N.M. 88240	
POSTAGE \$ 60	
CONSULT POSTMASTER FOR FEES OPTIONAL SERVICES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	RETURN RECEIPT SERVICE SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES \$.85	
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

No. 730514

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Amoco Production Co. Drawer A Levelland, Tx 79336	
POSTAGE \$ 60	
CONSULT POSTMASTER FOR FEES OPTIONAL SERVICES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	RETURN RECEIPT SERVICE SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES \$.85	
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

No. 730514

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Continental Oil Co. P.O. Box 460 Hobbs, NM 88240	
POSTAGE \$ 60	
CONSULT POSTMASTER FOR FEES OPTIONAL SERVICES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	RETURN RECEIPT SERVICE SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES \$.85	
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88240

March 2, 1978

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Re: Zia Energy, Inc.
Elliott Federal No. 1
Unit Letter 1, Sec. 26, T20S, R36E
Lea County, New Mexico

Gentlemen:

Elliott Oil Company completed their Elliott Federal No. 1 on February 16, 1938 at a total depth of 3780'. 7" casing was set at 3702' and cemented with 150 sacks of cement. This well is classified as a Eumont oil well.

The Elliott Federal No. 2 was completed on May 19, 1938 at a total depth of 3780' with 7" casing set at 3720' and cemented with 150 sacks of cement. It was completed as a Eumont oil well. In August 1954, this well was fracture treated and reclassified as a Eumont gas well under Order No. NSP-30. The acreage dedicated to this gas well is the N/2 SE/4 and the W/2 NE/4 of Sec. 26, T20S, R 36E.

The Elliott Federal No. 1 has recently been worked over. The open hole section from 3702' to total depth was cleaned out and fracture treated. Then new perforations were added--24 holes from 3554' to 3656'--and these perforations were fracture treated. These new perforations are in the upper portion of the Queen formation. Well tests indicate the well will produce 300 MCF per day with only a trace of oil, making this well eligible for a gas well classification.

The New Mexico Oil Conservation Commission is requested to administratively approve an unorthodox gas well location for the Elliott Federal No. 1 oil well, which has been recompleted as a gas well. The location for this well is 2310' from the south line and 330' from the east line of Sec. 26, T20S, R36E.

The New Mexico Oil Conservation Commission is also requested to administratively approve simultaneous dedication of the 160 acres dedicated to

NMOCC
Page 2
March 2, 1978

Elliott Federal No. 2 under NSP-30 to both the Elliott Federal No. 1 and No. 2 wells.

A copy of this application has been forwarded by certified mail to the following offset operators:

Phillips Petroleum Company
Getty Oil Company
Amoco Production Company
Exxon Company USA
Warrior, Inc.
Continental Oil Company

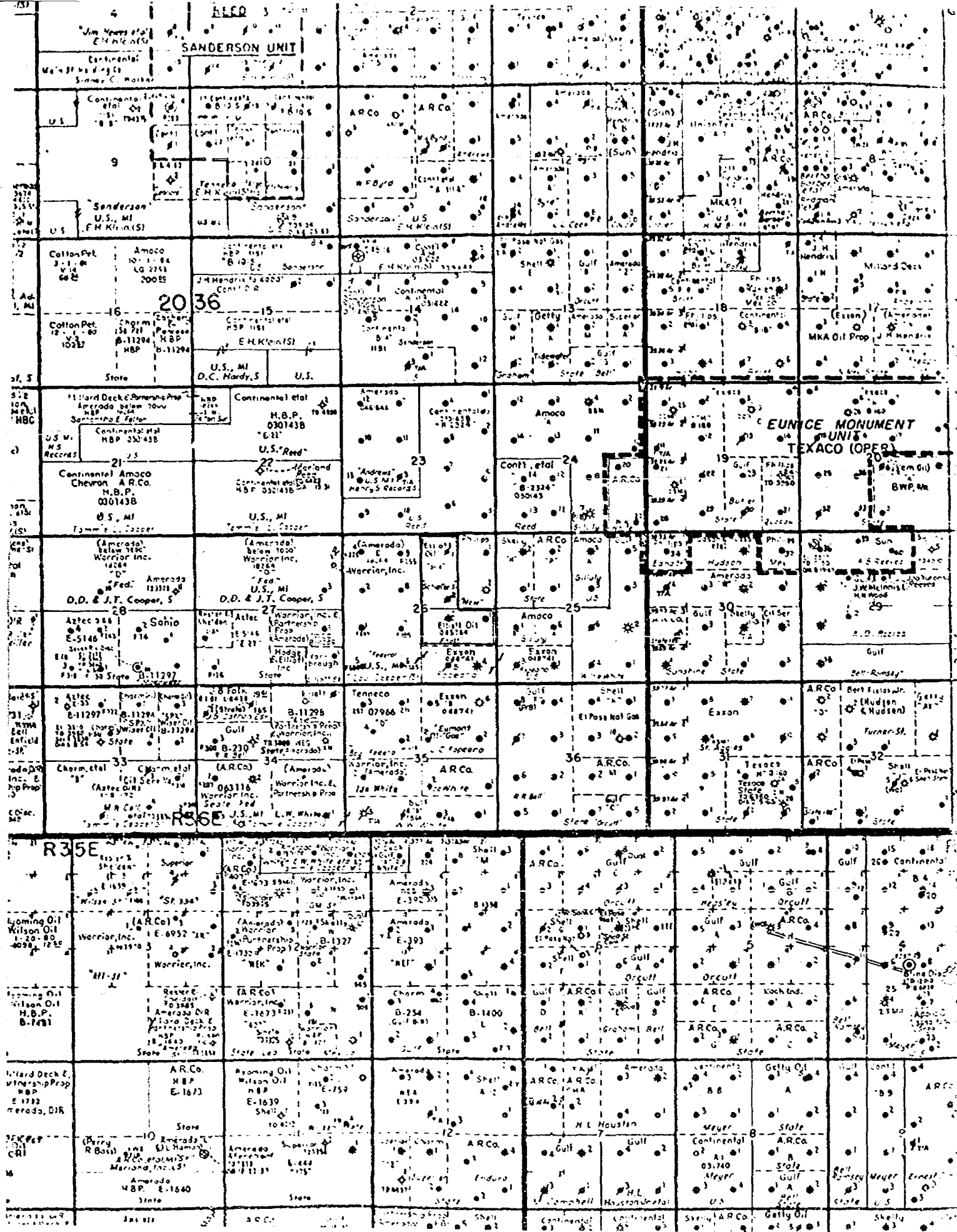
Your cooperation with this application will be sincerely appreciated.

Yours truly,

Farris Nelson

Farris Nelson

cc: As stated



No. 730512

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		Warrior, Inc.	
STREET AND NO.		135 Midland Tower Bldg	
P.O. STATE AND ZIP CODE		Midland, TX 79701	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	60¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	OPTIONAL SERVICES	25¢	
	RETURN RECEIPT SERVICE	¢	
TOTAL POSTAGE AND FEES		\$.85	
POSTMARK OR DATE			

PS Form 3800, Apr. 1976

No. 730516

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		Phillips Petroleum Co.	
STREET AND NO.		P.O. Box 2130	
P.O. STATE AND ZIP CODE		Hobbs, NM 88240	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	60¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	OPTIONAL SERVICES	25¢	
	RETURN RECEIPT SERVICE	¢	
TOTAL POSTAGE AND FEES		\$.85	
POSTMARK OR DATE			

PS Form 3800, Apr. 1976

No. 730517

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		Exxon Company, USA	
STREET AND NO.		P.O. Box 2100	
P.O. STATE AND ZIP CODE		Hobbs, NM 88240	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	60¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	OPTIONAL SERVICES	25¢	
	RETURN RECEIPT SERVICE	¢	
TOTAL POSTAGE AND FEES		\$.85	
POSTMARK OR DATE			

PS Form 3800, Apr. 1976

No. 730513

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		Getty Oil Co.	
STREET AND NO.		P.O. Box 730	
P.O. STATE AND ZIP CODE		Hobbs, N.M. 88240	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	60¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	OPTIONAL SERVICES	25¢	
	RETURN RECEIPT SERVICE	¢	
TOTAL POSTAGE AND FEES		\$.85	
POSTMARK OR DATE			

PS Form 3800, Apr. 1976

No. 730514

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		Amoco Production Co.	
STREET AND NO.		Drawer A	
P.O. STATE AND ZIP CODE		Levelland, TX 79336	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	60¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	OPTIONAL SERVICES	25¢	
	RETURN RECEIPT SERVICE	¢	
TOTAL POSTAGE AND FEES		\$.85	
POSTMARK OR DATE			

PS Form 3800, Apr. 1976

No. 730514

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO		Continental Oil Co.	
STREET AND NO.		P.O. Box 460	
P.O. STATE AND ZIP CODE		Hobbs, NM 88240	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	60¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	OPTIONAL SERVICES	25¢	
	RETURN RECEIPT SERVICE	¢	
TOTAL POSTAGE AND FEES		\$.85	
POSTMARK OR DATE			

PS Form 3800, Apr. 1976

OIL CONSERVATION COMMISSION
DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE 3/1/78

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL x _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gen. Dedication

Gentlemen:

I have examined the application dated _____
for the Zia Energy Inc. Oilwell Ltd. #1-L 26-29-36
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Yours very truly,

BEFORE THE OIL CONSERVATION DIVISION
OF THE ENERGY AND MINERALS DEPARTMENT
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6193

Order No. R- 5708

APPLICATION OF ZIA ENERGY, INC.
FOR AN UNORTHODOX GAS WELL LOCATION
AND SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 5, 1978,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of April, 1978, the Division
Director, having considered the testimony, the record, and
the recommendations of the Examiner, and being fully advised in
the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Zia Energy, Inc., seeks approval
of an unorthodox gas well location for its Elliott Federal Well
No. 1 ~~to be~~ located 2310 feet from the South line and 330 feet
from the East line of Section 26, Township 20 South, Range 36
East, NMPM, ~~to test the~~ ~~formation~~, Eumont
Gas Pool, Lea County, New Mexico.

(5) That the ^{applicant further requests that the} N/2 SE/4 and W/2 NE/4 of said Section 26 ~~is~~
~~to be~~ simultaneously dedicated to the aforesaid well and to Well
No. 2 in Unit J.

(3) That ^{said well was originally drilled as an oil} ~~a well at said unorthodox location will better~~
~~enable applicant to produce the gas underlying the proration unit~~
~~gas well.~~ ^{well at a standard location but has been recomplected as a Eumont}

(4) That no offset operator objected to the proposed
unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location ~~for the~~ the Zia Energy, Inc.,
~~formation~~ is hereby approved for ~~applicant's~~
Elliott Federal Well No. 1 ~~to be~~ located at a point 2310 feet from the South line and 330 feet from the East line of Section 26, Township 20 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(2) That the N/2 SE/4 and W/2 NE/4 of said Section 26 shall be simultaneously dedicated to the aforesaid well and to Well No. 2 in Unit J.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
DIRECTOR