

3/21/05
District I
1625 N. French Drive, Hobbs, NM 88240

3/30/05
State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
4301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

DAC-3425

Zia Energy, Inc. 2203 Timberloch Place, Suite 229, The Woodlands, Texas 77380
Operator Address

Elliott B #2 6-J, 22S, 37E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025616 Property Code 13025 API No. 30-025-10077 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Eumont; Yates, 7 Rivers, Queen <i>oil</i>		Penrose-Skelly; Grayburg <i>oil</i>
Pool Code	22800 ✓		50350 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2933-3382'		Open Hole 3417-3796'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	632		753
Oil Gravity or Gas BTU (Degree API or Gas BTU)	33.4 Gravity, 1271 BTU		34 Gravity, 1211 BTU
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 02/22/2005 Rates: 0.5 BO, 22 MCF, 5 BW	Date: Rates:	Date: 02/08/2005 Rates: 2 BO, 16 MCF, 15 BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 20 % 57.9 %	Oil Gas % %	Oil Gas 80 % 42.1 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE *Donald P. Dotson* TITLE COO DATE 3/17/2005

TYPE OR PRINT NAME Donald P. Dotson TELEPHONE NO. (281) 296-7222

E-MAIL ADDRESS ddotson@plantationpetro.com

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-10077		² Pool Code 22800		³ Pool Name Eumont; Yates, 7 Rivers, Queen	
⁴ Property Code 13025		⁵ Property Name Elliott B			⁶ Well Number 2
⁷ OGRID No. 25616		⁸ Operator Name Zia Energy Inc.			⁹ Elevation 3456' DF

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
J	6	22S	37E		1980'	South	1980'	East	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.

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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Donald P. Dotson, P.E. Printed Name COO / ddotson@plantationpetro.com Title and E-mail Address 3/17/05 Date
				¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

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Revised June 10, 2003
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-10077		² Pool Code 50350		³ Pool Name Penrose-Skelly; Grayburg	
⁴ Property Code 13025		⁵ Property Name Elliott B			⁶ Well Number 2
⁷ OGRID No. 25616		⁸ Operator Name Zia Energy Inc.			⁹ Elevation 3456' DF

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
J	6	22S	37E		1980'	South	1980'	East	Lea

¹¹ Bottom Hole Location If Different From Surface

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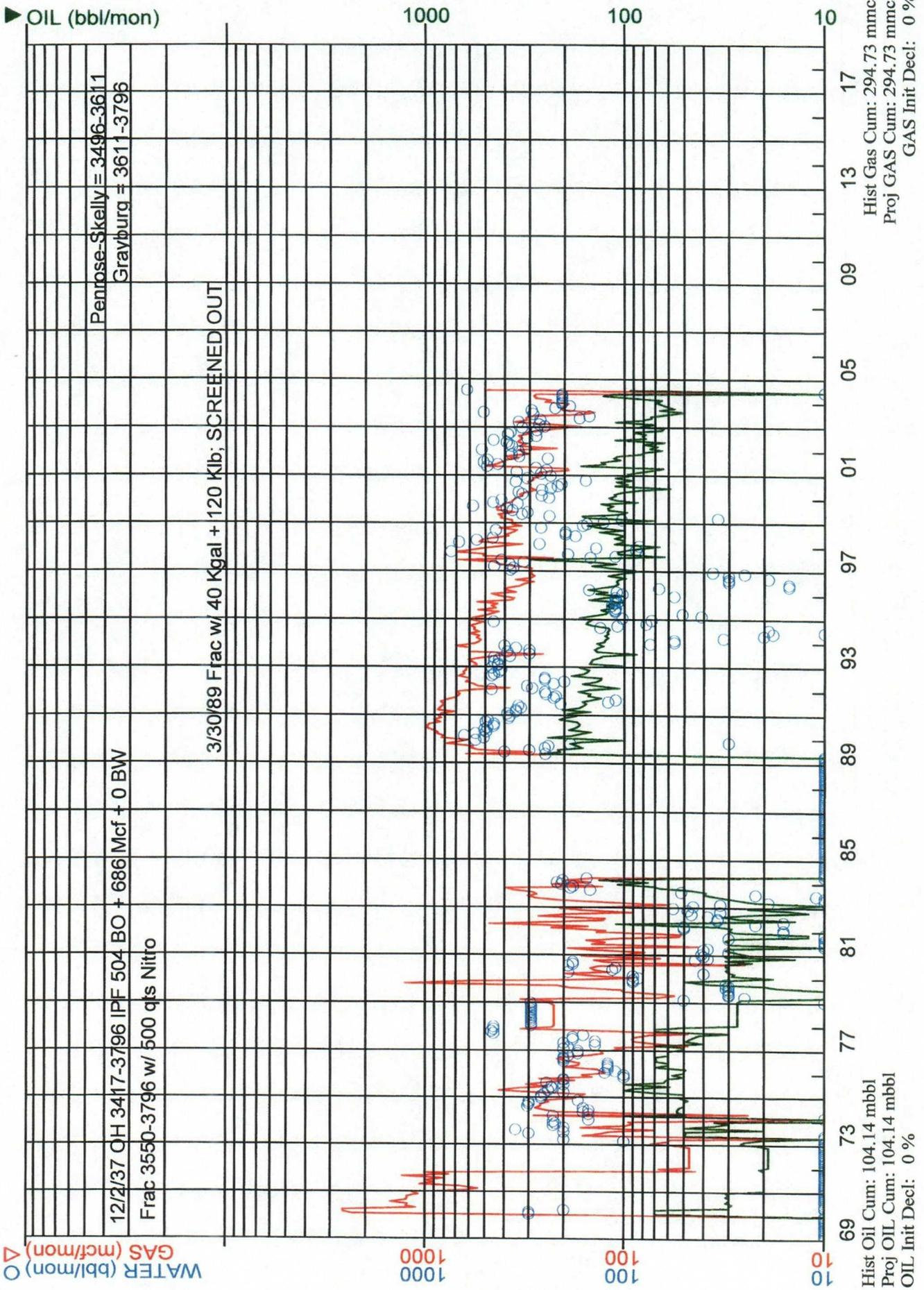
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	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor:
	Certificate Number

Field: PEN ROSE SKELLY
 Reservoir: PEN ROSE-SKELLY
 Location: 22S-37E 06J

Oper: ZIA EN GY INC
 Lease: ELLJO 1' -B- 2 (GULF SPSKU 130)
 API Number: 30-025-10077





PLANTATION PETROLEUM COMPANIES

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

Kimberly Faldyn
Production Tech

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

March 18, 2005

SENT VIA FEDERAL EXPRESS

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attn: Mr. William Jones

**RE: Filing C-107A for Zia Energy, Inc.
Elliott B #2**

Dear Mr. Jones,

Attached please find C-107A Form for Zia Energy, Inc. A list of the well and all attachments are included below:

<u>Well Name</u>	<u>Attachments</u>
Elliott B #2	C-107A, C-102 for Eumont, C-102 for Penrose, Production Curve for the Penrose and a copy of Form 3160-4 for DHC sent to the BLM

Should you have any questions or need additional information, please feel free to call Kim Faldyn at (281) 296-7222 or e-mail at kfaldyn@plantationpetro.com. Thank you for your attention to this matter.

Sincerely,


Kimberly Faldyn
Production Tech

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other		5. Lease Serial No. LC-032573B
b. Type of Completion: <input type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Resvr., Other DHC		6. If Indian, Allottee or Tribe Name
2. Name of Operator Zia Energy, Inc.		7. Unit or CA Agreement Name and No.
3. Address 2203 Timberloch, Ste 229, The Woodlands, TX 77380	3a. Phone No. (include area code) 281-296-7222	8. Lease Name and Well No. Elliott B-2
4. Location of Well (Report location clearly and in accordance with Federal requirements)* At surface 1980' FSL & 1980' FEL At top prod. interval reported below 2933' At total depth 3796'		9. AFI Well No. 30-025-10077
14. Date Spudded		10. Field and Pool, or Exploratory Pen Skly Gray; Eumont 7RvrQu
15. Date T.D. Reached		11. Sec., T., R., M., on Block and Survey or Area Sec. 6-T22S-R37E 1980' FSL, 1980' FEL
16. Date Completed <input type="checkbox"/> D & A <input type="checkbox"/> Ready to Prod.		12. County or Parish Lea
17. Elevations (DF, RKB, RT, GL)* DF: 3456'		13. State NM
18. Total Depth: MD 3796' TVD	19. Plug Back T.D.: MD TVD	20. Depth Bridge Plug Set: MD TVD
21. Type Electric & Other Mechanical Logs Run (Submit copy of each)		22. Was well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
	10-3/4"	32.75#	Surface	301'		225 sks			
	7-5/8"	26.4#		1158'		425 sks			
	5-1/2"	17#		3417'		425 sks			

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8"	3088'							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Penrose Skelly Grayburg	3417'	3796'	Open hole 3417-3796'	4-3/4	Open Hole	
B) Eumont; Yts, 7 RV Qn	2933'	3382'	2933-3382'	.36	44	
C)						
D)						

26. Perforation Record

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
2933-3382'	Frac w/110,000 gallons Binary foam carrying 110,000# 20/40 Brady Sand and 40,000# 12/20 Brady Sand.

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
	02/08/2005	24	→	2	16	15	34	.63	Pumping
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
	40	→	2	16	15	34		Producing	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method	
	02/22/2005	03/02/2005	24	→	0.5	22	5	34	.63	Pumping
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status		
	40	→	0.5	22	5	44000		Producing		

*(See instructions and spaces for additional data on page 2)

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
Grayburg	3735'	> TD			
Queen	3400'	3583'			
7 Rivers	2905'	3400'			
Yates	2655'	2905'			

32. Additional remarks (include plugging procedure):

2/11/05 - MIRU Mesa Well Service workover rig. NU & test 3000 psi WP double ram BOP to 2500 psi. POH w/rods and tbg. Set CIBP @ 3400' by wireline. GIH w/3-1/8" csg guns and perforate 7 Rivers formation 2933'-3382' w/23 gr charges and 0.41" EHD. Total of 44 holes. Rig down electric line. Pick up 3.5" 9.3#/ft, N80 EUE 8rd frac tbg w/Arrowset 1 pkr and GIH. Set packer @ 2885' w/15K compression. RU BJ Services and frac 7 Rivers 2933-3382' w/110,000 gallons Binary foam carrying 110,000# 20/40 Brady Sand + 40,000# 12/20 Brady Sand. Average rate - 26 BPM, Average pressure - 5000 psi. Flow back frac load. TOH and lay down 3.5" frac tbg. PU and TIH w/2-7/8" production tbg. Clean out w/foam unit to CIBP @ 3400'. Drilled out CIBP and pushed plug down to bottom at 3755'. Circ well clean. Run production 2-7/8" tbg to 3088'. Flange up wellhead. Run rods and pump. Place well back on production. Rig down and release workover rig.

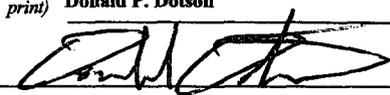
33. Indicate which items have been attached by placing a check in the appropriate boxes:

- Electrical/Mechanical Logs (1 full set req'd.)
 Geologic Report
 DST Report
 Directional Survey
 Sundry Notice for plugging and cement verification
 Core Analysis
 Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Donald P. Dotson

Title COO

Signature 

Date 03/17/2005

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make 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.