

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-101
Revised June 10, 2003

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

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Zia Energy, Inc. 2203 Timberloch Place, Suite 229 The Woodlands, TX 77380		² OGRID Number 025616
		³ API Number 30 - 025 - 36782
³ Property Code 13029	⁵ Property Name Grizzell	⁶ Well No. 4

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	5	22S	37E		1140'	South	2160'	East	Lea

⁸ Proposed 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

⁹ Proposed Pool 1 Eunice San Andres - SW (24180)	¹⁰ Proposed Pool 2
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¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3423'
¹⁶ Multiple NO	¹⁷ Proposed Depth 5000'	¹⁸ Formation San Andres	¹⁹ Contractor Unknown	²⁰ Spud Date When Approved

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
25"	20"	Conductor	40'	Redi-mix	Surface
12-1/4"	8-5/8"	32	1200'	585	Surface
7-7/8"	5-1/2"	15.5	5000'	610	1000' from surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Drill 25" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.
2. Drill 12-1/4" hole to 1200'. Run and set 1200' of 8-5/8" 32# J-55 ST&C casing. Circulate cement to surface.
3. Drill 7-7/8" hole to 5000'. Run and set 5000' of 5-1/2" 15.5# J-55 ST&C casing. Estimate top of cement 1000' from surface.
4. BOP Diagram attached. 3000 psi WP double ram BOP's will be utilized and tested daily.
5. FW & native mud to be used in the surface hole. Brine water will be used to drill the 7 7/8" hole.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: Gene Lee

Title: Agent

E-mail Address: leeconinc@aol.com

Date: 3-15-04

Phone: 505-626-4292

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: 3/23/2004

Expiration Date:

Conditions of Approval:

Attached ☐

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer D0, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36782	Pool Code 24180	Pool Name Eunice San Andres Southwest
Property Code 13029	Property Name GRIZZELL	Well Number 4
OGRID No. 25616	Operator Name ZIA ENERGY, INC.	Elevation 3423'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	5	22-S	37-E		1140	SOUTH	2160	EAST	LEA

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
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. NSL-5084<SD>						

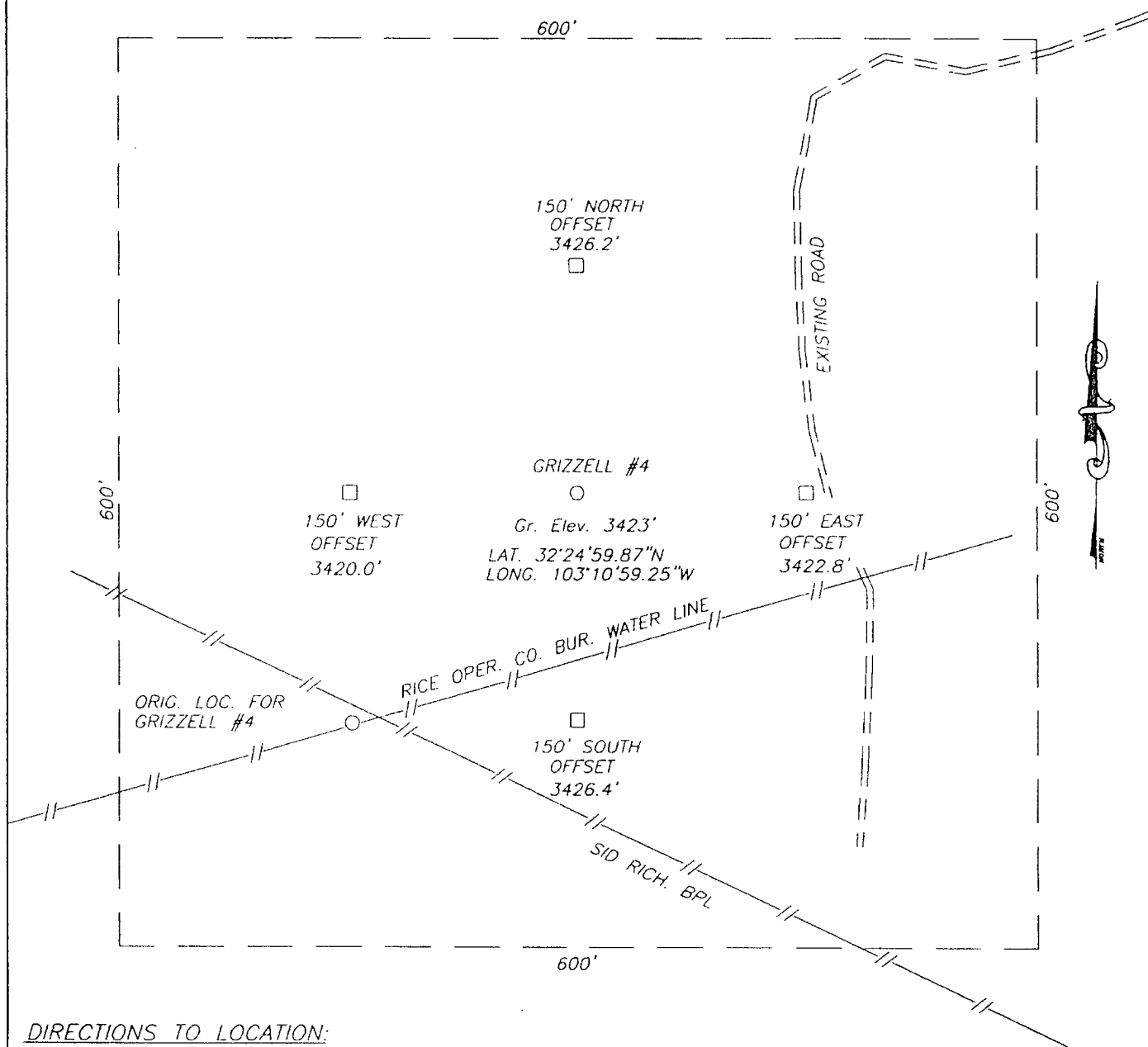
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4 40.28 AC	LOT 3 40.18 AC	LOT 2 40.09 AC	LOT 1 38.99 AC
<p>GEODETIC COORDINATES NAD 27 NME Y = 517194.7 N X = 854947.3 E LAT. 32°24'59.87"N LONG. 103°10'59.25"W</p>			
<p>Diagram showing well location with dimensions: 1140' and 2160'.</p>			
<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Donald D. Olson</i> Printed Name: Donald D. Olson Title: COO Date: 3/18/04</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>March 09, 2004</p> <p>Date Surveyed: _____ A.W.B. Signature & Seal of Professional Surveyor: <i>Gary E. Olson</i> Certificate No. GARY E. OLSON 12641</p>			

SECTION 5, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,

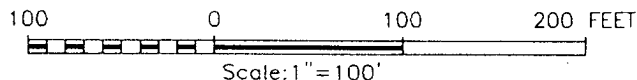
LEA COUNTY,

NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF STATE HWY #18 AND DELAWARE BASIN ROAD GO 2.5 MILES SOUTH OF EUNICE N.M. TURN WEST ON DELAWARE BASIN ROAD AND GO 1.0 MILES. TURN RIGHT ON PAVED ROAD (NORTH) AND GO 1.15 MILES. TURN LEFT ONTO A CALICHE ROAD CONTINUE ALONG MEANDERING ROAD FOR 0.4 MILES. STAY LEFT AT (Y) AND GO SOUTH 0.1 MILES. THIS LOCATION WHICH IS APPROX. 150' EAST.



ZIA ENERGY, INC.

THE GRIZZELL #4 LOCATED 1140' FROM THE SOUTH LINE AND 2160' FROM THE EAST LINE OF SECTION 5, TOWNSHIP 22 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO

Survey Date: 03/09/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.0269	DRAWN BY: A.W.B
Date: 03/11/03	DISK: CD#10
04.11.0269	Scale: 1"=100'

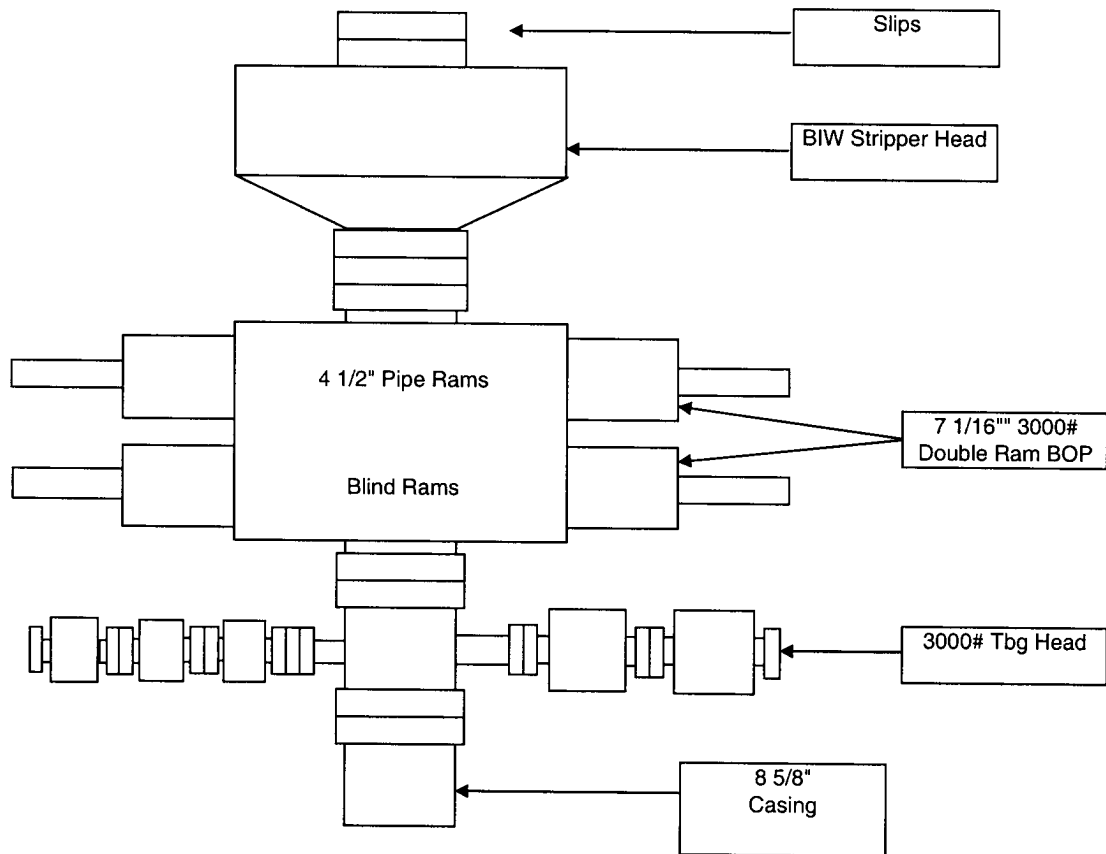
JOHN WEST SURVEYING COMPANY

412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

LEASE GRIZZELL

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Zia Energy, Inc
Grizzell #4
BOP Diagram
3000 psi WP



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Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: ZIA ENERGY INC. Telephone: 281-296-7666 e-mail address: lee@ziaenergy.com
Address: 2203 Timberloch Place Suite 229 The Woodlands, TX 77380
Facility or well name: GR122ell #4 API #: _____ U/L or Qtr/Qtr 0 Sec 5 T 22S R 37E
County: LEA Latitude 32 N Longitude 103 W NAD: 1927 ☐ 1983 ☒ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐
Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 20 mil Clay ☐ Volume
6000 bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet (20 points)
50 feet or more, but less than 100 feet (10 points)
100 feet or more (0 points)

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes (20 points)
No (0 points)

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet (20 points)
200 feet or more, but less than 1000 feet (10 points)
1000 feet or more (0 points)

Ranking Score (Total Points)

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Date: 3-15-04

Printed Name/Title: GENE LEE / Agent Signature: G. E. Lee

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: 7/23/04
Printed Name/Title: PETROLEUM ENGINEER Signature: [Signature]