



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

Gary Johnson
GOVERNOR
Jennifer A. Salisbury
CABINET SECRETARY

JANUARY 31, 2001

Company name: Zia Energy, Inc.

Address: P.O. Box 2510

City, State, Zip, Phone: Hobbs, NM 88241

Form C-103, Report of Plugging for your Cole State #5-H (16-22s-37e)

Can not be approved until a Division representative has made an inspection of the location and found it to in compliance of Division Rule and Regulations. Please check each item in the space provided to indicate that the work has been done.

1. All pits have been remediated in compliance with Division "Pit Remediation Guidelines".
2. Rat hole and cellar have been filled and leveled.
3. A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It must show the OPERATOR NAME, LEASE NAME, WELL NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE.
4. The location has been leveled as nearly as possible to original top ground contour and has been cleared of all junk and equipment.
5. The dead men and tie downs have been cut and removed.
6. If a one well lease or last remaining well on lease, the battery and pit location(s) have been remediated to Division "Pit Remediation Guidelines" and all flowlines, production equipment and junk removed from lease or well location.

The above are minimum requirements and no plugging bond will be released until all locations for plugged and abandoned wells have been inspected and Form C-103 approved. When all of the work outlined above has been done, please notify this office by filling in the blank form below and returning this letter to us so a Division representative will not have to make more than one trip to a location.

Sincerely
OIL CONSERVATION DIVISION

Chris Williams
Chris Williams, District I Supervisor

FILL IN BELOW AND RETURN TO: Oil Conservation Division, 1625 N. French Dr., Hobbs, NM 88240.

I certify that the above work has been done and the well or lease referenced above is ready for inspection and approval.

Zia Energy, Inc. Farris Nelson Pres. 11/16/01 505-393-2937
OPERATOR NAME & TITLE DATE PHONE