

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

5. Lease Serial No.
NMNM28172

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Adrianne 6 Federal No. 1 35072

9. API Well No.
30-015- 34319

10. Field and Pool, or Exploratory Area
Cottonwood Draw Wildcat

11. County or Parish, State
Eddy Co., NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Gruy Petroleum Management Co. 162683

3a. Address
P. O. Box 140907 Irving, TX 75014-0907

3b. Phone No. (include area code)
972-401-3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 200' FNL & 1500' FWL Sec. 6-T25S-R6E
BHL: 750' FNL & 1550' FWL Sec. 6-T25S-R6E

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☒ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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.)

Change SHL to 200' FNL & 1700' FWL

Submit new Directional Survey

Change Penetration Point Strawn to 9850'

(see attached Amended C-102 and Directional Survey)

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Natalie Krueger

Signature

Natalie Krueger

Title

Regulatory Technician

Date

August 4, 2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ Joe G. Lara

ACTING

FIELD MANAGER

Date

AUG 30 2005

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

CARLSBAD FIELD 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.

(Instructions on reverse)

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 86240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Revised JUNE 10, 2003
Submit to Appropriate District Office

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name Cottonwood Draw; Wildcat
Property Code	Property Name ADRIANNE 6 FEDERAL	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3454'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	6	25-S	26-E		200	NORTH	1700	WEST	EDDY

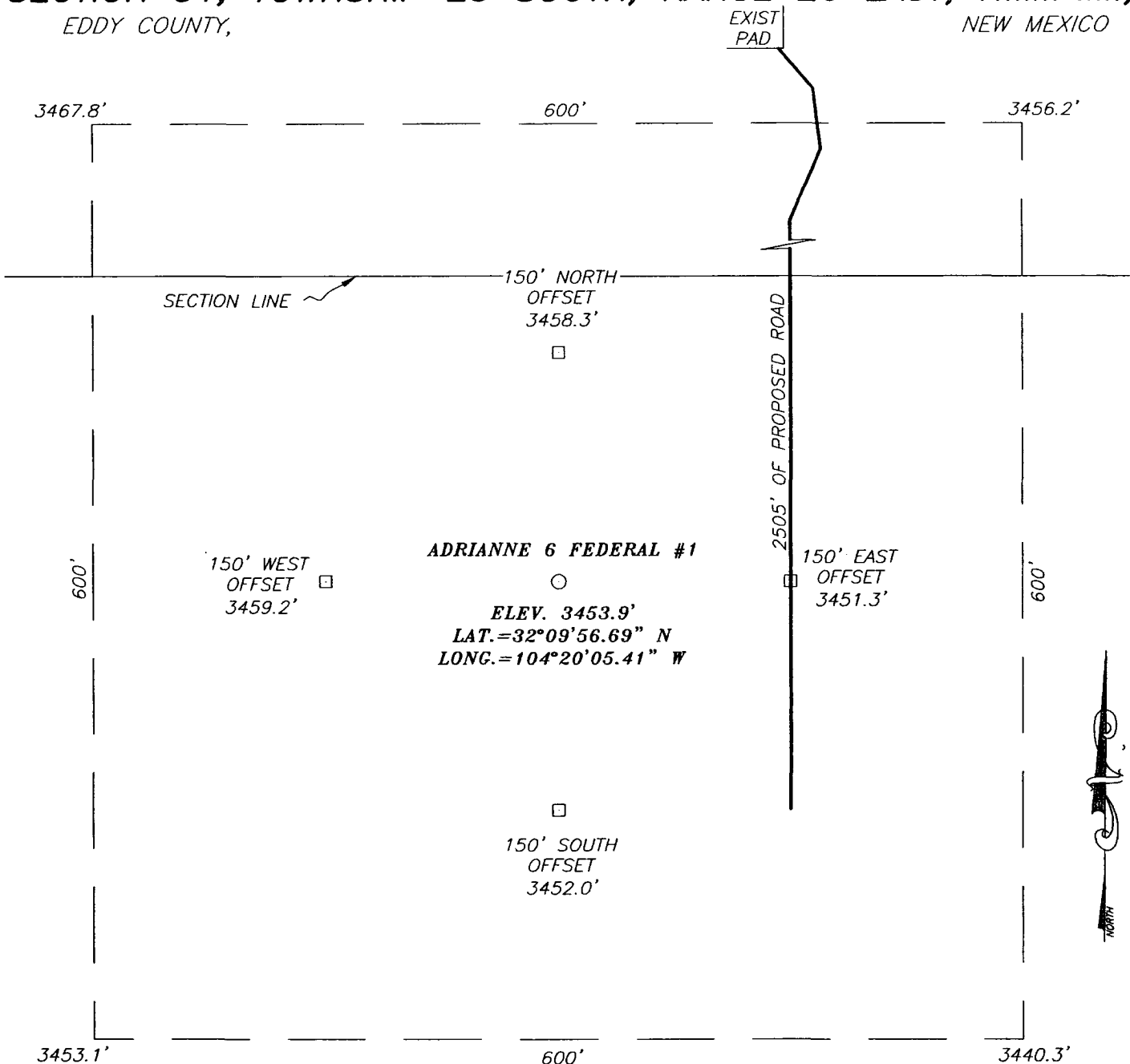
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	6	25-S	26-E		750	NORTH	1550	WEST	EDDY
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

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

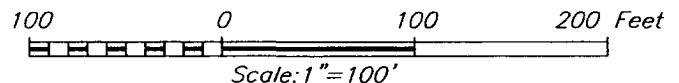
LOT 4: 1700' LOT 3: 200' LOT 2: 3467.8', 3456.2', 3453.1', 3440.3' LOT 1: 1603', 1550' LOT 5: Kick off Point LOT 6: BHL Penetration Point Strawn LOT 7: Adrienne 6 Fed #1 GEODETIC COORDINATES NAD 27 NME Y=424019.4 N X=499534.9 E LAT.=32°09'56.69" N LONG.=104°20'05.41" W	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>Zeno Farris</u> Signature <u>Zeno Farris</u> Printed Name <u>Mgr Operations Admin</u> Title <u>August 4, 2005</u> 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. <u>JULY 5, 2005</u> Date Surveyed <u>JR</u> Signature <u>GARY EIDSON</u> Professional Surveyor <u>7/14/05</u> Date <u>05.11.1015</u> Certificate No. <u>GARY EIDSON</u> 12641
---	--

SECTION 31, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

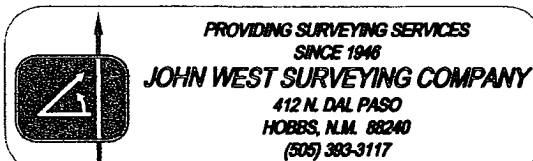
FROM THE INTERSECTION OF U.S. HWY.
#62-180 AND CO. RD. #426, GO EAST ON
CO. RD. #426 FOR APPROX. 2.1 MILES. TURN
RIGHT (SOUTH) AND GO APPROX. 0.5 MILES
TO THE WHITE CITY 31 #2 WELL. GO TO THE
SEc OF PAD AND FOLLOW PROPOSED ROAD
SURVEY SOUTH FOR APPROX. 2505' TO THIS
LOCATION.



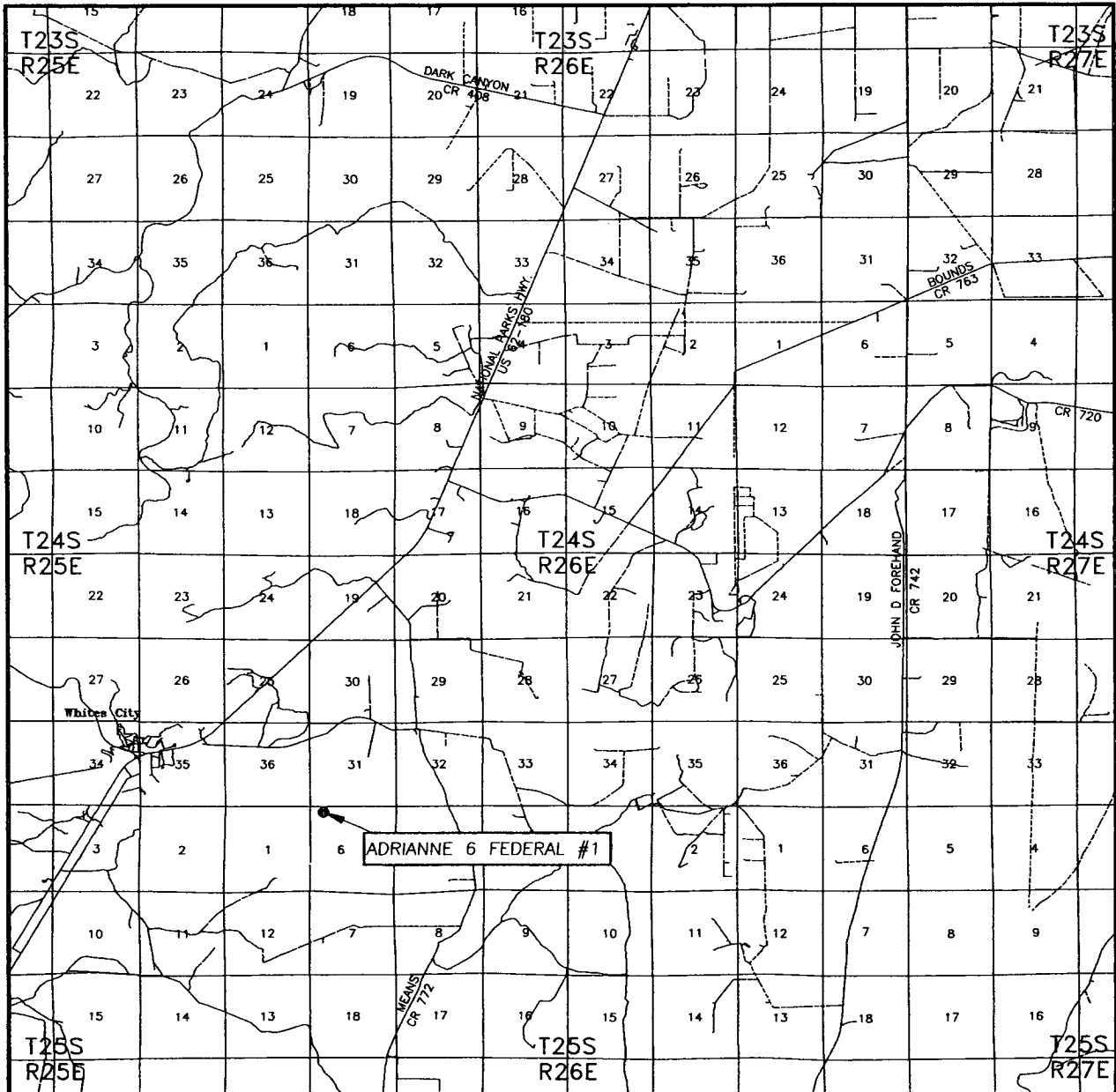
GRUY PETROLEUM MANAGEMENT COMPANY

ADRIANNE 6 FEDERAL #1 WELL
LOCATED 200 FEET FROM THE NORTH LINE
AND 1700 FEET FROM THE WEST LINE OF SECTION 6,
TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 07/05/05		Sheet 1 of 1 Sheets	
W.O. Number: 05.11.1015		Dr By: J.R.	Rev 1:N/A
Date: 07/12/05	Disk: CD#5	05111015	Scale: 1"=100'



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 6 TWP. 25-S RGE. 26-E

SURVEY N.M.P.M.

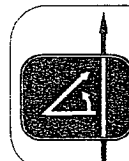
COUNTY EDDY

DESCRIPTION 200' FNL & 1700' FWL

ELEVATION 3454'

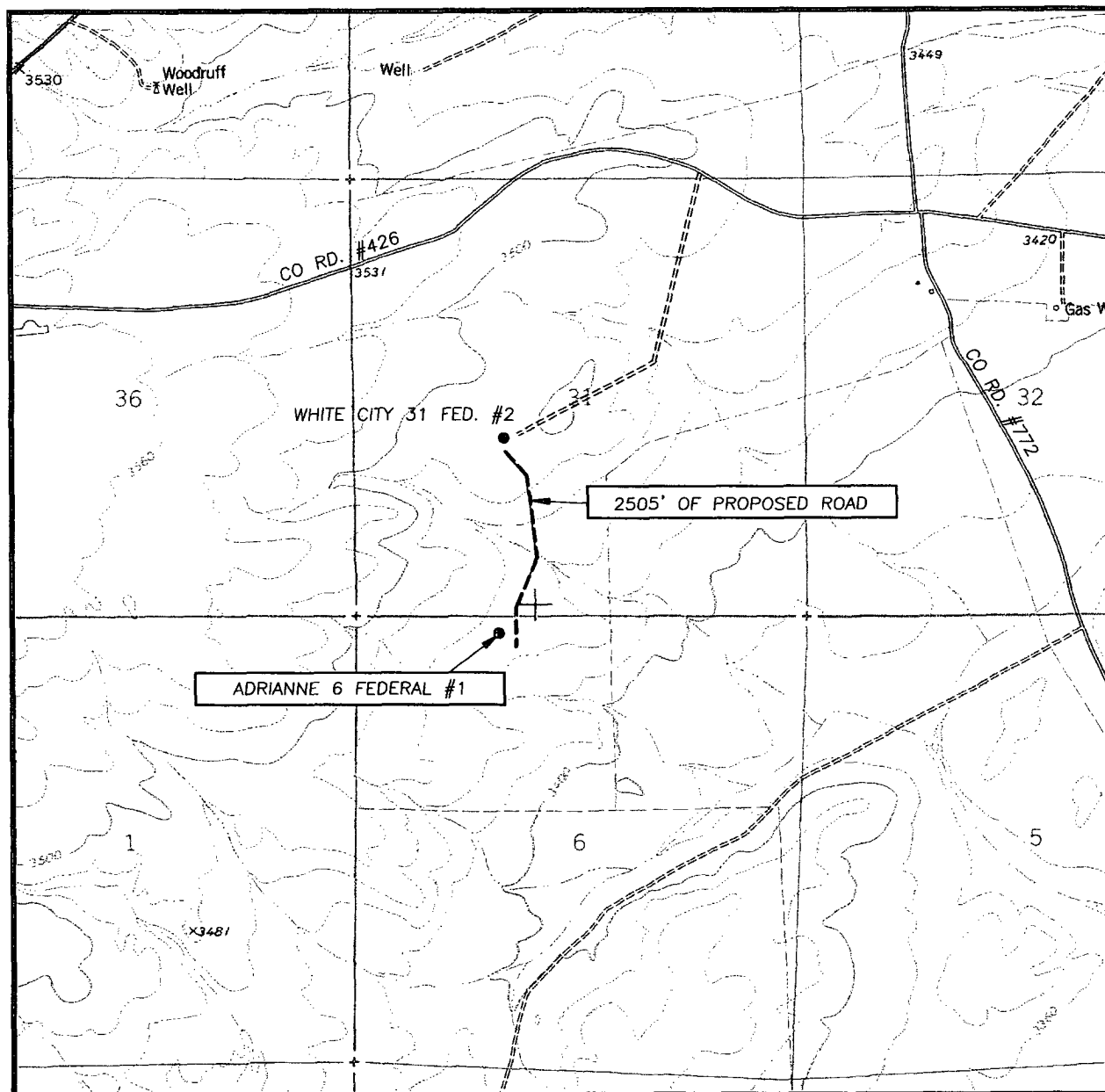
OPERATOR GRUY PETROLEUM MANAGEMENT COMPANY

LEASE ADRIANNE 6 FEDERAL



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 6 TWP. 25-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

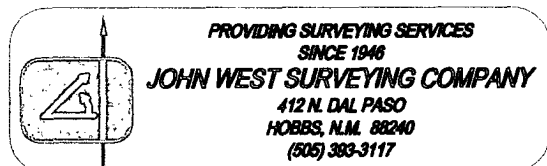
DESCRIPTION 200' FNL & 1700' FWL

ELEVATION 3454'

OPERATOR GRUY PETROLEUM
MANAGEMENT COMPANY

LEASE ADRIANNE 6 FEDERAL

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





Cimarex Energy Co., Inc.

Eddy Co., New Mexico

Adrianne 6 Federal #1

Adrianne 6 Federal #1

S-Well #1

Plan: Plan #2

Standard Survey Report

03 August, 2005





Black Viper Energy Services

Survey Report



Company: Cimarex Energy Co., Inc.
Project: Eddy Co., New Mexico
Site: Adrienne 6 Federal #1
Well: Adrienne 6 Federal #1
Wellbore: S-Well #1
Design: Plan #2

Local Co-ordinate Reference: Well Adrienne 6 Federal #1
TVD Reference: WELL @ 0.00ft (Original Well Elev)
MD Reference: WELL @ 0.00ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: 2003.11.0.3 Server Database

Project	Eddy Co., New Mexico		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Ground Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	Adrienne 6 Federal #1		
Site Position:		Northing:	424,019.40 ft
From:	Map	Easting:	499,534.90 ft
Position Uncertainty:	0.00 ft	Slot Radius:	"
		Latitude:	32° 09' 56.678" N
		Longitude:	104° 20' 05.423" W
		Grid Convergence:	0.00 °

Well	Adrienne 6 Federal #1		
Well Position	+N/-S	0.00 ft	Northing: 424,019.40 ft
	+E/-W	0.00 ft	Easting: 499,534.90 ft
Position Uncertainty		0.00 ft	Wellhead Elevation: 3,454.00 ft
			Latitude: 32° 09' 56.678" N
			Longitude: 104° 20' 05.423" W
			Ground Level: 0.00 ft

Wellbore	S-Well #1		
Magnetics	Model Name	Sample Date	Declination
	IGRF2005-10	8/3/2005	(°)
			8.61
			Dip Angle
			(°)
			60.13
			Field Strength
			(nT)
			49,114

Design	Plan #2		
Audit Notes:			
Version:	Phase:	PROTOTYPE	Tie On Depth: 7,500.00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	0.00	0.00	0.00
			Direction
			(°)
			195.26

Survey Tool Program	Date 8/3/2005		
From	To	Survey (Wellbore)	Tool Name
(ft)	(ft)		
0.00	7,500.00	Plan #1 (OH)	MWD
7,500.00	13,087.17	Plan #2 (S-Well #1)	MWD
			Description
			Standard MWD
			Standard MWD

Planned Survey									
Measured	Inclination	Azimuth	Vertical	+N/-S	+E/-W	Vertical	Dogleg	Build	Turn
Depth	(°)	(°)	Depth	(ft)	(ft)	Section	Rate	Rate	Rate
(ft)			(ft)			(ft)	(°/100ft)	(°/100ft)	(°/100ft)
7,500.00	0.00	195.26	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00
KOP - Build 3/100									
8,220.77	21.62	195.26	8,203.78	-129.66	-35.36	134.40	3.00	3.00	0.00
EOC - Hold 21.6°									
8,856.02	21.62	195.26	8,794.33	-355.51	-96.96	368.49	0.00	0.00	0.00
KOP - Drop 2/100									
9,937.17	0.00	195.26	9,850.00	-550.00	-150.00	570.09	2.00	-2.00	0.00
EOC									
12,087.17	0.00	195.26	12,000.00	-550.00	-150.00	570.09	0.00	0.00	0.00
13,087.17	0.00	195.26	13,000.00	-550.00	-150.00	570.09	0.00	0.00	0.00



Black Viper Energy Services
Survey Report



Company: Cimarex Energy Co., Inc.
Project: Eddy Co., New Mexico
Site: Adrienne 6 Federal #1
Well: Adrienne 6 Federal #1
Wellbore: S-Well #1
Design: Plan #2

Local Co-ordinate Reference: Well Adrienne 6 Federal #1
TVD Reference: WELL @ 0.00ft (Original Well Elev)
MD Reference: WELL @ 0.00ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature
Database: 2003.11.0.3 Server Database

Targets

Target Name

- hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S ft	+E/-W ft	Northing (ft)	Easting (ft)	Latitude	Longitude
T#1 [A6Fed#1] - plan hits target - Point	0.00	0.00	12,000.00	-550.00	-150.00	423,469.40	499,384.90	32° 09' 51.235" N	104° 20' 07.168" W
PBHL [A6Fed#1] - plan hits target - Point	0.00	0.00	13,000.00	-550.00	-150.00	423,469.40	499,384.90	32° 09' 51.235" N	104° 20' 07.168" W

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
10,087.17	10,000.00	Strawn		0.00	

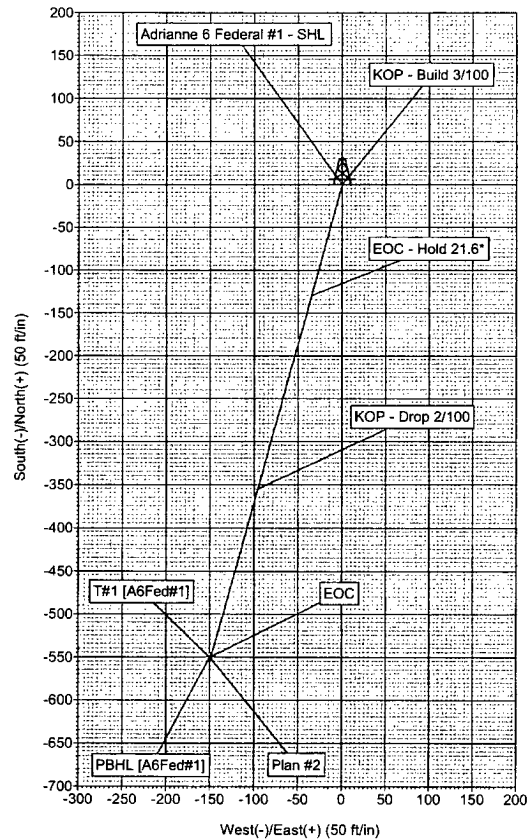
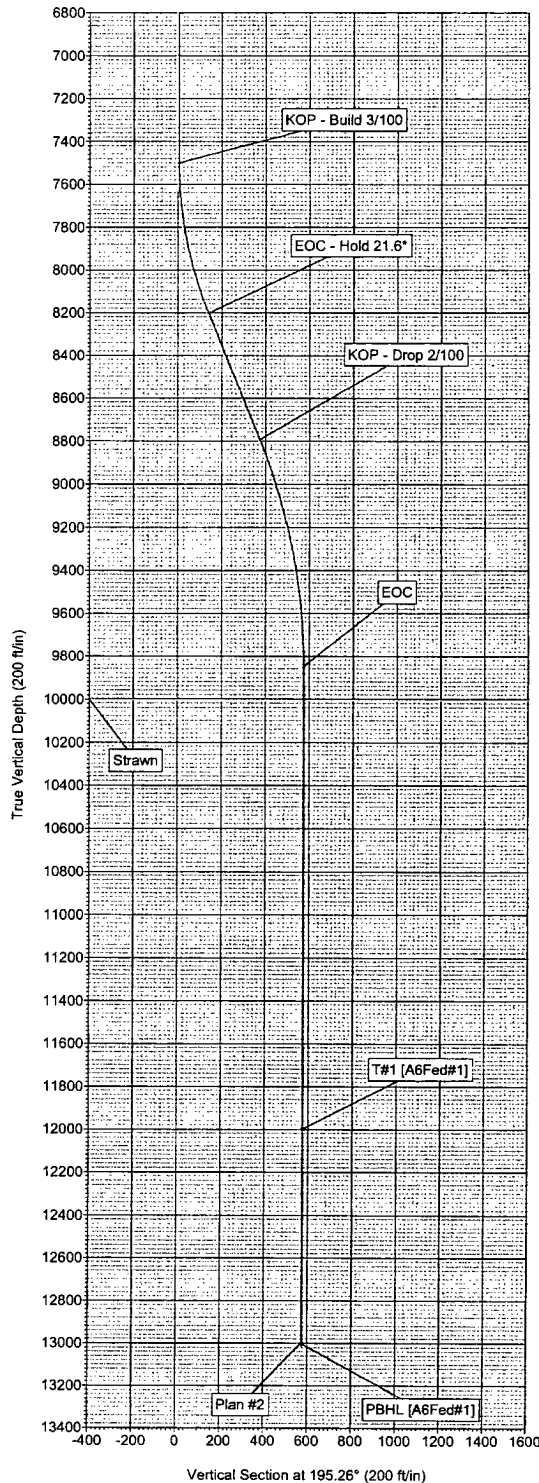
Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates		Comment
		+N/-S (ft)	+E/-W (ft)	
7,500.00	7,500.00	0.00	0.00	KOP - Build 3/100
8,220.77	8,203.78	-129.66	-35.36	EOC - Hold 21.6*
8,856.02	8,794.33	-355.50	-96.96	KOP - Drop 2/100
9,937.17	9,850.00	-550.00	-150.00	EOC

Checked By: _____ Approved By: _____ Date: _____

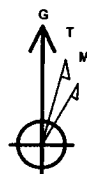


Project: Eddy Co., New Mexico
 Site: Adrienne 6 Federal #1
 Well: Adrienne 6 Federal #1
 Wellbore: S-Well #1
 Plan: Plan #2



SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	7500.00	0.00	195.26	7500.00	0.00	0.00	0.00	0.00	0.00	
2	8220.77	21.62	195.26	8203.78	-129.66	-35.36	3.00	195.26	134.40	
3	8856.02	21.62	195.26	8794.33	-355.51	-96.96	0.00	0.00	368.49	
4	9937.17	0.00	195.26	9850.00	-550.00	-150.00	2.00	180.00	570.09	
5	12087.17	0.00	195.26	12000.00	-550.00	-150.00	0.00	195.26	570.09	T#1 [A6Fed#1]
6	13087.17	0.00	195.26	13000.00	-550.00	-150.00	0.00	195.26	570.09	PBHL [A6Fed#1]



Azimuths to Grid North
 True North: 0.00°
 Magnetic North: 8.61°
 Magnetic Field
 Strength: 49114.3nT
 Dip Angle: 60.13°
 Date: 8/3/2005
 Model: IGRF2005-10

ANNOTATIONS

TVD	MD	Annotation
7500.00	7500.00	KOP - Build 3/100
8203.78	8220.77	EOC - Hold 21.6°
8794.33	8856.02	KOP - Drop 2/100
9850.00	9937.17	EOC

Plan: Plan #2 (Adrienne 6 Federal #1/S-Well #1)

Created By: John Halleberg Date: 08/03/2005

Adrienne 6 Federal #1 Plan #2 Report 8-03-05.txt
 Cimarex Energy Co., Inc.
 Adrienne 6 Federal #1 - Plan #2

Eddy Co., New Mexico
 Adrienne 6 Federal #1

Measured Dogleg Depth Rate (ft) (°/100ft)	Incl.	Azim.	Vertical Depth (ft)	Northings (ft)	Eastings (ft)	Vertical Section (ft)
7500.00 0.00	0.000	195.255	7500.00	0.00 N	0.00 E	0.00
7600.00 3.00	3.000	195.255	7599.95	2.53 S	0.69 W	2.62
7700.00 3.00	6.000	195.255	7699.63	10.09 S	2.75 W	10.46
7800.00 3.00	9.000	195.255	7798.77	22.68 S	6.19 W	23.51
7900.00 3.00	12.000	195.255	7897.08	40.26 S	10.98 W	41.73
8000.00 3.00	15.000	195.255	7994.31	62.78 S	17.12 W	65.08
8100.00 3.00	18.000	195.255	8090.18	90.18 S	24.59 W	93.47
8200.00 3.00	21.000	195.255	8184.43	122.38 S	33.38 W	126.85
8220.77 3.00	21.623	195.255	8203.78	129.66 S	35.36 W	134.40
8300.00 0.00	21.623	195.255	8277.44	157.83 S	43.05 W	163.60
8400.00 0.00	21.623	195.255	8370.40	193.38 S	52.74 W	200.45
8500.00 0.00	21.623	195.255	8463.36	228.93 S	62.44 W	237.30
8600.00 0.00	21.623	195.255	8556.33	264.49 S	72.13 W	274.15
8700.00 0.00	21.623	195.255	8649.29	300.04 S	81.83 W	311.00
8800.00 0.00	21.623	195.255	8742.25	335.59 S	91.52 W	347.84
8856.02 0.00	21.623	195.255	8794.33	355.51 S	96.96 W	368.49
8900.00 2.00	20.743	195.255	8835.34	370.84 S	101.14 W	384.38
9000.00 2.00	18.743	195.255	8929.45	403.42 S	110.02 W	418.16
9100.00 2.00	16.743	195.255	9024.69	432.82 S	118.04 W	448.63
9200.00 2.00	14.743	195.255	9120.94	459.00 S	125.18 W	475.76
9300.00 2.00	12.743	195.255	9218.07	481.92 S	131.43 W	499.52
9400.00 2.00	10.743	195.255	9315.97	501.55 S	136.79 W	519.87
9500.00 2.00	8.743	195.255	9414.52	517.88 S	141.24 W	536.80
9600.00 2.00	6.743	195.255	9513.60	530.88 S	144.79 W	550.27
9700.00 2.00	4.743	195.255	9613.10	540.53 S	147.42 W	560.28

Adrianne 6 Federal #1 Plan #2 Report 8-03-05.txt

9800.00	2.743	195.255	9712.88	546.83 S	149.14 W	566.80
2.00						
9900.00	0.743	195.255	9812.83	549.77 S	149.94 W	569.85
2.00						
9937.17	0.000	195.255	9850.00	550.00 S	150.00 W	570.09
2.00						
10000.00	0.000	195.255	9912.83	550.00 S	150.00 W	570.09
0.00						
10100.00	0.000	195.255	10012.83	550.00 S	150.00 W	570.09
0.00						
10200.00	0.000	195.255	10112.83	550.00 S	150.00 W	570.09
0.00						
10300.00	0.000	195.255	10212.83	550.00 S	150.00 W	570.09
0.00						
10400.00	0.000	195.255	10312.83	550.00 S	150.00 W	570.09
0.00						
10500.00	0.000	195.255	10412.83	550.00 S	150.00 W	570.09
0.00						
10600.00	0.000	195.255	10512.83	550.00 S	150.00 W	570.09
0.00						
10700.00	0.000	195.255	10612.83	550.00 S	150.00 W	570.09
0.00						
10800.00	0.000	195.255	10712.83	550.00 S	150.00 W	570.09
0.00						
10900.00	0.000	195.255	10812.83	550.00 S	150.00 W	570.09
0.00						
11000.00	0.000	195.255	10912.83	550.00 S	150.00 W	570.09
0.00						
11100.00	0.000	195.255	11012.83	550.00 S	150.00 W	570.09
0.00						
11200.00	0.000	195.255	11112.83	550.00 S	150.00 W	570.09
0.00						
11300.00	0.000	195.255	11212.83	550.00 S	150.00 W	570.09
0.00						
11400.00	0.000	195.255	11312.83	550.00 S	150.00 W	570.09
0.00						
11500.00	0.000	195.255	11412.83	550.00 S	150.00 W	570.09
0.00						
11600.00	0.000	195.255	11512.83	550.00 S	150.00 W	570.09
0.00						
11700.00	0.000	195.255	11612.83	550.00 S	150.00 W	570.09
0.00						
11800.00	0.000	195.255	11712.83	550.00 S	150.00 W	570.09
0.00						
11900.00	0.000	195.255	11812.83	550.00 S	150.00 W	570.09
0.00						
12000.00	0.000	195.255	11912.83	550.00 S	150.00 W	570.09
0.00						
12087.17	0.000	195.255	12000.00	550.00 S	150.00 W	570.09
0.00						
12100.00	0.000	195.255	12012.83	550.00 S	150.00 W	570.09
0.00						
12200.00	0.000	195.255	12112.83	550.00 S	150.00 W	570.09
0.00						
12300.00	0.000	195.255	12212.83	550.00 S	150.00 W	570.09
0.00						
12400.00	0.000	195.255	12312.83	550.00 S	150.00 W	570.09
0.00						
12500.00	0.000	195.255	12412.83	550.00 S	150.00 W	570.09
0.00						
12600.00	0.000	195.255	12512.83	550.00 S	150.00 W	570.09
0.00						
12700.00	0.000	195.255	12612.83	550.00 S	150.00 W	570.09

Adrienne 6 Federal #1 Plan #2 Report 8-03-05.txt

0.00	12800.00	0.000	195.255	12712.83	550.00 S	150.00 W	570.09
0.00	12900.00	0.000	195.255	12812.83	550.00 S	150.00 W	570.09
0.00	13000.00	0.000	195.255	12912.83	550.00 S	150.00 W	570.09
0.00	13087.17	0.000	195.255	13000.00	550.00 S	150.00 W	570.09

All data are in feet unless otherwise stated. Directions and coordinates are relative to Grid North.

Vertical depths are relative to WELL. Northings and Eastings are relative to well.

The Dogleg Severity is in Degrees per 100 feet.

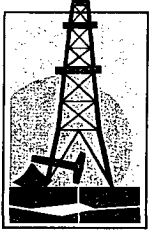
Vertical Section is from Slot and calculated along an Azimuth of 195.255° (Grid).

Coordinate System is NAD 1927 (NADCON CONUS) US State Plane 1927 (Exact solution), New Mexico East 3001.

Central meridian is -104.333°.

Grid Convergence at Surface is -0.001°.

Based upon Minimum Curvature type calculations, at a Measured Depth of 13087.17ft., the Bottom Hole Displacement is 570.09ft., in the Direction of 195.255° (Grid).



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 2nd 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.: NMNM - 28172

Legal Description: W/2 Sec 6, T25S-R26E
Containing 320 acres, Eddy County New Mexico

Formation (S): Morrow/Atoka/Strawn

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: 06/09/05

Application to Drill

Gruy Petroleum Management Co.
Adrienne 6 Federal No. 1
Unit Letter C Section 6
T25S - 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 200' FNL & 1500' FWL Sec. 6- 25S 26E
BHL 750' FNL & 1550' FWL Sec. 6 25S 26E
- 2 Elevation above sea level: GR 3461'
- 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	200'	Cisco Canyon	9928
B/Salt	800'	Strawn	10078
Delaware	1500	Atoka	10388
Bone Spring	6168	Morrow	11,158
Wolfcamp	8098	Barnett	11,768

7 Possible mineral bearing formation:

Strawn	Gas
Atoka	Gas
Morrow	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17 1/2"	0-200'	13 3/8"	54.5	8-R	ST&C	J-55
12 1/4"	0-1900'	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.
Adrienne 6 Federal No. 1
Unit Letter C Section 6
T25S - R26E Eddy County, NM

9 Cementing & Setting Depth:

13 3/8"	Surface	Set 200' of 13 3/8" J-55 54.5 ST&C casing. Cement with 225 Sx. Of Class "C" cement + additives, circulate cement to surface.
9 5/8"	Intermediate	Set 1900' 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 400 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 / S-95 17# ST&C casing. Cement in two stages, first stage cement with 870 Sx. of Class POZ/C Cement + additives. Second stage cement with 1050 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 - 200'	8.4 - 8.6	30 - 32	May lose circ.	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
200' - 1900'	9.7 - 10.0	28 - 29	May 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.
1900' - 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.

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.
Adrienne 6 Federal No. 1
Unit Letter C Section 6
T25S - 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 H₂S 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.

Hydrogen Sulfide Drilling Operations Plan

- 1 All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
 - A. Characteristics of H2S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H2S detectors, warning system and briefing
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
- 2 H2S Detection and Alarm Systems
 - A. H2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
- 3 Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
- 4 Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S present in dangerous concentration. Only emergency personnel admitted to location
- 5 Well control equipment
 - A. See exhibit "E"
- 6 Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.
- 7 Drillstem Testing Not Anticipated

Hydrogen Sulfide Drilling Operations Plan

- 8 Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.
- 9 If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if

Surface Use Plan

Gruy Petroleum Management Co.
Adrienne 6 Federal No. 1
Unit Letter C Section 6
T25S - R26E Eddy County, NM

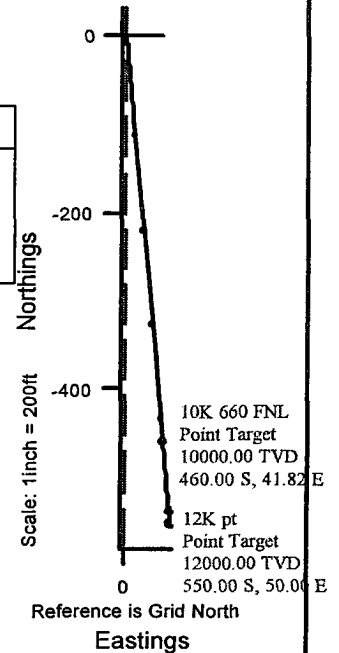
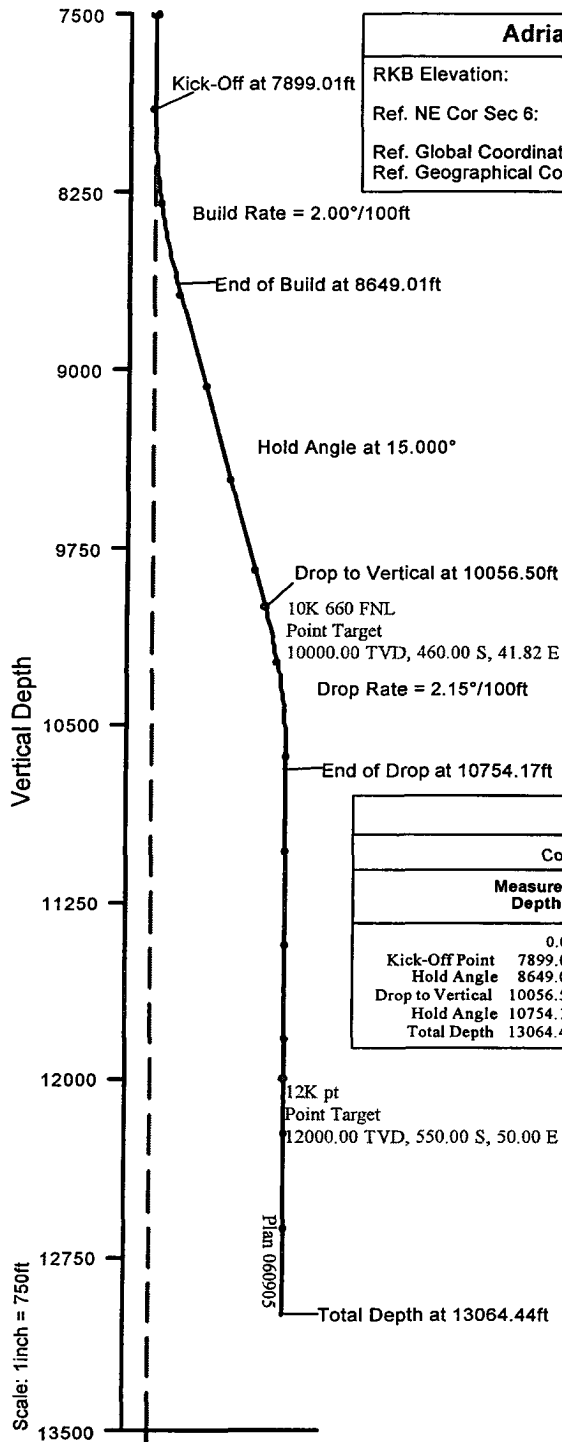
- 1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Lea Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.
 - A. Exhibit "A" shows the proposed well site as staked.
 - B. From the intersection of Hwy 62-180 and Eddy County road # 426 (Cresote Rd.) Go east on Co. Rd. 426 for 2.1. Turn right, south and go 0.5 miles. Turn left, west and go 0.2 miles to the White City 31 Federal No. 2. Follow proposed road SE coner of pad 2525' to this location.
- 2 PLANNED ACCESS ROADS: 2525' of access road will be constructed.
- 3 LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A"
 - A. Water wells - None Know
 - 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"

**New Mexico
Eddy County
Sec. 06-T25S-R26E
Adrienne 6 Fedral #1
Plan 060905**



Adrienne 6 Fedral #1 Surface Location

RKB Elevation:	3481.00ft above Mean Sea Level
Ref. NE Cor Sec 6:	200.00 S, 1500.00 E
Ref. Global Coordinates:	424019.60 N, 499334.90 E
Ref. Geographical Coordinates:	32° 09' 56.6884" N, 104° 20' 07.7378" W



Plan 060905 Proposal Data

Coordinate System : NAD27 New Mexico State Planes, Eastern Zone								
	Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Section	Dogleg Rate
	0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00	
Kick-Off Point	7899.01	0.000	0.000	7899.01	0.00 N	0.00 E	0.00	0.00
Hold Angle	8649.01	15.000	174.806	8640.47	97.21 S	8.84 E	97.62	2.00
Drop to Vertical	10056.50	15.000	174.806	10000.00	460.00 S	41.82 E	461.90	0.00
Hold Angle	10754.17	0.000	0.000	10689.73	550.44 S	50.04 E	552.70	2.15
Total Depth	13064.44	0.000	0.000	13000.00	550.44 S	50.04 E	552.70	0.00

Plan 060905 Bottom Hole Location

Ref. RKB(3461°+20°KB):	13000.00ft
Ref. Structure:	12980.00ft
Ref. Mean Sea Level:	9519.00ft
Ref. Wellhead:	550.44 S, 50.04 E
Ref. NE Cor Sec 6:	750.44 S, 1550.04 E
Ref. Global Coordinates:	423469.16 N, 499384.94 E
Ref. Geographical Coordinates:	32° 09' 51.2410" N, 104° 20' 07.1556" W

Section Azimuth: 174.806° (Grid North)
Vertical Section

Prepared by:
Dennis Cook

Date/Time:
9 June, 2005 - 12:41

Checked:

Approved:



Gruy Petroleum Management Co.
New Mexico
Eddy County
Sec. 06-T25S-R26E
Adrienne 6 Fedral #1 - Plan 060905

Revised: 9 June, 2005

Halliburton Sperry-Drilling Proposal Report

9 June, 2005

Data Source: Mr. Tom Strother

Surface Coordinates: 424019.60 N, 499334.90 E (32° 09' 56.6884" N, 104° 20' 07.7378" W)

Grid Coordinate System: NAD27 New Mexico State Planes, Eastern Zone

Surface Coordinates relative to Center of County: 121593.16 S, 665.10 W (Grid)

Surface Coordinates relative to NE Cor Sec 6: 200.00 S, 1500.00 E (Grid)

Kelly Bushing Elevation: 3481.00ft above Mean Sea Level

Kelly Bushing Elevation: 20.00ft above Structure

Proposal Ref: pro8566

HALLIBURTON

Sperry Drilling Services

HALLIBURTON**Sperry Drilling Services****Gruy Petroleum Management Co.**
New Mexico
Eddy County**Proposal Report for Sec. 06-T25S-R26E - Adrienne 6 Fedral #1 - Plan 060905****Data Source: Mr. Tom Strother****Revised: 9 June, 2005**

Measure Depth (ft)	Incl. Angle (Deg)	Drift Direction (Deg)	True Vertical Depth	Vertical Section (ft)	Local Coordinates N-S (ft)	E-W (ft)	Dogleg Severit (°/100ft)	Lease Calls FNL-FSL (ft)	FEL-FWL (ft)	Global Coordinates Grid Y (ft)	Grid X (ft)
0.00	0.000	0.000	0.00	0.00	0.00 N	0.00 E		200.00 FNL	1500.00 FWL	424019.60 N	499334.90 E
Kick-Off at 7899.01ft											
7899.01	0.000	0.000	7899.01	0.00	0.00 N	0.00 E	0.00	200.00 FNL	1500.00 FWL	424019.60 N	499334.90 E
7900.00	0.020	174.806	7900.00	0.00	0.00 N	0.00 E	2.00	200.00 FNL	1500.00 FWL	424019.60 N	499334.90 E
8000.00	2.020	174.806	7999.98	1.78	1.77 S	0.16 E	2.00	201.77 FNL	1500.16 FWL	424017.83 N	499335.06 E
8100.00	4.020	174.806	8099.84	7.05	7.02 S	0.64 E	2.00	207.02 FNL	1500.64 FWL	424012.58 N	499335.54 E
8200.00	6.020	174.806	8199.45	15.80	15.73 S	1.43 E	2.00	215.73 FNL	1501.43 FWL	424003.87 N	499336.33 E
8300.00	8.020	174.806	8298.69	28.02	27.90 S	2.54 E	2.00	227.90 FNL	1502.54 FWL	423991.70 N	499337.44 E
8400.00	10.020	174.806	8397.45	43.69	43.52 S	3.96 E	2.00	243.52 FNL	1503.96 FWL	423976.08 N	499338.86 E
8500.00	12.020	174.806	8495.60	62.81	62.55 S	5.69 E	2.00	262.55 FNL	1505.69 FWL	423957.05 N	499340.59 E
8600.00	14.020	174.806	8593.03	85.34	84.99 S	7.73 E	2.00	284.99 FNL	1507.73 FWL	423934.61 N	499342.63 E
End of Build at 8649.01ft											
8649.01	15.000	174.806	8640.47	97.62	97.21 S	8.84 E	2.00	297.21 FNL	1508.84 FWL	423922.39 N	499343.74 E
8700.00	15.000	174.806	8689.72	110.81	110.36 S	10.03 E	0.00	310.36 FNL	1510.03 FWL	423909.24 N	499344.93 E
8800.00	15.000	174.806	8786.32	136.69	136.13 S	12.37 E	0.00	336.13 FNL	1512.37 FWL	423883.47 N	499347.27 E
8900.00	15.000	174.806	8882.91	162.58	161.91 S	14.72 E	0.00	361.91 FNL	1514.72 FWL	423857.69 N	499349.62 E
9000.00	15.000	174.806	8979.50	188.46	187.68 S	17.06 E	0.00	387.68 FNL	1517.06 FWL	423831.92 N	499351.96 E
9100.00	15.000	174.806	9076.09	214.34	213.46 S	19.40 E	0.00	413.46 FNL	1519.40 FWL	423806.14 N	499354.30 E
9200.00	15.000	174.806	9172.69	240.22	239.24 S	21.75 E	0.00	439.24 FNL	1521.75 FWL	423780.36 N	499356.65 E
9300.00	15.000	174.806	9269.28	266.10	265.01 S	24.09 E	0.00	465.01 FNL	1524.09 FWL	423754.59 N	499358.99 E
9400.00	15.000	174.806	9365.87	291.99	290.79 S	26.43 E	0.00	490.79 FNL	1526.43 FWL	423728.81 N	499361.33 E
9500.00	15.000	174.806	9462.47	317.87	316.56 S	28.78 E	0.00	516.56 FNL	1528.78 FWL	423703.04 N	499363.68 E

Measure Depth (ft)	Incl. Angle (Deg)	Drift Direction (Deg)	True Vertical Depth	Vertical Section (ft)	Local Coordinates N-S (ft)	E-W (ft)	Dogleg Severit (°/100ft)	Lease Calls FNL-FSL (ft)	FEL-FWL (ft)	Global Coordinates Grid Y (ft)	Grid X (ft)
9600.00	15.000	174.806	9559.06	343.75	342.34 S	31.12 E	0.00	542.34 FNL	1531.12 FWL	423677.26 N	499366.02 E
9700.00	15.000	174.806	9655.65	369.63	368.11 S	33.46 E	0.00	568.11 FNL	1533.46 FWL	423651.49 N	499368.36 E
9800.00	15.000	174.806	9752.24	395.51	393.89 S	35.81 E	0.00	593.89 FNL	1535.81 FWL	423625.71 N	499370.71 E
9900.00	15.000	174.806	9848.84	421.40	419.67 S	38.15 E	0.00	619.67 FNL	1538.15 FWL	423599.93 N	499373.05 E
10000.00	15.000	174.806	9945.43	447.28	445.44 S	40.49 E	0.00	645.44 FNL	1540.49 FWL	423574.16 N	499375.39 E
Drop to Vertical at 10056.50ft, Target - 10K 660 FNL, Current Target											
10056.50	15.000	174.806	10000.00	461.90	460.00 S	41.82 E	0.00	660.00 FNL	1541.82 FWL	423559.60 N	499376.72 E
10100.00	14.065	174.806	10042.11	472.82	470.87 S	42.80 E	2.15	670.87 FNL	1542.80 FWL	423548.73 N	499377.70 E
10200.00	11.915	174.806	10139.55	495.29	493.26 S	44.84 E	2.15	693.26 FNL	1544.84 FWL	423526.34 N	499379.74 E
10300.00	9.765	174.806	10237.76	514.10	511.99 S	46.54 E	2.15	711.99 FNL	1546.54 FWL	423507.61 N	499381.44 E
10400.00	7.615	174.806	10336.60	529.20	527.03 S	47.91 E	2.15	727.03 FNL	1547.91 FWL	423492.57 N	499382.81 E
10500.00	5.465	174.806	10435.95	540.59	538.37 S	48.94 E	2.15	738.37 FNL	1548.94 FWL	423481.23 N	499383.84 E
10600.00	3.315	174.806	10535.65	548.25	546.00 S	49.63 E	2.15	746.00 FNL	1549.63 FWL	423473.60 N	499384.53 E
10700.00	1.165	174.806	10635.56	552.15	549.89 S	49.99 E	2.15	749.89 FNL	1549.99 FWL	423469.71 N	499384.89 E
End of Drop at 10754.17ft											
10754.17	0.000	0.000	10689.73	552.70	550.44 S	50.04 E	2.15	750.44 FNL	1550.04 FWL	423469.16 N	499384.94 E
Total Depth at 13064.44ft											
13064.44	0.000	0.000	13000.00	552.70	550.44 S	50.04 E	0.00	750.44 FNL	1550.04 FWL	423469.16 N	499384.94 E

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North.
Vertical depths are relative to RKB(3481'+20' KB). Northings and Eastings are relative to Wellhead.

Based upon Minimum Curvature type calculations, at a Measured Depth of 13064.44ft.,
The Bottom Hole Displacement is 552.70ft., in the Direction of 174.806° (Grid).

HALLIBURTON**Sperry Drilling Services****Gruy Petroleum Management Co.**
New Mexico
Eddy County**Proposal Report for Sec. 06-T25S-R26E - Adrienne 6 Fedral #1 - Plan 060905**
Data Source: Mr. Tom Strother
Revised: 9 June, 2005**Comments**

Measured Depth (ft)	Station Coordinates			Comment
	TVD (ft)	Northings (ft)	Eastings (ft)	
7899.01	7899.01	0.00 N	0.00 E	Kick-Off at 7899.01ft
8649.01	8640.47	97.21 S	8.84 E	End of Build at 8649.01ft
10056.50	10000.00	460.00 S	41.82 E	Drop to Vertical at 10056.50ft
10754.17	10689.73	550.44 S	50.04 E	End of Drop at 10754.17ft
13064.44	13000.00	550.44 S	50.04 E	Total Depth at 13064.44ft

Targets associated with this wellpath

Target Name	Target Entry Coordinates			Target Shape	Target Type
	TVD (ft)	Northings (ft)	Eastings (ft)		
10K 560 FNL	10000.00	460.00 S	41.82 E	Point	Current Target
	6519.00	423559.60 N	499376.72 E		
		32° 09' 52.1360" N	104° 20' 07.2512" W		
12K pt	12000.00	550.00 S	50.00 E	Point	Current Target
	8519.00	423469.60 N	499384.90 E		
		32° 09' 51.2453" N	104° 20' 07.1560" W		

North Reference Sheet for Sec. 06-T25S-R26E - Adrienne 6 Fedral #1

Coordinate System is NAD27 New Mexico State Planes, Eastern Zone, US Foot
Source: Snyder, J.P., 1987, Map Projections - A Working Manual

Datum is North American Datum of 1927 (US48, AK, HI, and Canada)

Spheroid is Clarke - 1866

Equatorial Radius: 6378206.400m.

Polar Radius: 6356583.800m.

Inverse Flattening: 294.978698213901

Projection method is Transverse Mercator or Gauss Kruger Projection

Central Meridian is -104.333°

Longitude Origin: 0.000°

Latitude Origin: 31.000°

False Easting: 152400.00m

False Northing: 0.00m

Scale Reduction: 0.99990909

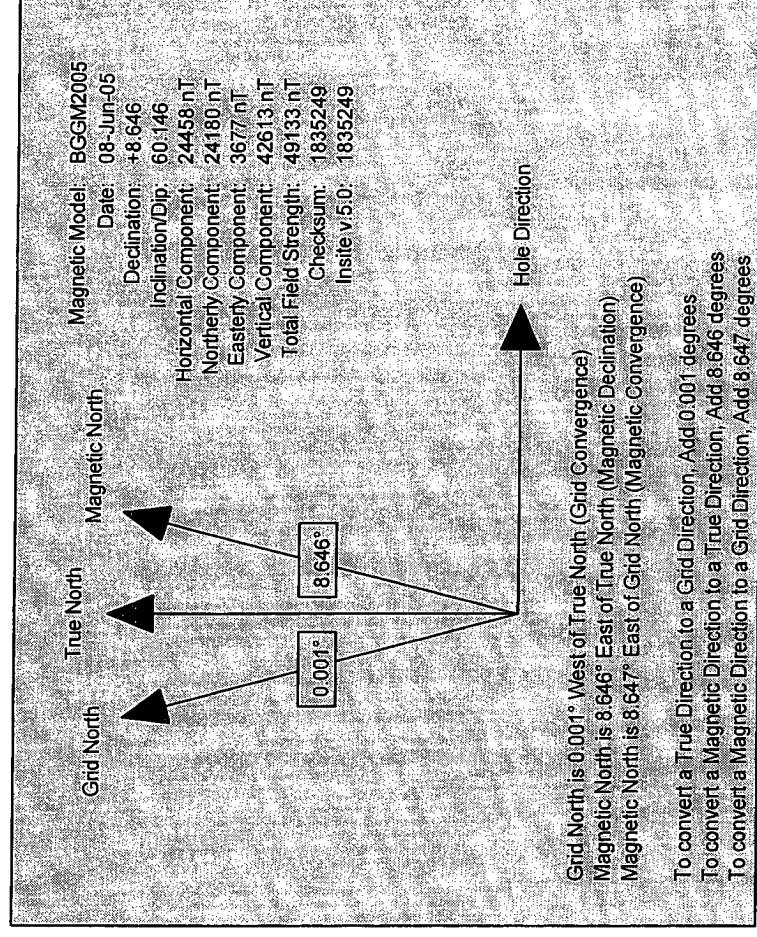
Grid Coordinates of Well: 424019.60 N, 499334.90 E

Geographical Coordinates of Well: 32° 09' 56.6884" N, 104° 20' 07.7378" W

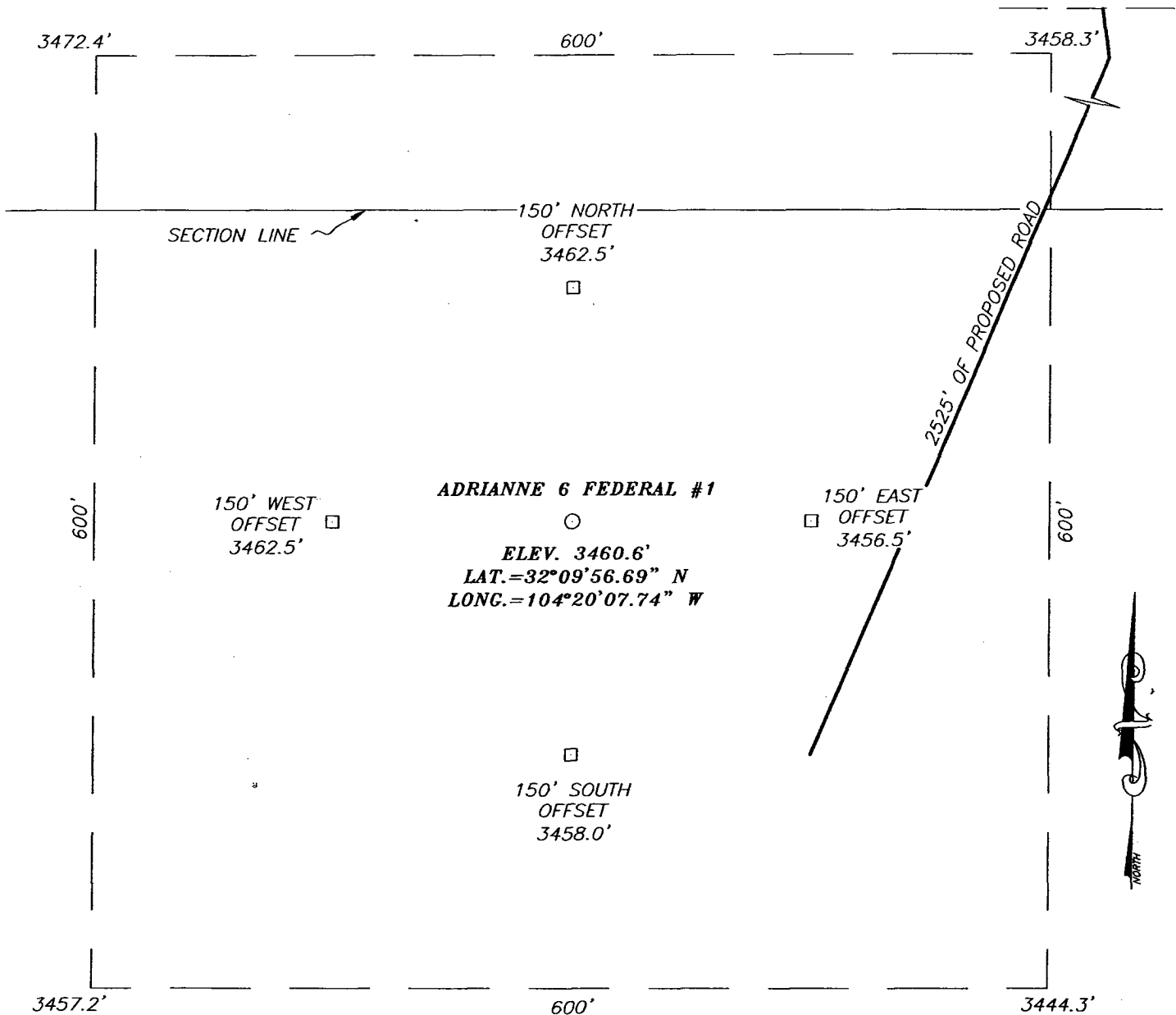
Surface Elevation of Well: 3481.00ft

Grid Convergence at Surface is -0.001°

Magnetic Convergence at Surface is -8.647° (8 June, 2005)

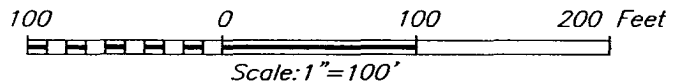


SECTION 31, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

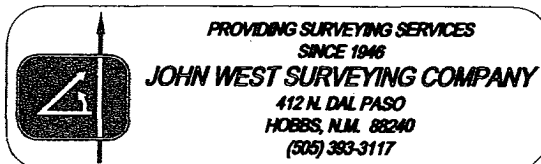
FROM THE INTERSECTION OF U.S. HWY. #62-180 AND CO. RD. #426, GO EAST ON CO. RD. #426 FOR APPROX. 2.1 MILES. TURN RIGHT (SOUTH) AND GO APPROX. 0.5 MILES. TURN LEFT (WEST) AND GO APPROX. 0.2 MILES TO THE WHITE CITY 31 FED. #2. PROPOSED ROAD BEGINS @ THE SEC OF PAD RUNNING SOUTHERLY APPROX. 2525' TO THIS LOCATION.



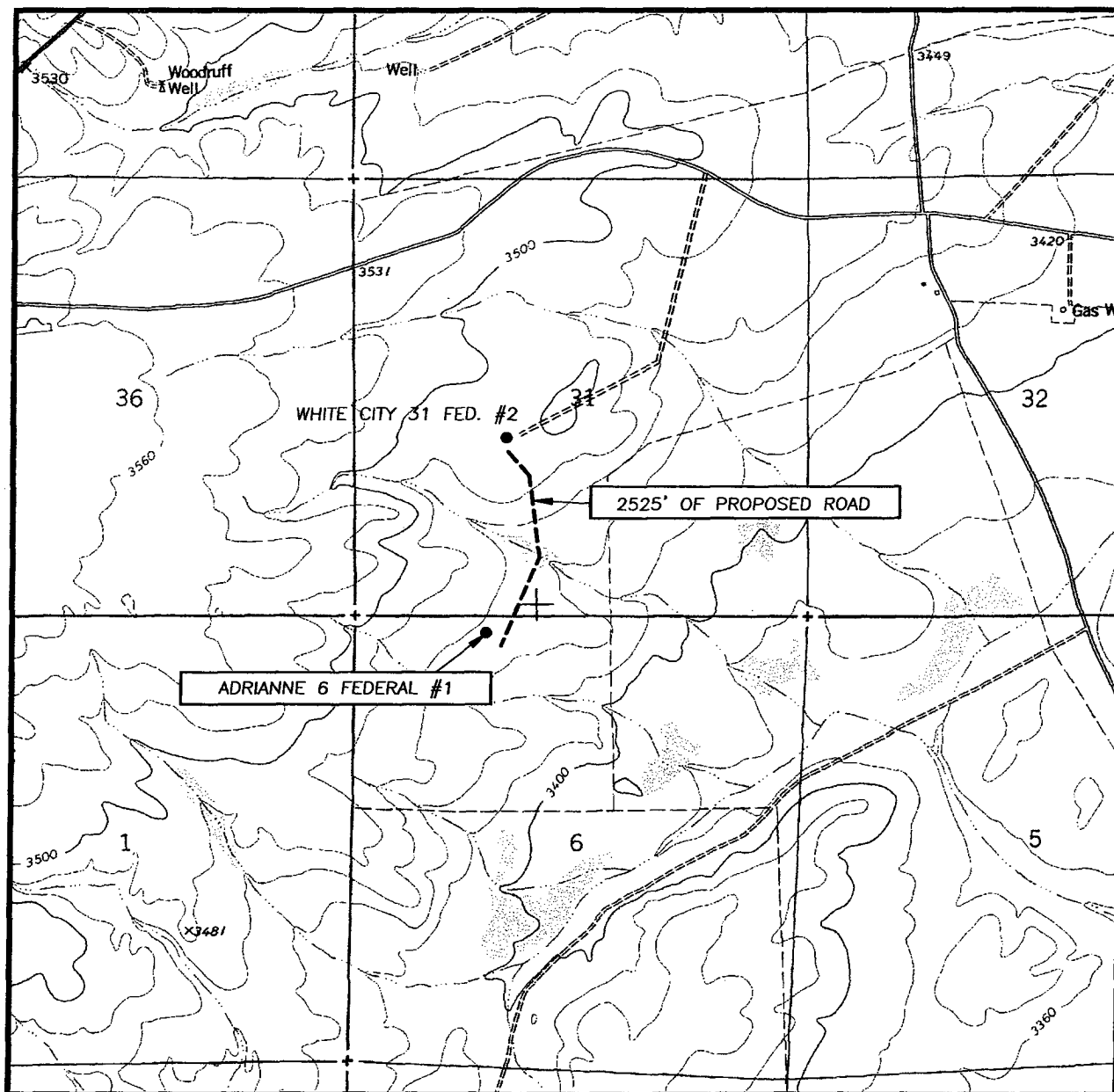
GRUY PETROLEUM MANAGEMENT COMPANY

ADRIANNE 6 FEDERAL #1 WELL
LOCATED 200 FEET FROM THE NORTH LINE
AND 1500 FEET FROM THE WEST LINE OF SECTION 6,
TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 05/17/05		Sheet 1 of 1 Sheets	
W.O. Number: 05.11.0738		Dr By: J.R.	Rev 1:N/A
Date: 05/23/05	Disk: CD#5	05110738	Scale: 1"=100'



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 6 TWP. 25-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

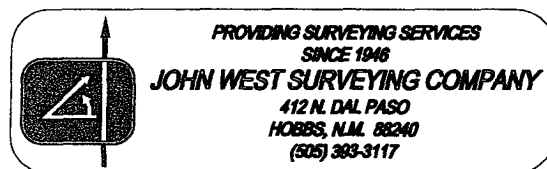
DESCRIPTION 200' FNL & 1500' FWL

ELEVATION 3461'

OPERATOR GRUY PETROLEUM MANAGEMENT COMPANY

LEASE ADRIANNE 6 FEDERAL

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



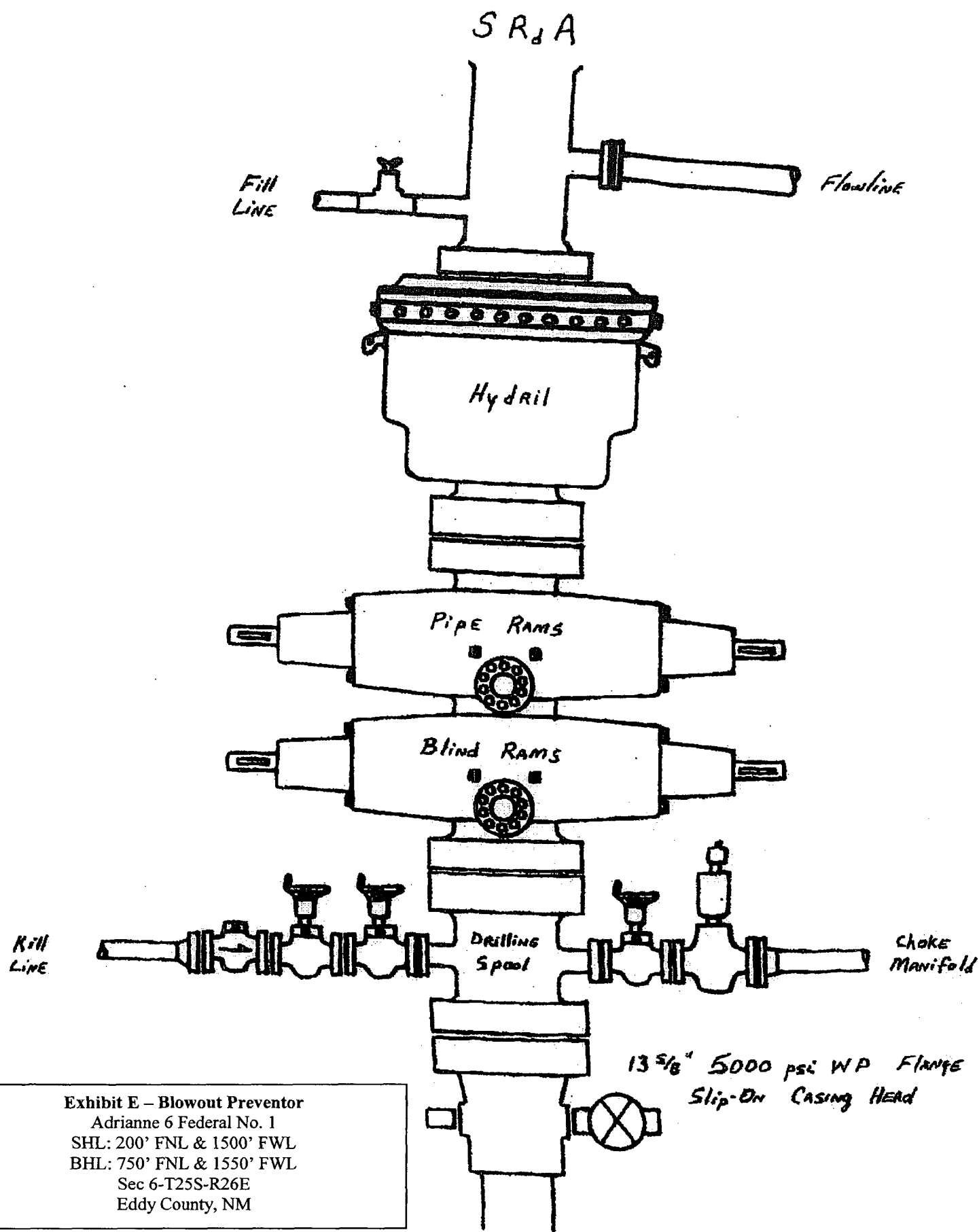


Exhibit E – Blowout Preventor
 Adrienne 6 Federal No. 1
 SHL: 200' FNL & 1500' FWL
 BHL: 750' FNL & 1550' FWL
 Sec 6-T25S-R26E
 Eddy County, NM

DRILLING OPERATIONS
CHOKE MANIFOLD
5M SERVICE

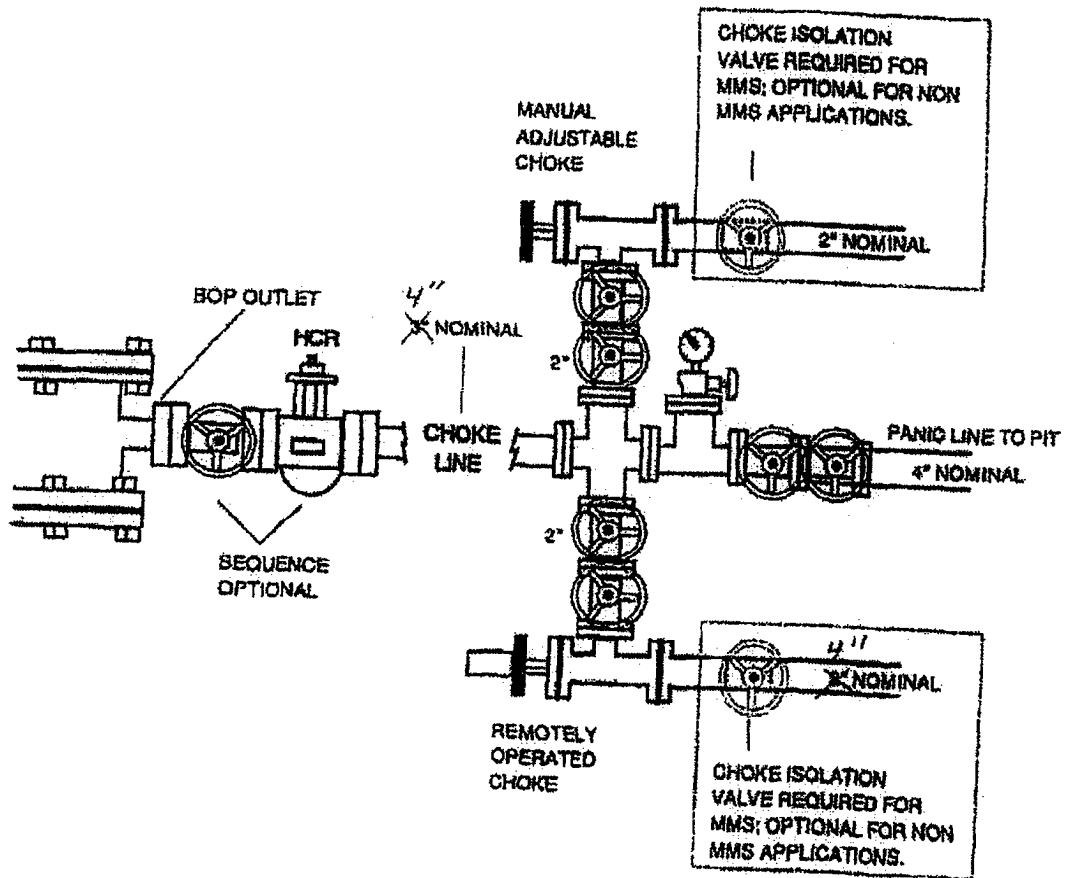


Exhibit E1 – Choke Manifold Diagram

Adrienne 6 Federal No. 1

SHL: 200' FNL & 1500' FWL

BHL: 750' FNL & 1550' FWL

Sec 6-T25S-R26E

Eddy County, NM

Conditions of Approval
Cave and Karst
For

Gruy Petroleum

AD 1700 Adrienne 6 Fed #1

Surface Hole: 200 FNL & 1500 FWL – Bottom Hole: 750 FNL & 1550 FWL

Section 6, T. 25 S., R. 26 E.

Lease#: NM-28172

Cave / Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

1. Any tank batteries will be bermed large enough to contain any spills that may occur and lined with a permanent 6 mil plastic liner.
2. A 70X100 foot cuttings pit will be utilized for this location. The cuttings pit will be lined with 4 oz. felt and two layers of 12 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and hauled off for proper disposal. The pit will be allowed to dry for 10 months and then reclaimed in accordance with the attached requirements.
3. A closed mud system or steel tanks will be utilized to drill the well. All fluids will be hauled off site to be disposed off.

4 All Surface Structures will be less than 8' high and painted Flat Turquoise Green

Cave and Karst Resources: Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

1. Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. Sixteen (16) ounces of Florescene dye will be added to the drilling fluid during the drilling of the first 1,550 feet of the well. Below those zones, the operator may use whatever drilling fluid is approved in the drilling plan.
2. Kick off for directional drilling will occur below 1,650 feet.
3. All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.
4. A cave protection casing will be required. The cave-protection casing string would be set at the base of the reef and where present at set it in the Lamar Limestone. (See Attached Diagram as an example of the Cave Protection String)
5. All casing strings will be cemented to the surface.
6. Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will

be notified by the Operator. In the event that such an incident occurs contact Jim Goodbar at 505 234-5929 or 505 236-1016 after hours and Jim Amos at (505) 234-5909 or 706-2775. The BLM will assess the consequences of the situation and work with Operator on corrective actions to resolve the problem. If corrective actions fail, the well will be plugged.

Any corrective actions proposed to resolve problems related to bit drops or lost circulation will require BLM concurrence prior to implementation. A decision on how to proceed will be reached within 24 hours of notification.

7. Any blasting will be a phased and time delayed.
8. Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

Monitoring Production Operations

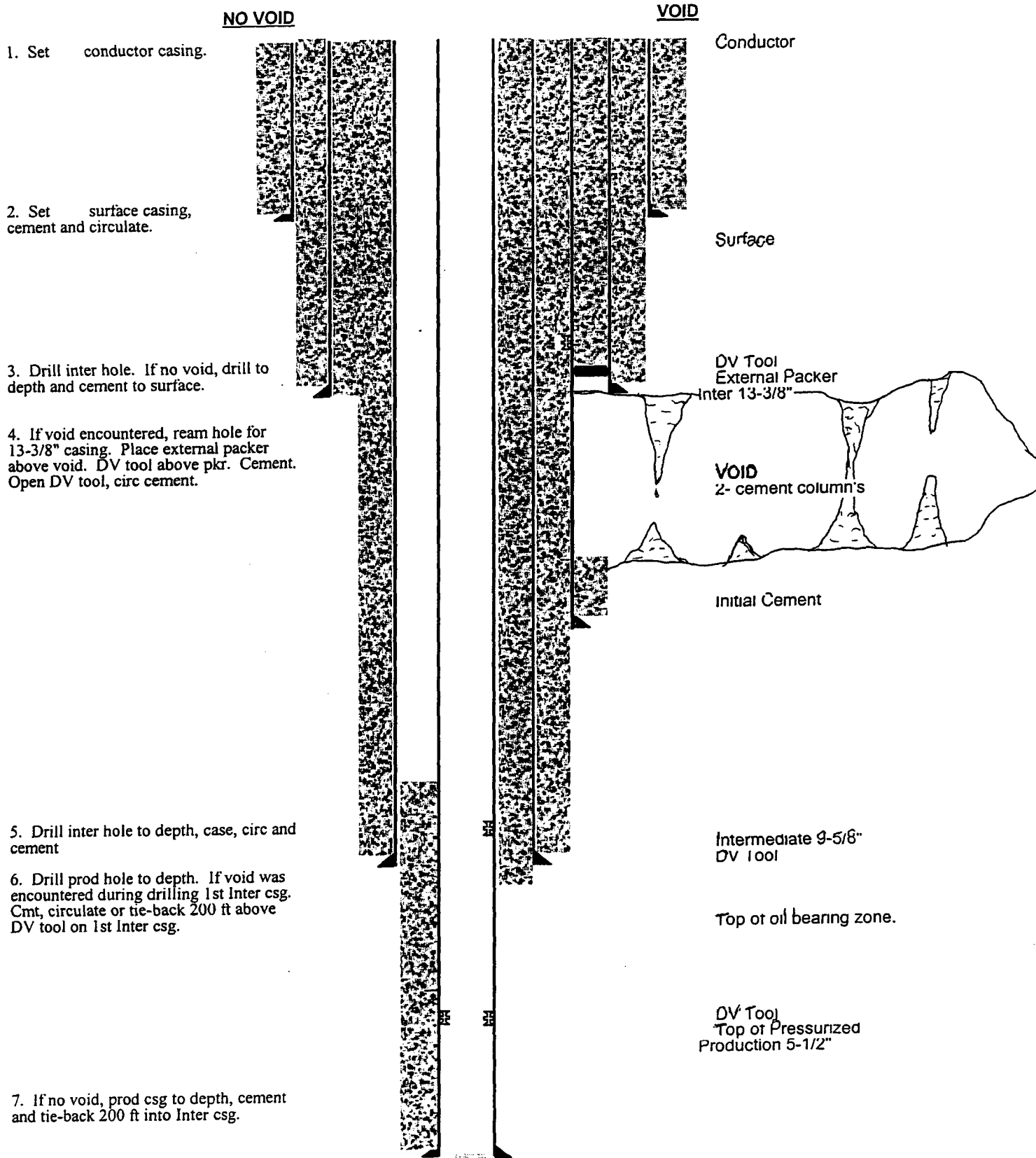
1. Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

Record Keeping

1. The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence of absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.
2. The BLM may review data held by companies on wells drilled in cave or karst areas, to gain information about impacts to caves and karst. This information will be used to categorize lost-circulation zones on the basis of depth, relative volume, and severity, and to evaluate and compare the relative success or failure of different remedies attempted to combat lost-circulation problems while drilling and cementing casing in these zones. This information also will be used to update information about the occurrence of cave and karst features. Information concerning cave resources gathered during drilling will be submitted and be retained by the BLM.

WELLBORE SCHEMATIC

"CAVE PROTECTION"



CONDITIONS OF APPROVAL - DRILLING

Operator's Name: GRUY PETROLEUM MANAGEMENT CO.
Well Name & No. 1 - ADRIANNE 6 FEDERAL *Per B Hunt & SN dated 8/4/05*
Location: 200' FNL & ^{1720'} 1550' FWL - SEC 6 - T25S - R26E - EDDY COUNTY (SHL)
750' FNL & 1550' FWL - SEC 6 - T25S - R26E - EDDY COUNTY (BHL)
Lease: NM-28172

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 13-3/8 inch 9-5/8 inch 5-1/2 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan will be in effect although no H₂S has been reported in Sec 6, T25S, R26E. A copy of the plan will be posted at the drilling site.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at 200 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 9-5/8 inch salt protection casing is circulate cement to the surface.
3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.

ORIG. SGD. LES BABYAK

circulate to surface.
JL

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9-5/8 inch casing shall be 5000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A variance to test the 13-3/8 inch casing and BOP system to the reduced pressure of 1000 psi with the rig pumps is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.
- BOPE must be tested prior to drilling into the Wolfcamp Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.