

PNRM0301438367

C-103 Received 11-15-02  
DHC No. Assigned 12-10-02

Order Number	API Number	Operator	County			
H0B-0052	30-025-10148	Zia Energy, Inc.	Lea			
Order Date	Well Name	Number	Location			
10-16-02	Penrose	004	E UL	9 Sec	22S T (+Dir)	37E R (+Dir)
		Oil %	Gas %			
Pool 1	49210	Paddock	79%	11%		
Pool 2	19190	Drinkard	21%	89%		
Pool 3						
Pool 4						

Comments: Work completed effective 10-16-02  
Work cancelled effective \_\_\_\_\_  
Supplement 1616N 3-10-03

1-14-03  
Posted to  
RBM &

B

DOWNHOLE COMMINGLE CALCULATIONS:

30-025-10148  
HOB-0052

OPERATOR: Zia Energy, Inc.

PROPERTY NAME: Penrose

WNULSTR: 4-E, 9-22-37

SECTION I:

POOL NO. 1 Paddock

ALLOWABLE AMOUNT

107 642 MCF 6000

POOL NO. 2 Drinkard

142 852 MCF 6000

POOL NO. 3 \_\_\_\_\_

\_\_\_\_\_ MCF

POOL NO. 4 \_\_\_\_\_

\_\_\_\_\_ MCF

POOL TOTALS 249 1494

SECTION II:

POOL NO. 1 Paddock

Oil

79% X 249 = 196.71

Gas

11%

POOL NO. 2 Drinkard

21%

89%

POOL NO. 3 \_\_\_\_\_

POOL NO. 4 \_\_\_\_\_

OIL

GAS

SECTION III:

$107 \div 79\% = 135.45 (136)$

SECTION IV:

$136 \times 79\% = 107.44 (107)$

$136 \times 21\% = 28.56 (29)$

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, NM 87505

WELL API NO. 30-025-10145
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Penrose
8. Well No. 4
9. Pool name or Wildcat Drinkard/Paddock

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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER	10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3411' Gr
2. Name of Operator Zia Energy, Inc.	
3. Address of Operator PO Box 2510, Hobbs, NM 88241	
4. Well Location Unit Letter E   2310 Feet From The North Line and 330 Feet From The West Line Section 9 Township 22s Rang. 37e NMPM Lea County	

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data			
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:		
PERFORM REMEDIAL WORK <input 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"/>
PLUG OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Downhole commingle <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. 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.

Application for downhole commingled

(i) Division order establishing pre-approved pool or area R-11363

(ii) Pool Names Drinkard <19190> Paddock <49210>

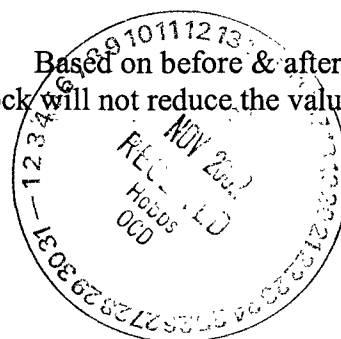
(iii) 6330-6510 5090-5200

(iv) 21% Oil 89% Gas 79% Oil 11% Gas

(v) The downhole commingling of oil & gas from the Drinkard and the Paddock will not reduce the value of the total remaining production

(vi) Ownership between both pools is identical

(vii) This lease is a Federal property



DHC Order No. HOB-0052

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

SIGNATURE Scott Nelson TITLE Engineer DATE 11/15/02

TYPE OR PRINT NAME Scott Nelson 505-393-2937 TELEPHONE NO.

(This space for State Use)

APPROVED BY [Signature] TITLE DATE

CONDITIONS OF APPROVAL, IF ANY: