

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

**SUBMIT IN TRIPLICATE - Other Instructions on reverse side**

|                                                                                                                                  |                                                   |                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |                                                   | 5. Lease Serial No.<br>NMNM 112254                                  |
| 2. Name of Operator<br>Gruy Petroleum Management Co.                                                                             |                                                   | 6. If Indian, Allottee or Tribe Name                                |
| 3a. Address<br>P.O. Box 140907 Irving, TX 75014-0907                                                                             | 3b. Phone No. (include area code)<br>972.401.3111 | 7. If Unit or CA/Agreement, Name and/or No.                         |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>1600' FNL & 1200' FEL Sec 1-25S-25E                    |                                                   | 8. Well Name and No.<br>Vern 1 Federal No. 1                        |
|                                                                                                                                  |                                                   | 9. API Well No.<br>30-015-34109                                     |
|                                                                                                                                  |                                                   | 10. Field and Pool, or Exploratory Area<br>Cottonwood Draw; Wildcat |
|                                                                                                                                  |                                                   | 11. County or Parish, State<br>Eddy, NM                             |

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

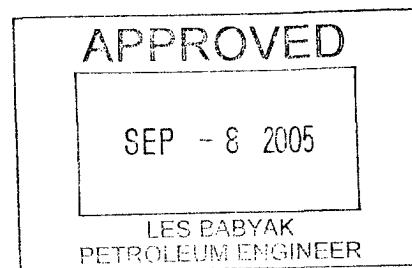
| TYPE OF SUBMISSION                                   | TYPE OF ACTION                                   |                                           |                                                    |                                         |
|------------------------------------------------------|--------------------------------------------------|-------------------------------------------|----------------------------------------------------|-----------------------------------------|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize                 | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Alter Casing            | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Casing Repair           | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input type="checkbox"/> Other _____    |
|                                                      | <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       |                                         |
|                                                      | <input type="checkbox"/> Convert to Injection    | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |                                         |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

In the event of a possible shortage of Interfill H, Gruy might need to change cementing program as follows using the blend below:

Second stage lead cement on 5-1/2" casing will be 600 sx 11.9 lbm/gal Interfill A + 0.25 lbm/sk Flocele.

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|                                                             |                                |
|-------------------------------------------------------------|--------------------------------|
| 14. I hereby certify that the foregoing is true and correct |                                |
| Name (Printed/Typed)<br>Natalie Krueger                     | Title<br>Regulatory Technician |
| Signature<br><i>Natalie Krueger</i>                         | Date<br>09-01-05               |

| THIS SPACE FOR FEDERAL OR STATE OFFICE USE                                                                                                                                                                                                                |        |      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------|
| Approved by                                                                                                                                                                                                                                               | Title  | Date |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office |      |

Title 18 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.