

P. O. BOX 2219

# ZIA ENERGY, INC.

PHONE (505) 393-2937

HOBBS, NEW MEXICO 88240

November 23, 1988

Bettis, Boyle, & Stoval  
P.O. Box 1240  
Graham, Texas 76046

Re: Administrative Approval  
For Downhole Commingling  
B J No.1 located in  
SE/4 - SE/4, 17-22S-37E  
Lea County, New Mexico

Gentlemen:

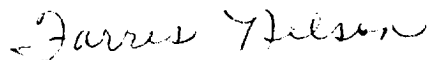
Zia Energy, Inc. has petitioned the Oil Conservation Commission to grant administrative approval for downhole commingling for the above described well.

Zia purchased the Warrior, Inc. working interest in the B J No.1 well effective with November 1, 1988. This well was drilled by Millard Deck and completed in February, 1974. At the time of initial completion the well was perforated from 3473' to 3863'. The C-105 (Well Completion Form) and C-104 (Request For Allowable Form) were both filed by Deck and approved by the OCD, reflecting the perforated interval being 3473' to 3863'. The well was produced through these perforations from February, 1974 to March 1986 and it was shut-in as uneconomical to produce on that date.

Zia discovered the perforations as filed and approved included a portion of the Eumont (Queen). Penrose-Skelly (Grayburg) and Eunice San Andres Southwest (San Andres) fields to be covered by the perforations. The well has been downhole commingled from the beginning. It is our purpose now to secure OCD approval for the downhole commingling, so that the record and well bore conditions will abide by OCD rules and regulation. No additional perforations are proposed.

This letter is simply to inform you of our application.

Yours truly,



Farris Nelson