

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

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| ¹ Operator name and Address Zia Energy, Inc. PO Box 2510 Hobbs, NM 88241 | | ² OGRID Number 025616 |
| | | ³ Reason for Filing Code Downhole commingle |
| ⁴ API Number 30 - 025-35372 | ⁵ Pool Name Wantz Abo | ⁶ Pool Code 62700 |
| ⁷ Property Code 27166 | ⁸ Property Name Grizzell A | ⁹ Well Number 1 |

II. ¹⁰ Surface Location

| | | | | | | | | | |
|----------------------------------|----------------------------|-------------------------------|----------------------------|-----------------------|-------------------------------------|---|------------------------------------|--------------------------------------|-----------------------------|
| ¹⁰ UL or lot no. H | ¹⁰ Section 6 | ¹⁰ Township 22s | ¹⁰ Range 37e | ¹⁰ Lot Idn | ¹⁰ Feet from the 1650 | ¹⁰ North/South Line North | ¹⁰ Feet from the 330 | ¹⁰ East/West line East | ¹⁰ County Lea |
|----------------------------------|----------------------------|-------------------------------|----------------------------|-----------------------|-------------------------------------|---|------------------------------------|--------------------------------------|-----------------------------|

¹¹ Bottom Hole Location

| | | | | | | | | | |
|-----------------------------|--|---|-----------------------------------|------------------------------------|-------------------------------------|--------------------------------|-----------------------------|------------------------------|----------------------|
| ¹¹ UL or lot no. | ¹¹ Section | ¹¹ Township | ¹¹ Range | ¹¹ Lot Idn | ¹¹ Feet from the | ¹¹ North/South line | ¹¹ Feet from the | ¹¹ East/West line | ¹¹ County |
| ¹² Lse Code P | ¹³ Producing Method Code P | ¹⁴ Gas Connection Date 8/1/01 | ¹⁵ C-129 Permit Number | ¹⁶ C-129 Effective Date | ¹⁷ C-129 Expiration Date | | | | |

III. Oil and Gas Transporters

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|---------------------------------|--|-------------------|-------------------|--|
| ¹⁸ Transporter OGRID | ¹⁹ Transporter Name and Address | ²⁰ POD | ²¹ O/G | ²² POD ULSTR Location and Description |
| 015694 | Navajo Refining Co. PO Box 159, Artesia NM 88211-0159 | 2828688 | O | H-6-22s-37e Grizzell A Tank Battery |
| 020809 | Sid Richardson Gasoline Co. 201 Main St., Ft. Worth, Tx 76102 | 2829549 | G | H-6-22s-37e Grizzell A Tank Battery |
| | | | | |
| | | | | |
| | | | | |

IV. Produced Water

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|------------------------------|---|
| ²³ POD 2828689 | ²⁴ POD ULSTR Location and Description H-6-22s-37e Grizzell A Tank Battery |
|------------------------------|---|

V. Well Completion Data

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|------------------------------------|--|---------------------------------|-----------------------------------|---|----------------------------------|
| ²⁵ Spud Date 3/23/02 | ²⁶ Ready Date 3/27/02 | ²⁷ TD 7356 | ²⁸ PBTD 7296 | ²⁹ Perforations 6796-7130 | ³⁰ DHC, DC, MC DHC |
| ³¹ Hole Size 12 1/4" | ³² Casing & Tubing Size 8 5/8" | ³³ Depth Set 1171 | ³⁴ Sacks Cement 565 | | |
| 7 7/8" | 5 1/2" | 7349 | 2435 | | |
| | | | | | |
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VI. Well Test Data

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|---------------------------------------|--|-----------------------------------|---------------------------------|-----------------------------|------------------------------------|
| ³⁵ Date New Oil 3/27/02 | ³⁶ Gas Delivery Date 3/27/02 | ³⁷ Test Date 4/2/02 | ³⁸ Test Length 24 | ³⁹ Tbg. Pressure | ⁴⁰ Csg. Pressure 340 |
| ⁴¹ Choke Size 3 | ⁴² Oil 109 | ⁴³ Water 125 | ⁴⁴ Gas 225 | ⁴⁵ AOF | ⁴⁶ Test Method P |

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Scott Nelson*

Printed name: Scott Nelson

Title: Engineer

Date: 4/2/02

Phone: 505-393-2937

OIL CONSERVATION DIVISION

Approved by: *ORIGINAL SIGNED BY PAUL F. KAUTZ PETROLEUM ENGINEER*

Title:

Approval Date: APR 23 2002

⁴⁸ If this is a change of operator fill in the OGRID number and name of the previous operator

| | | | |
|-----------------------------|--------------|-------|------|
| Previous Operator Signature | Printed Name | Title | Date |
|-----------------------------|--------------|-------|------|