

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name	Signature	Title	Date
e-mail Address			


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

May 2, 2005

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

Attn: Mr. Richard Ezeanyim

RE: WELL: Greenwood #24 Well Location for Zia Energy, Inc. (reference No. pSEM0-510234109)
LOCATION: 2180' FSL & 1500' FEL
WELL UNIT: Unit J, Section 9, T22S, R37E, Lea County, NM

Dear Mr. Ezeanyim,

Zia Energy, Inc. apologizes for the incomplete information provided on our April 1, 2004 correspondence that requested administrative approval for an unorthodox oil well location. The information below addresses the questions raised by Mr. Stogner.

Zia Energy's original desired legal location that we provided to surveyors was at 1650' FEL x 2310' FSL. Due to a Sid Richardson line to the North and a Duke BPL to the West, the location was moved to the submitted location. The new location is 180' from the Unit "J" line which is 150' inside the 330' requirement.

Zia Energy's Greenwood 320 acre lease encompasses the South half of Section 9, T22S, R37E. By moving the location to the East toward the "T" Unit, we would remain within our lease boundaries and not encroach on any other parties. All interests are uniform in the San Andres section across 320 acre Greenwood lease.

Recoverable reserves will be maximized by drilling in the proposed location. Zia Energy has drilled four wells on the Greenwood lease in Section 9, T22S, R37E and has 3 additional locations staked and permitted. These are as follows:

Greenwood #18: 330' FSL x 500' FWL (Re-entered old wellbore and completed to San Andres) - Unit M
 Greenwood #19: 2310' FSL x 430' FWL (Drilled and completed to San Andres) - Unit L
 Greenwood #20: 330' FSL x 2310' FWL (Drilled and completed to San Andres) - Unit N
 Greenwood #21: 2310' FSL x 2310' FWL (Drilled and completed to San Andres) - Unit K
 Greenwood #22: 330' FSL x 1650' FEL (Staked and Permitted for San Andres) - Unit O
 Greenwood #23: 330' FSL x 330' FEL (Staked and Permitted for San Andres) - Unit P
 Greenwood #25: 2285' FSL x 330' FEL (Staked and Permitted for San Andres) - Unit I

As indicated by the well locations, our plans involve leaving as much area as possible down the center of the lease where subsequent unit wells can be proposed once production and unit allowables provide this option.

The existing producing well pads located in the south part of the unit are for wells operated by BEC and Exxon. It appears that power lines and pipelines prohibit Zia Energy's use of these pads for drilling. ??

Per my conversation with Mark Fesmire, I was asked to fax this to you for a second review of this issue. Please call me if you have any questions or need additional information at (281) 796-1645. I can also be contacted via email at ddotson@plantationpetro.com.

Thank you,

 Don Dotson
 COO - Zia Energy



Susp. Date: 5-2-2005

PSEMO-510234109

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 1 1 2005

OIL CONSERVATION
DIVISION

April 1, 2005

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

Attn: Mr. Michael E. Stogner

RE: Greenwood #24 Well Location for Zia Energy, Inc.

Dear Mr. Stogner,

Zia Energy, Inc. requests administrative approval for an unorthodox oil well location for the following well:

Well: Greenwood #24
Location: 2180' FSL & 1500' FEL
Well Unit: Unit J, Section 9, T22S, R37E, Lea County, NM

The well will be drilled to 4300' to test the San Andres formation (Eunice San Andres - SW 24180). This request is to move the location 150 feet to the East of a standard location due to a Duke line preventing drilling at our desired location.

Zia Energy's Greenwood lease includes the "O" and "P" unit positions of Section 9, T22S, R37E (attached map). The ownership to the San Andres formation is common across the units' boundary so moving the location to the East 150 feet from the legal location does not encroach on any parties.

If you have any questions or need additional information, please call me at (281) 796-1645 or e-mail me at dotson@plantationpetro.com.

Best regards,

Don Dotson
COO - Zia Energy

Attachments

~~8:40~~
- 10:01 AM 4-22
Kim Fulton w/ Zia
status of application
281-298-7222
- 4:35 called back to leave message



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

April 25, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Zia Energy, Inc.
c/o Plantation Petroleum Companies
2203 Timberloch Place—Suite 229
The Woodlands, Texas 77380

RECEIVED
APR 28 2005

Attention: **Don Dotson**

Re: Administrative application on behalf of Zia Energy, Inc. (administrative application reference No. pSEM0-510234109) for an exception to Division Rule 104.B (1) for its proposed Greenwood Well No. 24 to be drilled at an unorthodox oil well location 2180 feet from the South line and 1500 feet from the East line (Unit J) of Section 9, Township 22 South, Range 37 East, NMPM, Undesignated Southwest Eunice-San Andres Pool (24180), Lea County, New Mexico. The NW/4 SE/4 of Section 9, being a standard 40-acre oil spacing and proration, is to be dedicated to this well.

Dear Mr. Dotson:

I have reviewed your application and the records of the New Mexico Oil Conservation Division ("Division") concerning this matter; please be advised that:

- (1) well spacing and location requirements for wells assigned the Southwest Eunice-San Andres Pool is currently governing by Division Rule 104.B (1), which require 40-acre spacing units being a single quarter-quarter section and for wells to be within 330 of this boundary;
- (2) as stated in your application, the reason for locating this well is "due to a Duke line preventing drilling at our desired location;"
- (3) the "desired" location or specific area was not identified nor was such desired location confirmed as being either geologically and/or topographically better;
- (4) from what information provided in your application, there appear to be areas within the proposed 40-acre unit west and southwest of the two Duke BPL lines to accommodate this well at a standard location without encroaching the eastern boundary of the unit; and
- (5) no explanation was given as to why the existing well pads for either the: (i) BEC Corporation Greenwood Well No. 7 (30-025-10128), located 1980 feet from the South and East lines of Section 9; or (ii) ExxonMobile Corporation J. L. Greenwood Well No. 9 (30-025-10130), located 1980 feet from the South line and 2080 feet from the East line of Section 9, could be utilized or expanded to accommodate Zia Energy, Inc.'s San Andres oil well.

**Zia Energy, Inc. c/o Plantation Petroleum Companies
Division Administrative Application Reference No. pSEM0-510234109**

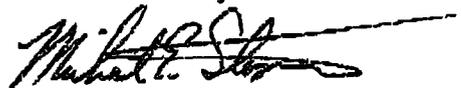
April 25, 2005

Page 2

This application for an unorthodox oil well application, deemed unnecessary and unwarranted at this time, is hereby denied and is being returned to you.

As a reminder, this agency's pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues. Such location exceptions therefore require substantial justification, *i.e.*, unusual circumstances.

Sincerely



Michael E. Stogner
Engineer

cc: New Mexico Oil Conservation Division -- Hobbs

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1400 N. FRANCIS DR., ALBUQ., NM 87106

DISTRICT II
1201 W. GRAND AVENUE, ALBUQ., NM 87106

DISTRICT III
1000 E. BRUNNEN RD., ALBUQ., NM 87110

DISTRICT IV
1400 N. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-108
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-	Pool Code 24180	Pool Name EUNICE SAN ANDRES SOUTHWEST
Property Code 34085	Property Name GREENWOOD	
OGSD No. 25616	Operator Name ZIA ENERGY, INC.	Well Number 24
		Elevation 3416'

Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
J	9	22-S	37-E		2180	SOUTH	1500	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

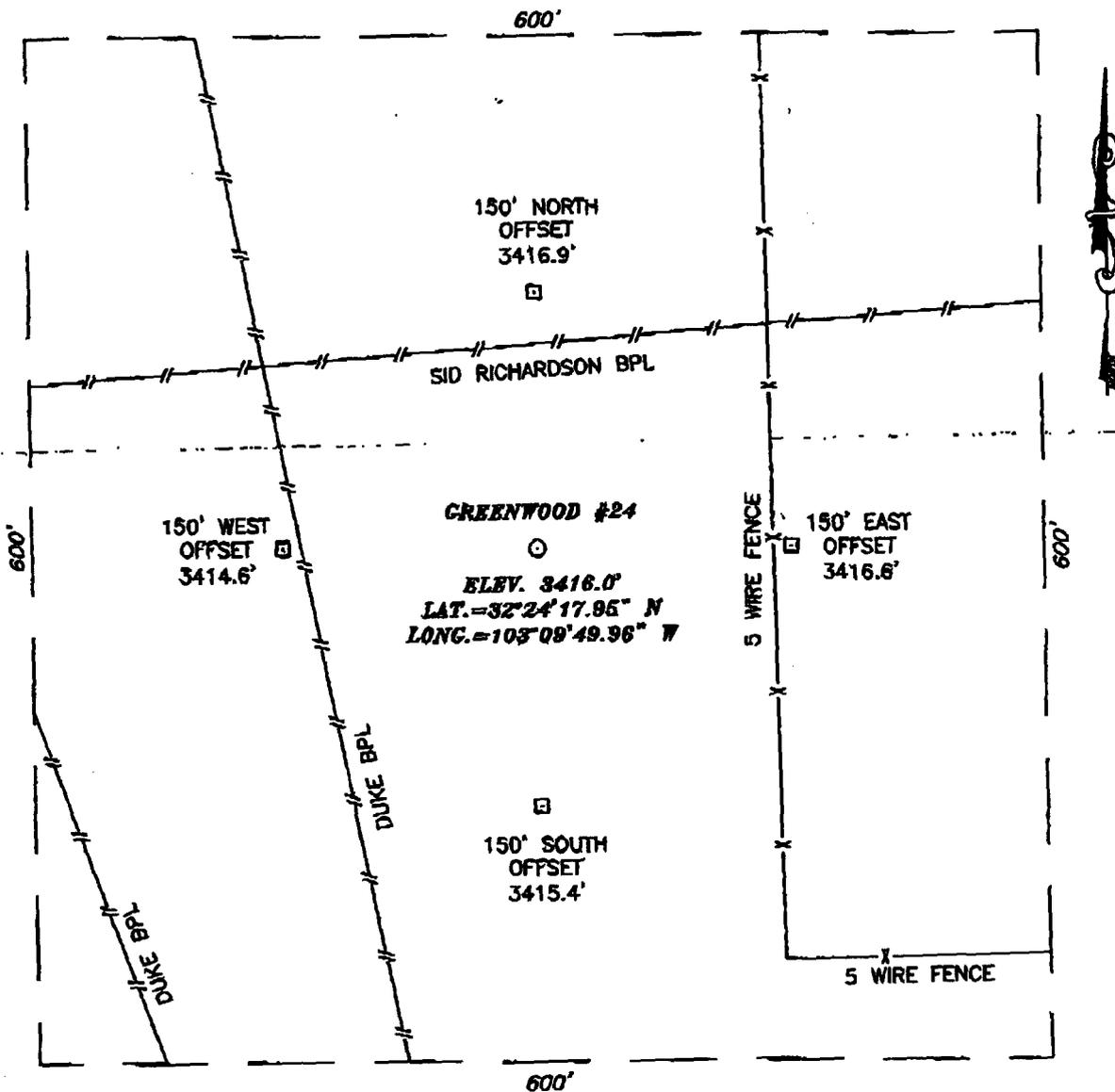
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=513022.7 N X=880933.2 E</p> <p>LAT.=32°24'17.95" N LONG.=103°09'49.96" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i></p> <p>Signature</p> <p>Donald Dotson</p> <p>Printed Name</p> <p>COO</p> <p>Title</p> <p>3/01/2005</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>FEBRUARY 14, 2005</p> <p>Date Surveyed</p> <p><i>[Signature]</i></p> <p>Signature of Surveyor</p> <p>NEW MEXICO</p> <p>PROFESSIONAL SURVEYOR</p> <p>05-11-0287</p> <p>02/20/05</p> <p>Professional No. GARY HILSON 12841</p>

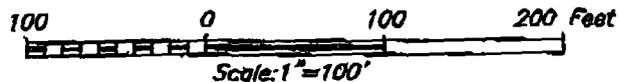
Standard 640-acre Section

SECTION 9, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF DELAWARE BASIN RD.
(CO. RD. #21) AND S. LEGION RD. (CO. RD. #33)
GO NORTH ON LEGION RD. APPROX. 0.3 MILES.
TURN RIGHT AND GO EAST APPROX. 0.6 MILES.
TURN LEFT AND GO NORTH APPROX. 0.2 MILES.
THIS LOCATION IS APPROX. 400' EAST OF ROAD.



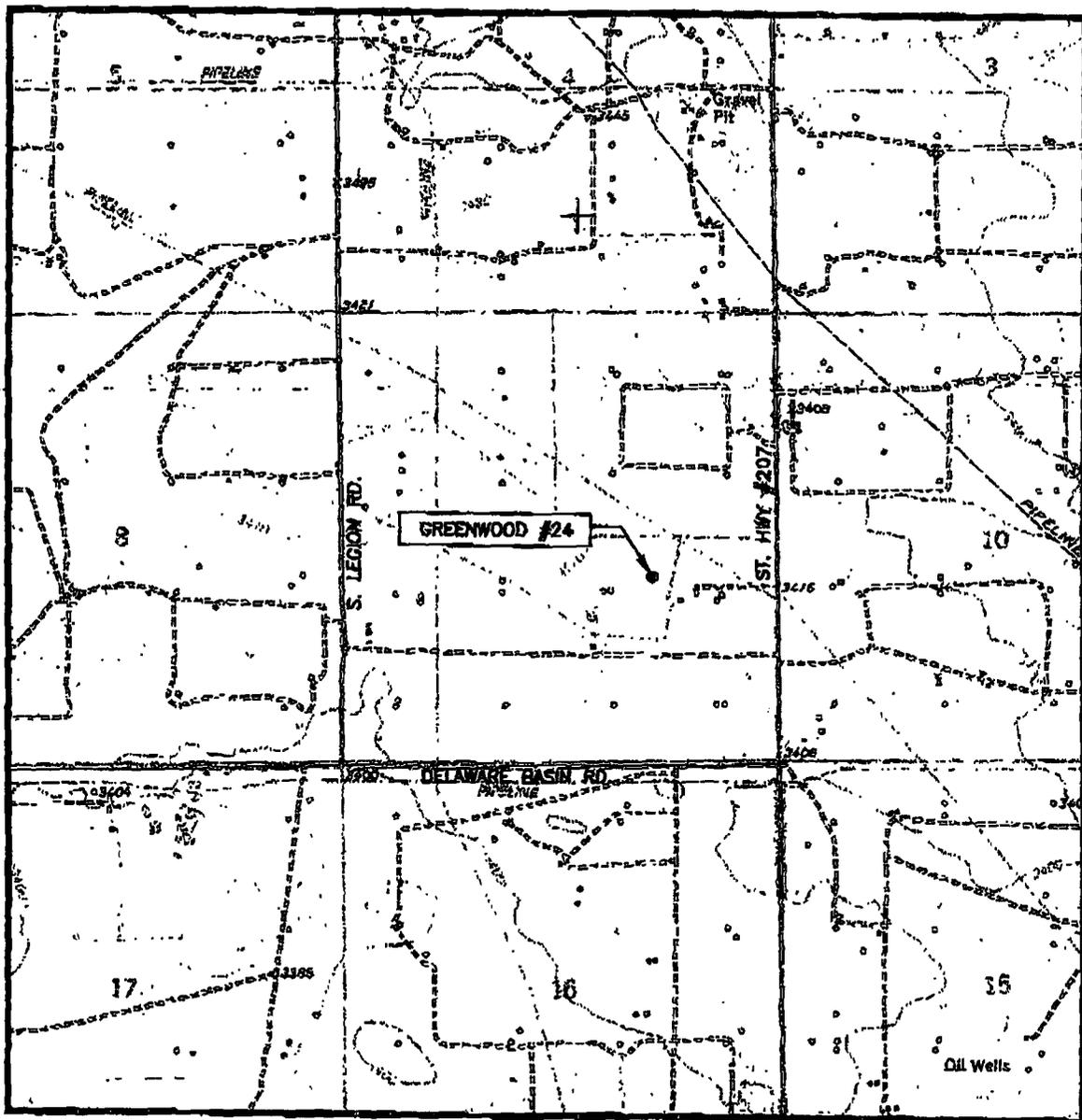
ZIA ENERGY, INC.

GREENWOOD #24 WELL,
LOCATED 2180 FEET FROM THE SOUTH LINE
AND 1500 FEET FROM THE EAST LINE OF SECTION 9,
TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 383-3117

Survey Date: 02/14/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.0202	Dr By: DEL
Date: 02/17/05	Disk: CD#4
05110202	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
EUNICE, N.M. - 10'

SEC. 9 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2180' FSL & 1500' FEL

ELEVATION 3416'

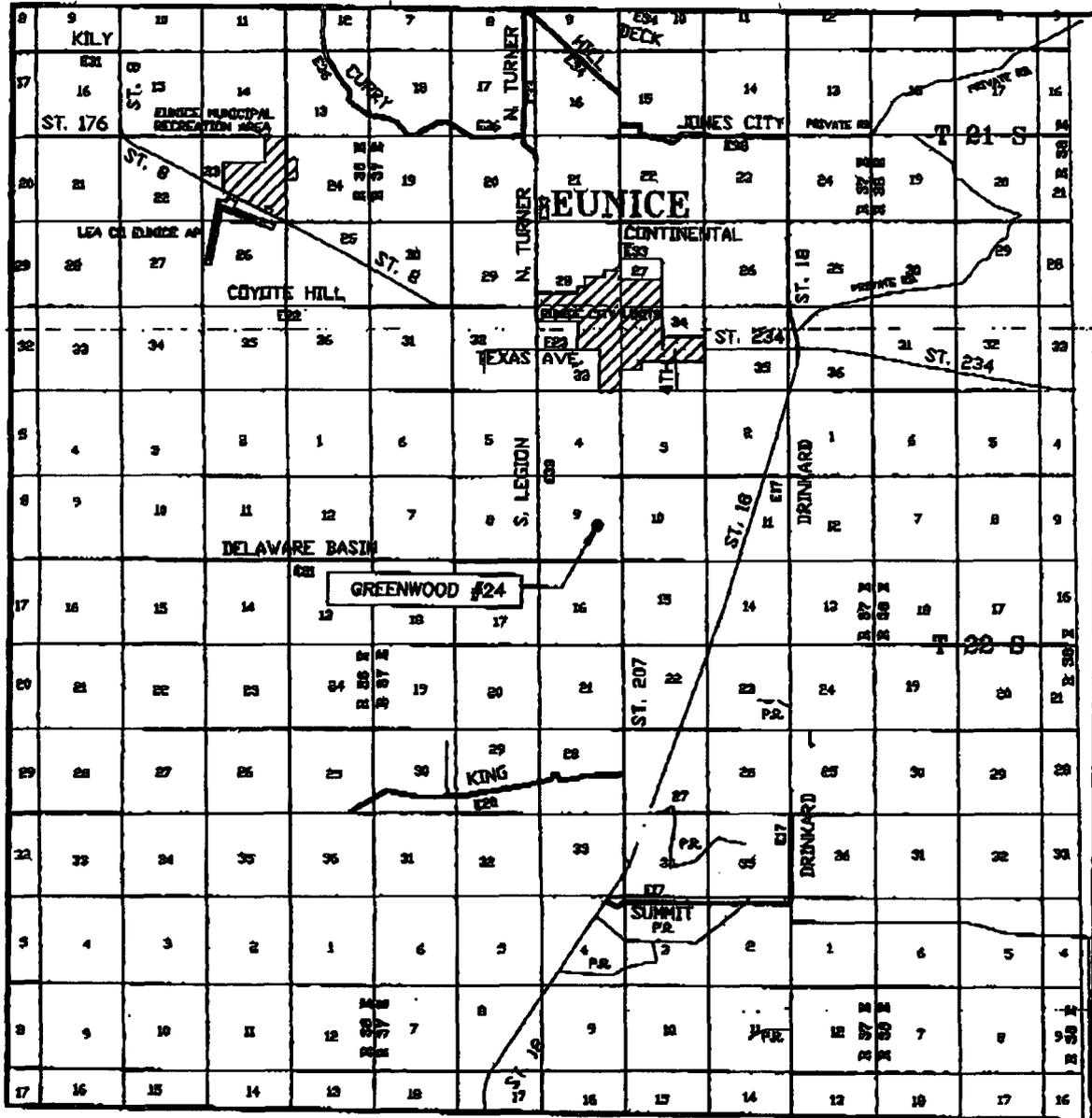
OPERATOR ZIA ENERGY, INC.

LEASE GREENWOOD

U.S.G.S. TOPOGRAPHIC MAP
EUNICE, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBBS, N.M. 88240
(505) 283-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 9 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2180' FSL & 1500' FEL

ELEVATION 3416'

OPERATOR ZIA ENERGY, INC.

LEASE GREENWOOD

PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117