

0365  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTN.M. Oil Cons. Div-Dist. 2  
1301 W. Grand Avenue  
Alamosa, NM 88210  
SUBMIT IN TRIPPLICATE  
(Other instructions on reverse side)FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 19955. LEASE DESIGNATION AND SERIAL NO.  
LC 065347

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

N/A

8. FARM OR LEASE NAME, WELL NO.

Estill AD Federal No.2

9. API WELL NO.

30-015-33336

10. FIELD AND POOL, OR WILDCAT

White City; Penn

11. SEC. T., R., M., BLOCK AND SURVEY  
OR AREA

Sec. 19 T24S R26E

12. COUNTY OR PARISH  
Eddy13. STATE  
NM

## 1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

## 1b. TYPE OF WELL

OIL ☐GAS ☒

WELL

WELL

OTHER

SINGLE ☐MULTIPLE ☐

ZONE

ZONE

## 2. NAME OF OPERATOR

Gruy Petroleum Management Co.

## 3. ADDRESS AND TELEPHONE NO.

P.O. Box 140907 Irving TX 75014 972-401-3111

SUBJECT TO LIKE  
APPROVAL BY STATE

## 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

SHL 2270' FNL &amp; 380' FEL, BHL 1350' FNL &amp; 1200' FEL Sec 19-24S-26E

## 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

17 miles South of Carlsbad

15. DISTANCE FROM PROPOSED\*  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, T.O  
(Also to nearest drlg. unit line, if any)

BHL 1200'

## 16. NO. OF ACRES IN LEASE

2318.08

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

640

RECEIVED

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

1861'

## 19. PROPOSED DEPTH

13000'

## 20. ROTARY OR CABLE TOOLS

Rotary

MAR 25 2004

OCD-ARTESIA

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
3430' GR22. APPROX. DATE WORK WILL START\*  
04-01-04

## 23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	J-55 13 3/8"	54.5 #	350'	490 sx circulate
12 1/4"	NS-110 9 5/8"	40 #	1550'	1200 sx circulate
7 7/8"	N-80/P-110 5 1/2"	17 #	13000'	1620 sx TOC 2700'

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 - psi BOP system. We are requesting a variance for the 13 3/8" surface casing and BOP testing from Onshore Order No. 2, which states all casing strings below the conductor, shall be pressure tested to .22 psi per foot or 1500 # whichever is greater, but not to exceed 70% of the manufactures stated maximum internal yield. During the running of the surface pipe and the drilling of the intermediate hole we do not anticipate any pressures greater than 1000 # and are requesting a variance to test the 13 3/8" casing and BOP system to 1000 # psi, and use rig pumps instead of an independent service company.

## IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM:

If proposal is to deepen, give data on present productive zone and proposed new productive zone.  
If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24  
SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 02-4-04

(This space for Federal or State office use)

PERMIT No.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to the land in the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:APPROVED BY /s/ Joe G. Lara TITLE FIELD MANAGER DATE 22 MAR 2004

\*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

APPROVAL AS U.S.C. Section 1001 makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

Carlsbad Controlled Water Basin

## Application to Drill

Gruy Petroleum Management Co.  
Estill AD Federal No. 2  
Unit Letter H Section 19  
T24S - R26E Eddy County, NM

In response to questions asked under Section II B of Bulletin NTL-6 the following information is provided for your consideration:

- 1 Location: SHL 2270' FNL & 380' FEL Sec. 19- 24S 26E  
BHL 1350' FNL & 1200' FEL Sec. 19-24S-26E
- 2 Elevation above sea level: GR 3430'
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5 Proposed drilling depth: 13000'

6 Estimated tops of geological markers:

T/Salt	250'	Cisco Canyon	9928
B/Salt	800'	Strawn	10078
Delaware	1450	Atoka	10388
Bone Spring	6168	Morrow	11,158
Wolfcamp	8098	Barnett	11,768

7 Possible mineral bearing formation:

Wolfcamp	Oil
Atoka	Gas
Morrow	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17 1/2"	0-350'	13 3/8"	54.5	8-R	ST&C	J-55
12 1/4"	0-1550'	9 5/8"	40	8-R	ST&C	NS-110
7 7/8"	0-13000'	5 1/2"	17	8-R	ST&C	N-80 / S-95

## Application to Drill

Gruy Petroleum Management Co.  
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### 9 Cementing & Setting Depth:

13 3/8"	Surface	Set 350' of 13 3/8" J-55 54.5 ST&C casing. Cement with 490 Sx. Of Class "C" cement + additives, circulate cement to surface.
9 5/8"	Intermediate	Set 1550' of 9 5/8" NS-110 40# ST&C casing or casing sufficient to reach the base of the reef complex. Cement in two stages, first stage cement with 1000 Sx. Of Class POZ/C Cement + additives, second stage cement with 200 Sx. Of Class "C" + additives, circulate cement to surface.
5 1/2"	Production	Set 13000' of 5 1/2" NP-80 75-95-17# ST&C casing. Cement in two stages, first stage cement with 1020 Sx. of Class POZ/C Cement + additives. Second stage cement with 600 Sx of Class "C" Estimated top of cement 2700'.

### 10 Pressure control Equipment:

Exhibit "E". A 13 3/8" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000 # annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 6000'. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor. BOP unit will be hydraulically operated. BOP will be nipped up on the 9 5/8" casing and will be operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling.

### 11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 350'	8.4 - 8.6	30 - 32	ay lose circ.	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
350' - 1550'	9.7 - 10.0	28 - 29	ay lose circ.	Brine water. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.
1550' - 8300'	8.4 - 9.9	28 - 29	NC	Fresh water. Paper for seepage. Lime for pH (9 - 9.5)
8300' - 10000'	8.45 - 8.9	28 - 29	NC	Cut brine. Caustic for pH control.
10000' - 13000'	8.9 - 9.7	29 - 45	NC	XCD Polymer mud system.

*BCD*  
*Fresh JS will call 6:00g*  
*3/26/24*

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs. Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until production casing is run and cemented.

## **Application to Drill**

Gruy Petroleum Management Co.  
Estill AD Federal No. 2  
Unit Letter H Section 19  
T24S - R26E Eddy County, NM

### 12 Testing, Logging and Coring Program:

- A. Mud logging program: One-man unit from 8000' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DST's, or cores are planned at this time.

### 13 Potential Hazards:

No abnormal pressures or temperatures or H<sub>2</sub>S gas are expected. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 4000 PSI, estimated BHT 190.

### 14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 35 - 45 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

### 15 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Strawn / Morrow / Atoka pay will be perforated and stimulated. The well will be tested and potentialized as a gas well.

## **Surface Use Plan**

Gruy Petroleum Management Co.  
Estill AD Federal No. 2  
Unit Letter H      Section 19  
T24S - R26E      Eddy County, NM

- 1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Lea Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.
  - A. Exhibit "A" shows the proposed well site as staked.
  - B. From the intersection of Eddy County road # 722 and Eddy County Road # 426, go east 0.9 miles on County Road # 426 to bend in road. Go south 0.1 miles along caliche road. Go 0.1 miles to access road and then 0.56 miles on access road to location
- 2 PLANNED ACCESS ROADS: 127' of access road will be constructed.
- 3 LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A"
  - A. Water wells -                      None Known
  - B. Disposal wells -                      None known
  - C. Drilling wells -                      None known
  - D. Producing wells -                      As shown on Exhibit "A"
  - E. Abandoned wells -                      As shown on Exhibit "A"

## Surface Use Plan

Gruy Petroleum Management Co.  
Estill AD Federal No. 2  
Unit Letter H Section 19  
T24S - R26E Eddy County, NM

- 4 If, on completion this well is a producer Gruy Petroleum Management Co. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

5 LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

*W/prior Sundry Notice approval.  
TSO*

6 SOURCE OF CONSTRUCTION MATERIAL:

If possible construction will be obtained from the excavation of drill site, if additional material is needed it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

7 METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pit.
- B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
- D. Sewage from living quarters will drain into hoolding tanks and be cleaned out periodically. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Excess fluids will be suctioned out of the cuttings pit and hauled off by transports and be disposed of at a state approved disposal facility. Later pit area will be leveled and contoured to conform with the original and surrounding area. Water and any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8 ANCILLARY FACILITIES:

- A. No camps or airstrips to be constructed.

## **Surface Use Plan**

Gruy Petroleum Management Co.  
Estill AD Federal No. 2  
Unit Letter H Section 19  
T24S - R26E Eddy County, NM

### **9 WELL SITE LAYOUT**

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of reserve and trash pits; and living facilities.
- C. The mud system will be a closed circulating system with a cuttings pit. The cuttings pit is be lined with 4 oz felt with two 6 mil PVC or polyethelyne liner. Pit liner will extend a minimum 2' over the cuttings pit, where it will be anchored down.
- D. Upon completion of the well all excess fluids will be suctioned off from the cuttings pit and hauled off for proper disposal.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

### **10 PLANS FOR RESTORATION OF SURFACE**

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the excess fluids in the cuttings pit will be removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the soil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recoutered to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

## Surface Use Plan

Gruy Petroleum Management Co.  
Estill AD Federal No. 2  
Unit Letter H Section 19  
T24S - R26E Eddy County, NM

### 11 OTHER INFORMATION:

- A. Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.
- B. The wellsite is on surface owned by The United States Department of the Interior, Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- C. An Archaeological survey will be conducted on the location and proposed roads, and this report will be filed with the Bureau of Land Management in the Carlsbad BLM office.
- D. There are no known dwellings within 1 1/2 miles of this location.

### 12 OPERATORS REPRESENTATIVE:

Gruy Petroleum Management Company  
P.O. Box 14097  
Irving, TX 75014  
Office Phone: (972) 443-6489  
Zeno Farris

- 13 **CERTIFICATION:** I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Gruy Petroleum Management Company contractors/subcontractors in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME: \_\_\_\_\_

Zeno Farris

DATE: \_\_\_\_\_

5/25/03

TITLE: \_\_\_\_\_

Manager, Operations Administration



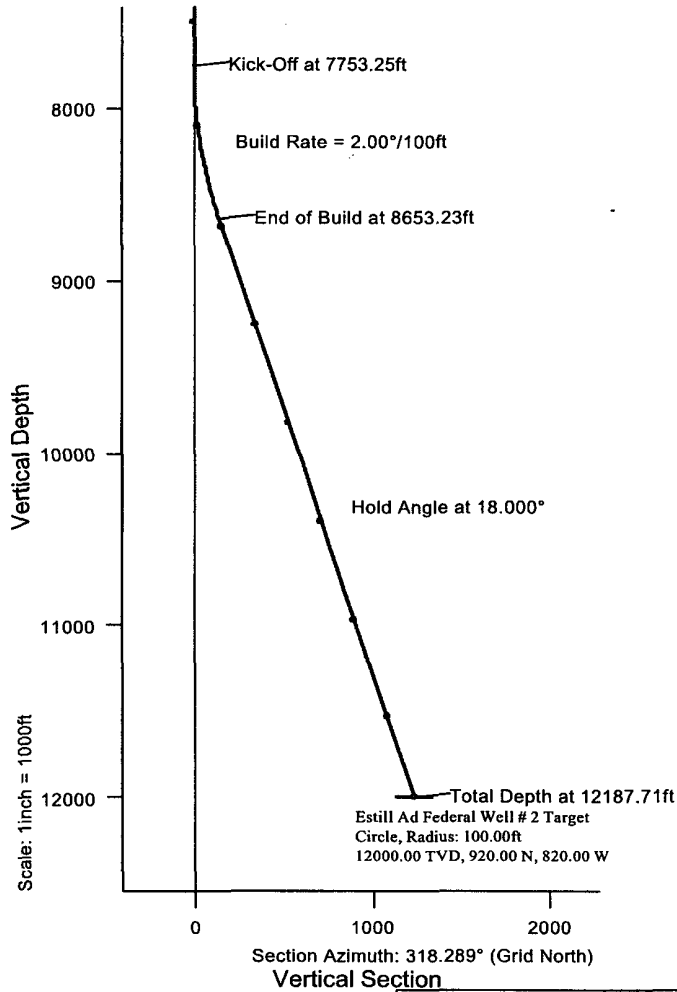
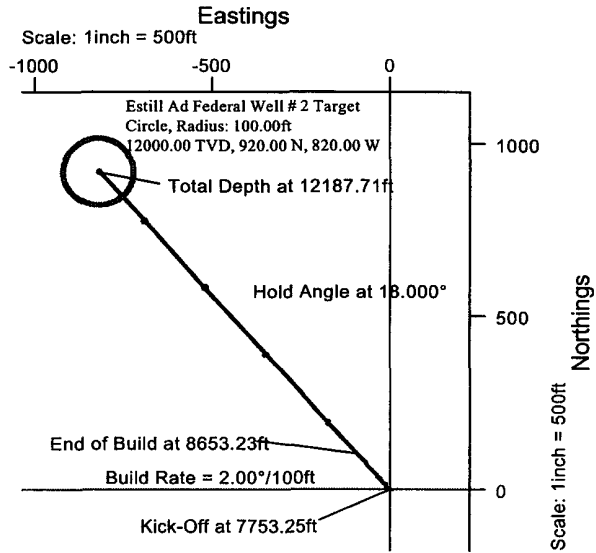
HALLIBURTON

# Gruy Petroleum Management Co.

DrillQuest™

Sperry-Sun

New Mexico  
Eddy County  
Sec. 19-T24S-R26E  
Estill Ad Federal Well # 2  
Plan 02/04/04



Prepared by:  
Admin

Date/Time:  
4 February, 2004 - 15:01

Checked:

Approved:



**Gruy Petroleum Management Co.  
New Mexico  
Eddy County  
Estill Ad Federal Well # 2 - Plan 02/04/04**

**Sperry-Sun**

## **Proposal Report**

**4 February, 2004**

Data Source: Information from Wade Wiley

Proposal Ref: pro7308

**HALLIBURTON**

**Proposal Report for Estill Ad Federal Well # 2 - Plan 02/04/04**  
**Data Source: Information from Wade Wiley**

Measured Depth (ft)	Incl. (Deg)	Azim. (Deg)	Station TVD (ft)	Coordinates Northings (ft)	Eastings (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Comment
0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00		
7753.25	0.000	0.000	7753.25	0.00 N	0.00 E	0.00	0.00	Kick-Off at 7753.25ft
7800.00	0.935	318.289	7800.00	0.28 N	0.25 W	0.38	2.00	
7900.00	2.935	318.289	7899.94	2.81 N	2.50 W	3.76	2.00	
8000.00	4.935	318.289	7999.70	7.93 N	7.07 W	10.62	2.00	
8100.00	6.935	318.289	8099.15	15.65 N	13.95 W	20.96	2.00	
8200.00	8.935	318.289	8198.19	25.95 N	23.13 W	34.76	2.00	
8203.24	9.000	318.289	8201.39	26.33 N	23.47 W	35.27	2.00	Build Rate = 2.00°/100ft
8300.00	10.935	318.289	8296.69	38.83 N	34.61 W	52.02	2.00	
8400.00	12.935	318.289	8394.52	54.27 N	48.37 W	72.70	2.00	
8500.00	14.935	318.289	8491.57	72.24 N	64.39 W	96.78	2.00	
8600.00	16.935	318.289	8587.72	92.74 N	82.66 W	124.23	2.00	
8653.23	18.000	318.289	8638.50	104.67 N	93.29 W	140.21	2.00	End of Build at 8653.23ft
8700.00	18.000	318.289	8682.98	115.45 N	102.91 W	154.66	0.00	
8800.00	18.000	318.289	8778.09	138.52 N	123.47 W	185.56	0.00	
8900.00	18.000	318.289	8873.19	161.59 N	144.03 W	216.46	0.00	
9000.00	18.000	318.289	8968.30	184.66 N	164.59 W	247.36	0.00	
9100.00	18.000	318.289	9063.40	207.73 N	185.15 W	278.26	0.00	
9200.00	18.000	318.289	9158.51	230.79 N	205.71 W	309.16	0.00	
9300.00	18.000	318.289	9253.62	253.86 N	226.27 W	340.06	0.00	
9400.00	18.000	318.289	9348.72	276.93 N	246.83 W	370.97	0.00	
9500.00	18.000	318.289	9443.83	300.00 N	267.39 W	401.87	0.00	
9600.00	18.000	318.289	9538.93	323.07 N	287.95 W	432.77	0.00	
9700.00	18.000	318.289	9634.04	346.13 N	308.51 W	463.67	0.00	
9800.00	18.000	318.289	9729.15	369.20 N	329.07 W	494.57	0.00	
9900.00	18.000	318.289	9824.25	392.27 N	349.63 W	525.47	0.00	
10000.00	18.000	318.289	9919.36	415.34 N	370.19 W	556.37	0.00	
10100.00	18.000	318.289	10014.46	438.41 N	390.75 W	587.27	0.00	
10200.00	18.000	318.289	10109.57	461.47 N	411.31 W	618.17	0.00	
10300.00	18.000	318.289	10204.67	484.54 N	431.88 W	649.07	0.00	
10400.00	18.000	318.289	10299.78	507.61 N	452.44 W	679.98	0.00	
10420.47	18.000	318.289	10319.25	512.33 N	456.64 W	686.30	0.00	Hold Angle at 18.000°
10500.00	18.000	318.289	10394.89	530.68 N	473.00 W	710.88	0.00	
10600.00	18.000	318.289	10489.99	553.75 N	493.56 W	741.78	0.00	
10700.00	18.000	318.289	10585.10	576.81 N	514.12 W	772.68	0.00	
10800.00	18.000	318.289	10680.20	599.88 N	534.68 W	803.58	0.00	
10900.00	18.000	318.289	10775.31	622.95 N	555.24 W	834.48	0.00	
11000.00	18.000	318.289	10870.42	646.02 N	575.80 W	865.38	0.00	
11100.00	18.000	318.289	10965.52	669.09 N	596.36 W	896.28	0.00	
11200.00	18.000	318.289	11060.63	692.15 N	616.92 W	927.18	0.00	
11300.00	18.000	318.289	11155.73	715.22 N	637.48 W	958.08	0.00	
11400.00	18.000	318.289	11250.84	738.29 N	658.04 W	988.99	0.00	
11500.00	18.000	318.289	11345.95	761.36 N	678.60 W	1019.89	0.00	
11600.00	18.000	318.289	11441.05	784.43 N	699.16 W	1050.79	0.00	
11700.00	18.000	318.289	11536.16	807.49 N	719.72 W	1081.69	0.00	

**Proposal Report for Estill Ad Federal Well # 2 - Plan 02/04/04**  
**Data Source: Information from Wade Wiley**

Measured Depth (ft)	Incl. (Deg)	Azim. (Deg)	Station Coordinates			Vertical Section (ft)	Dogleg Rate (°/100ft)	Comment
			TVD (ft)	Northings (ft)	Eastings (ft)			
11800.00	18.000	318.289	11631.26	830.56 N	740.28 W	1112.59	0.00	
11900.00	18.000	318.289	11726.37	853.63 N	760.84 W	1143.49	0.00	
12000.00	18.000	318.289	11821.47	876.70 N	781.41 W	1174.39	0.00	
12100.00	18.000	318.289	11916.58	899.77 N	801.97 W	1205.29	0.00	
12187.71	18.000	318.289	12000.00	920.00 N	820.00 W	1232.40	0.00	Total Depth at 12187.71ft Estill Ad Federal Well # 2 Target, 100.00 Radius., Current Target

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North.  
Vertical depths are relative to RKB. Northings and Eastings are relative to Wellhead.

The Dogleg Severity is in Degrees per 100 feet.  
Vertical Section is from Wellhead and calculated along an Azimuth of 318.289° (Grid).

Coordinate System is NAD27 New Mexico State Planes, Eastern Zone.  
Grid Convergence at Surface is 0.004°. Magnetic Convergence at Surface is -8.796° (04-Feb-04)

Based upon Minimum Curvature type calculations, at a Measured Depth of 12187.71ft.,  
The Bottom Hole Displacement is 1232.40ft., in the Direction of 318.289° (Grid).

**Comments**

Measured Depth (ft)	Station Coordinates			Comment
	TVD (ft)	Northings (ft)	Eastings (ft)	
7753.25	7753.25	0.00 N	0.00 E	Kick-Off at 7753.25ft
8203.24	8201.39	26.33 N	23.47 W	Build Rate = 2.00°/100ft
8653.23	8638.50	104.67 N	93.29 W	End of Build at 8653.23ft
10420.47	10319.25	512.33 N	456.64 W	Hold Angle at 18.000°
12187.71	12000.00	920.00 N	820.00 W	Total Depth at 12187.71ft

**Targets associated with this wellpath**

Target Name	Target Entry Coordinates			Target Shape	Target Type
	TVD (ft)	Northings (ft)	Eastings (ft)		
Estill Ad Federal Well # 2 Target	12000.00	920.00 N	820.00 W	Circle	Current Target

DISTRICT I  
P.O. Box 1880, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		White City Penn
Property Code	Property Name	Well Number
	ESTILL AD FEDERAL	2
OGRID No. 162683	Operator Name	Elevation
	GRUY PETROLEUM MANAGEMENT COMPANY	3430'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	19	24 S	26 E		2270	NORTH	380	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	19	24S	26E		11350	NORTH	1200	EAST	EDDY

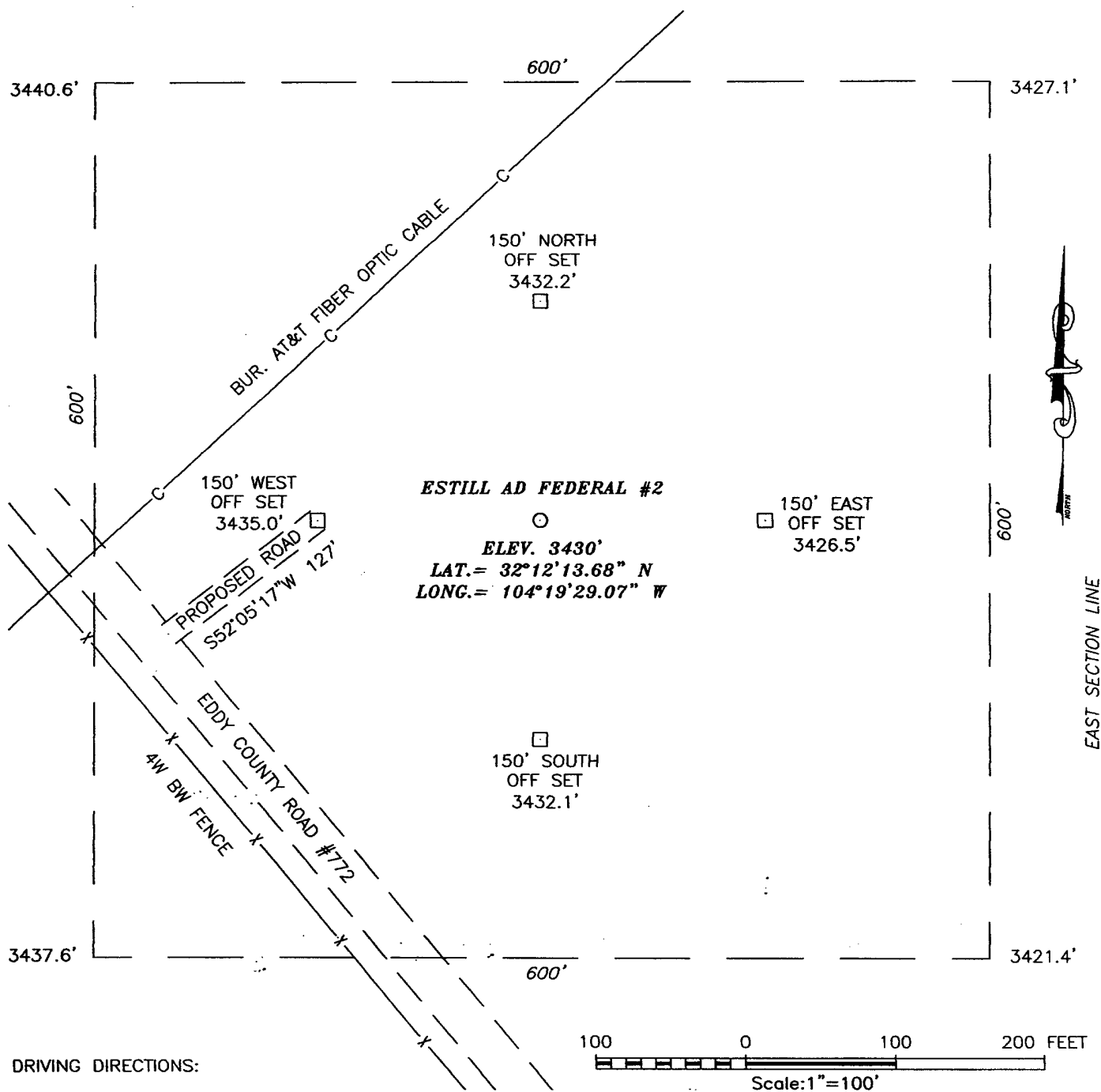
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
640	Y		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>NAD 27 NME GEODETIC COORDINATES Y-437862.0-N X-502567.6-E LAT.= 32°12'13.68" N LONG.= 104°19'29.07" W</p>	<p>3440.6' 3427.1' 600' 3437.6' 3421.4' 600'</p>	<p>1350' 1693' 2270' 1200' 894' 380' SHL</p>	<p>Estill AD BHL Federal No. 2 Penetration Point Strawn</p>	<p>Estill AD Federal No. 1 1650'</p>	<p>1650'</p>	<p>OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Zeno Farris Signature Zeno Farris Printed Name Manager, Operations Admin Title February 6, 2004 Date  SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  JANUARY 26, 2004 Date Surveyed LMP Signature &amp; Seal of Professional Surveyor GARY H. EIDSON 2/2/04 04.11.0008 Certificate No. GARY EIDSON 12641</p>
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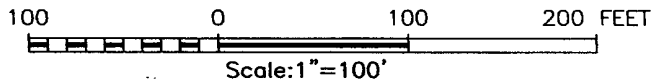


**SECTION 19, TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,**  
 EDDY COUNTY, NEW MEXICO.



**DRIVING DIRECTIONS:**

FROM THE INTERSECTION OF U.S. HWY 62-180 AND EDDY COUNTY ROAD #772, GO SOUTHEAST 0.1 MILES ON COUNTY ROAD #772. THIS LOCATION IS APPROXIMATELY 300' EAST.



**GRUY PETROLEUM MANANGEMENT COMPANY**

ESTILL AD FEDERAL #2  
 LOCATED 2270 FEET FROM THE NORTH LINE  
 AND 380 FEET FROM THE EAST LINE OF SECTION 19,  
 TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO

Survey Date: 1/26/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.0008	DRAWN BY: L. PERALES
Date: 1/30/04	DISK: CD '04
04110008	Scale: 1"=100'

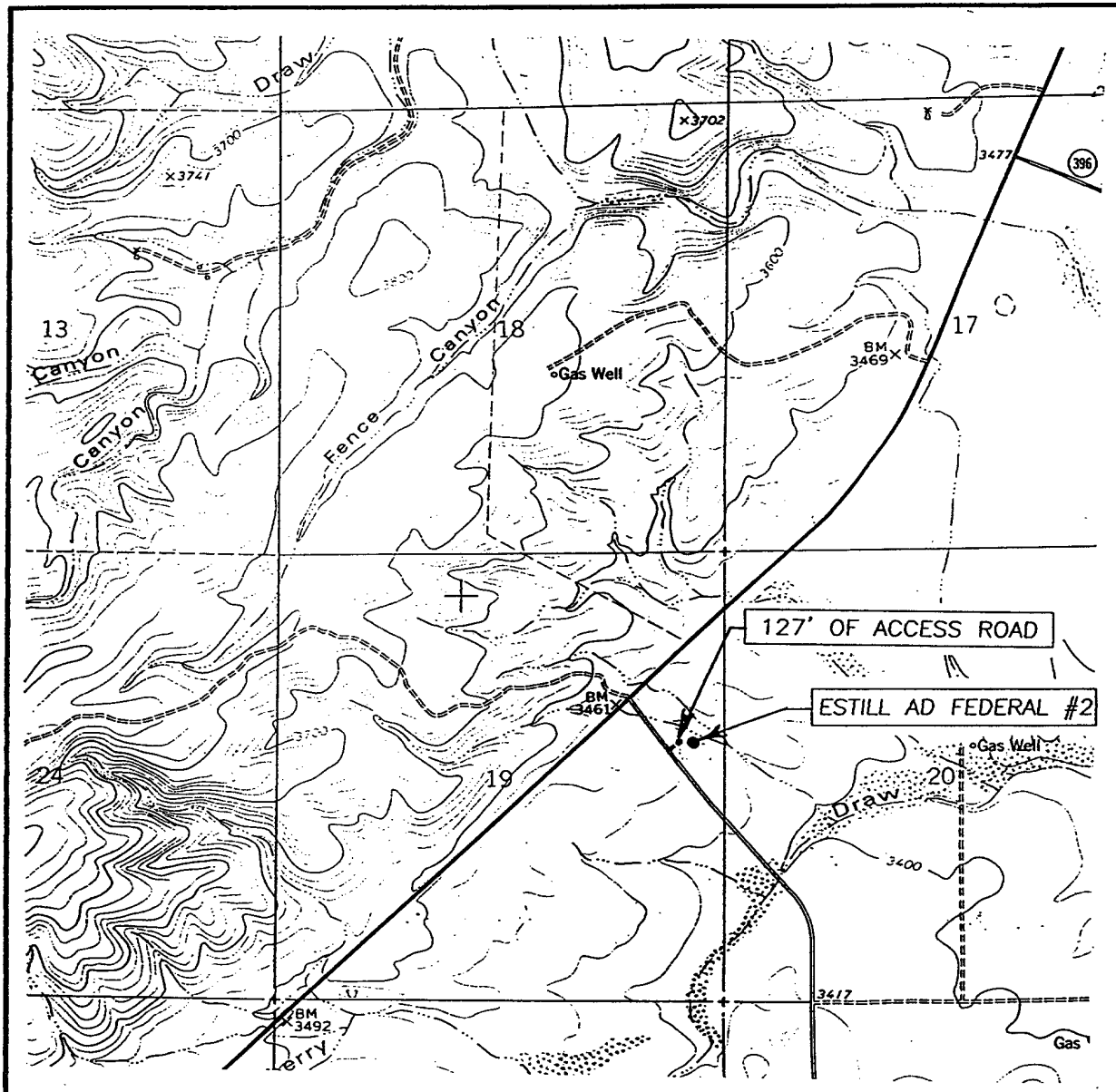
**JOHN WEST SURVEYING COMPANY**

412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
BLACK RIVER VILLAGE, N.M. - 20'

SEC. 19 TWP. 24-S RGE. 26-E

SURVEY \_\_\_\_\_ N.M.P.M.

COUNTY \_\_\_\_\_ EDDY

DESCRIPTION 2270' FNL & 380' FEL

ELEVATION \_\_\_\_\_ 3430'

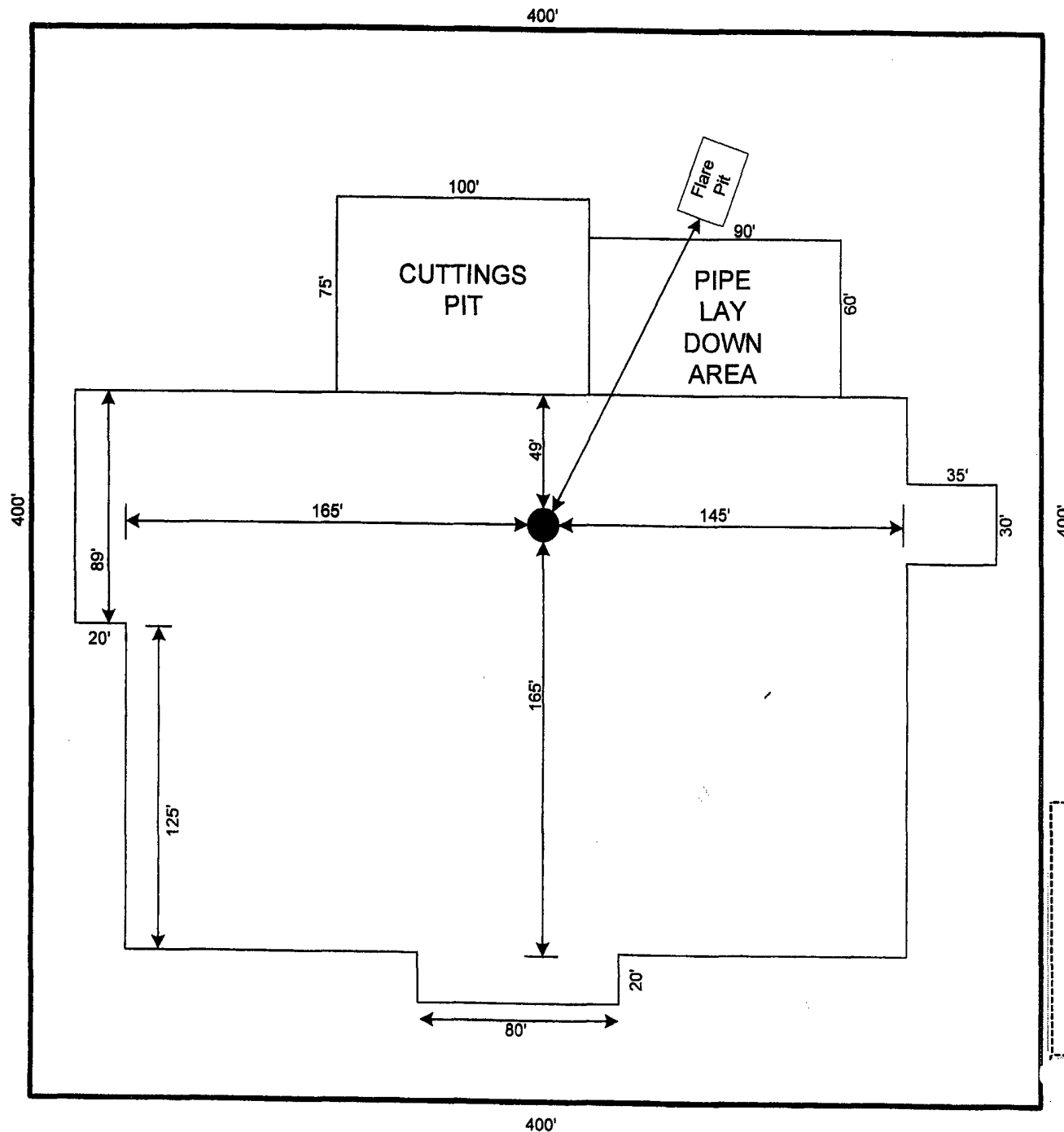
OPERATOR GRUY PETROLEUM  
MANAGEMENT COMPANY

LEASE \_\_\_\_\_ ESTILL AD FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
BLACK RIVER VILLAGE, N.M.

Exhibit C

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117



RIG # 80

GRUY PETROLEUM  
MANAGEMENT COMPANY  
IRVING TEXAS

SCALE 1"=60'

Exhibit D  
Rig Layout Plan  
Estill AD Federal No. 2  
Gruy Petroleum Management Co.  
Unit H-Section 19-T24S-R26E  
2270' FNL & 380' FEL  
Eddy County, NM

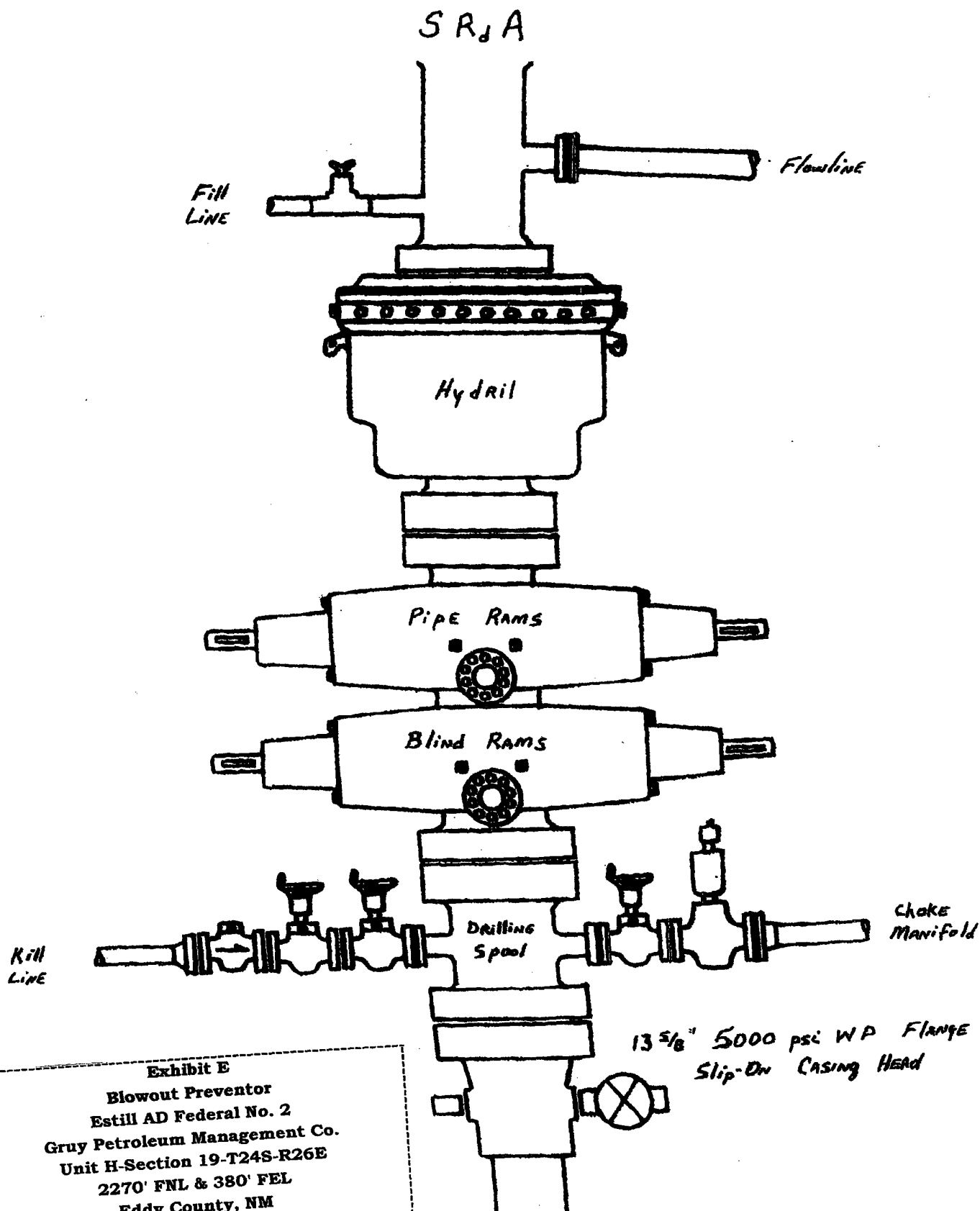


Exhibit E  
 Blowout Preventor  
 Estill AD Federal No. 2  
 Gruy Petroleum Management Co.  
 Unit H-Section 19-T24S-R26E  
 2270' FNL & 380' FEL  
 Eddy County, NM



**Gruy Petroleum Management Co.**

600 East Las Colinas Blvd. • Suite 1100 • Irving, TX 75039 • (972) 401-3111 • Fax (972) 443-6450  
Mailing Address: P.O. Box 140907 • Irving, TX 75014-0907

*A wholly-owned subsidiary of Magnum Hunter Resources, Inc., a NYSE company MHR*



**STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS**

Bureau of Land Management  
2909 West 2<sup>nd</sup> Street  
Roswell New Mexico 88201-2019  
Attn: Ms. Linda Askwig

Gruy Petroleum Management Co. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: LC - 065347

Legal Description: All Sec 19, T24S-R26E  
Containing 640 acres, Eddy County New Mexico

Formation (S): Morrow/Pennsylvanian

Bond Coverage: Nationwide BLM Bond

BLM Bond File No.: NM 2575

Authorized Signature: Zeno Farris  
Representing Gruy Petroleum Management Co.

Name: Zeno Farris

Title: Manager, Operations Administration

Date: 02/09/04