

New Mexico Oil Conservation Division, District I

1625 N. French Drive
Albuquerque, NM 88240
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. LC-032573B
2. Name of Operator Zia Energy, Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 2203 Timberloch Place, Suite 229, The Woodlands, TX	3b. Phone No. (include area code) 281-296-7222	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL & 1980' FEL Sec 7-T22S-R37E		8. Well Name and No. Elliott B-4
		9. API Well No. 30-025-10090
		10. Field and Pool, or Exploratory Area Penrose Skelly Grayburg
		11. County or Parish, State Lea County, New Mexico

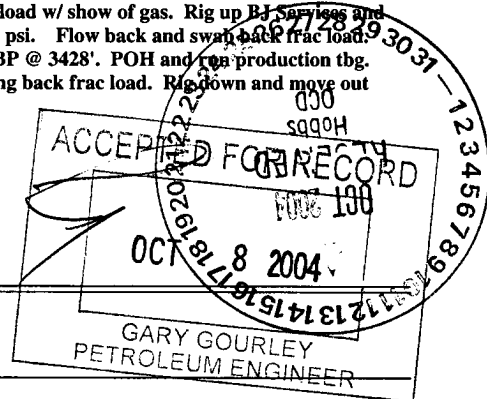
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION				
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

8-3-04 through 8-12-04.

MIRU Mesa Well Service workover rig. POH w/ rods and pump. POH w/ tbg. Set RPM at 3428' by WL. RU Computalog and run CBL log. Perforate 3057'-3402' w/ 122 holes, .40 EHD w/ 22.7 gram charges. Acidize perforations w/ 4000 gal 15% NEFE. Drop 10 ball sealers every 4.2 bbls acid. Flush w/ 2% KCL water. ISDP--1370 psi, 15 min--1320 psi. Swab back acid load w/ show of gas. Rig up BJ Services and frac w/ 28,000- gal XL gel + 72,000# 20/40 Brady Sand. Avg Rate--20 BPM w/ avg pressure--2800 psi. Flow back and swap back frac load. TOH w/ pkr and make up 4 3/4" bit and GIH. Tag at 3303'. Rig up foam unit and clean out to RBP @ 3428'. POH and run production tbg. End of tbg at 3345', Seating nipple at 3310'. Run rods and pump. Hang well on and leave pumping back frac load. Rig down and move out Mesa Well Service workover rig.



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Gene Lee		Title Agent
Signature <i>[Signature]</i>		Date 07/05/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Title	Date
	Office	

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.