

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

OIL CONSERVATION DIVISION

WELL API NO.
30-025-06394

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

2040 South Pacheco
Santa Fe, NM 87505

5. Indicate Type of Lease
STATE FEE

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

6. State Oil & Gas Lease No.

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)

7. Lease Name or Unit Agreement Name

1. Type of Well:
OIL WELL GAS WELL OTHER

Hill

2. Name of Operator
Zia Energy, Inc.

8. Well No.
1

3. Address of Operator
PO Box 2510, Hobbs, NM 88241

9. Pool name or Wildcat
Penrose Skelly Grayburg

4. Well Location
Unit Letter B (5) | 3300 Feet From The North Line and 1730 Feet From The East Line
Section 4 Township 21s Rang. 37e NMPM Lea County

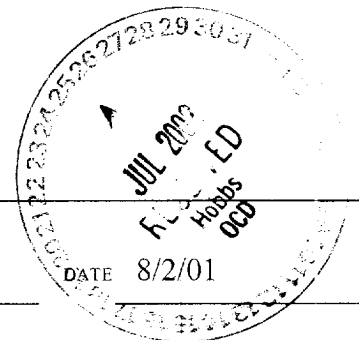
10. Elevation (Show whether DF, RKB, RT, GR, etc.)

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 checked="" 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"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <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.

7/27 GIH with cement retainer and set at 3805'. Tested backside. Held OK. Established injection rate at 2 BPM @ 800 psi. RU Halliburton. Pumped 100 sxs Premium plus with 2% CaCl. Pump 200 sxs with 2% CaCl and 1/4# flocele. Squeezed up to 2000 psi. Got approx. 250 sxs into formation. Stung out of retainer.
7/30 GIH with 4 1/4" bit and tag cement 3745'. Drill down to retainer. POH to check bit. SION.
7/31 GIH with new bit. Drilled thru retainer. Drilled out of cmt @ 3970'. RIH to 4775'. Pull up to 3997' and circ. hole with 100 bbls. POH. SION.
8/1 RU Schlumberger and perf 2 JSPF from 3890-3908'. Acidize with 500 gals of 15% HCL.
8/2 Put on production.



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 8/2/01

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

(This space for State Use)

APPROVED BY _____ TITLE CARY W. WINK DATE JUL 25 2002
ORIGINAL SIGNED BY CARY W. WINK
OC FIELD REPRESENTATIVE II/STAFF MANAGER

5
C
S