

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

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

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

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

WELL API NO. 30-025-33681
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. B-3480
7. Lease Name or Unit Agreement Name Cole State
8. Well No. 7
9. Pool name or Wildcat Eunice San Andres SW
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3407' GR

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.)

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	2. Name of Operator Zia Energy Inc.
3. Address of Operator P.O. Box 2219, Hobbs, NM 88241	4. Well Location Unit Letter H : 2300 Feet From The North Line and 920 Feet From The East Line Section 16 Township 22 South Range 37 East NMPM Lea County

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"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input checked="" 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.

1. Moved in and rigged up Capstar Drilling 11/22/96.
2. Spudded and drilled 12 1/2" hole to 412'.
3. Ran 400' of 8 5/8" - 24# casing. Set at 402' cemented using 260 sxs cl "c". Circulated 8 sxs to pit.
4. Waited on cement 12 hrs. Drilled plug and tested casing to 1000#. Held ok. Drilling ahead 11/23/96.

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

SIGNATURE Farris Nelson TITLE President DATE 1/30/97
TYPE OR PRINT NAME Farris Nelson TELEPHONE NO. 505/393-2937

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE JAN 31 1997

CONDITIONS OF APPROVAL, IF ANY: