N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Form 3160-3 (July 1992)

GENERAL REQUIREMENTS

ATTACHED

AND SPECIAL STIPULATIONS

UNITED STATES

Artesia, NM. 882.10

FORM APPROVED
OMB NO. 1004-0136

Expires: February 28, 1995

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

reverse side)

5. LEASE DESIGNATION AND SERIAL NO. LC 065421

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 - psi BOI system. We are requesting a variance for the 13 3/8" surface casing from Onshore Order No. 2, which states all casing structures 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. Per onshore order 2 the 13 3/8" 54.5 # J-55 casing should be tested at 70 fits maximum internal yield of 2730 # or 1911 #. During the running of the surface pipe we do not anticipate any pressure greater than 500 #, and are requesting a variance to test the 13 3/8" casing to 500 # 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. APPROVAL DATE APPROVAL DATE APPROVAL DATE ACTINICATE DESCRIBE PROPOSED With the applicant holds legal or equitable title to those rights in the subject lesse which would entitle the applicant to conduct operations thereon.	AF	PPLICATION FOR PERMIT		DEEDEN		6. IF INDIAN, ALLOTTES O	R TRIBE NAME
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	APPROVED BY	· · · · · · · · · · · · · · · · · · ·			TAVI	DAIE	1 6 OCT 20
*See Instructions On Reverse Side 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	Title 18 U.S.				ake to anv	department or adency	of the
United States any false fictitious or fraudulent statements or representations as to any matter within its jurisdiction. PROVAL SUBJECT TO	United State	e any false, fictitious or fraudulent sta					

APPROVAL FOR 1 YEAR

Additional Operator Remarks

Gruy Petroleum Management Co.
O'Neill 11 Federal Com 1
Unit Letter O Section 11
T24S - R26E Eddy County, NM

- 1 Master Drilling and Surface Use Plan on file at the BLM Roswell office which includes:
 - A. Lease Responsibility Statement and bonding information.
 - B. Anticipated starting date and duration of operations.
- 2 <u>Included in this attachment are:</u>
 - A. Well Location and acreage dedication plat.
 - B. Supplemental Surface Use Plan. (Exhibits A, B, and C)
 - C. Supplemental Drilling Data. (Exhibits D and E)

Surface Use Plan

Gruy Petroleum Management Co.
O'Neill 11 Federal Com 1
Unit Letter O Section 11
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. Go South of Carlsbad on Highway 62-180 for approximately 15 miles to mile marker 21. Turn left on BlackRiver Village road for 2 miles to Bounds road. Then left or North on Bounds for 1 mile, then right on access road 1283' to location.
- 2 PLANNED ACCESS ROADS: 1283' of new access road will be constructed.
- 4 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.
O'Neill 11 Federal Com 1
Unit Letter O Section 11
T24S - R26E Eddy County, NM

4 OTHER INFORMATION:

- A. Topography consists of a sloping plane with loose tan sands, and a few eroded areas. Vegetation is mainly yucca, mesquite and shin oak.
- B. The wellsite is on BLM owned surface. The land is used mainly for cattle ranching 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. The following dwellings are within 1 1/2 miles of this location.
 Warren Bounds Ranch House in section 14.

5 OPERATORS REPRESENTATIVE:

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

Zeno Farris

6 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 exit; 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 is 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 filling of a false statement.

NAME:	2 su	Faus
DATE:		9/2/03
TITLE:	Manager, Operation	ons Administration

State of New Mexico

DISTRICT I P.O. Box 1960, Hobbs, NM 55241-1960

Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office

DISTRICT II P.O. Drawer DD, Artesia, NM 86211-0719

OIL CONSERVATION DIVISION

State Lease - 4 Copies Fee Lease - 3 Copies

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

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

DISTRICT IV P.O. BOX 2088, SANTA PE, N.M. 87804-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code Carl	Pool Name Isbad; South Morrow
Property Code	O'NEILL "11" FEDERAL	COM. Well Number
ogrid No. 162683	Operator Name GRUY PETROLEUM MANAGE	EMENT CO. Elevation 3265'

Surface Location

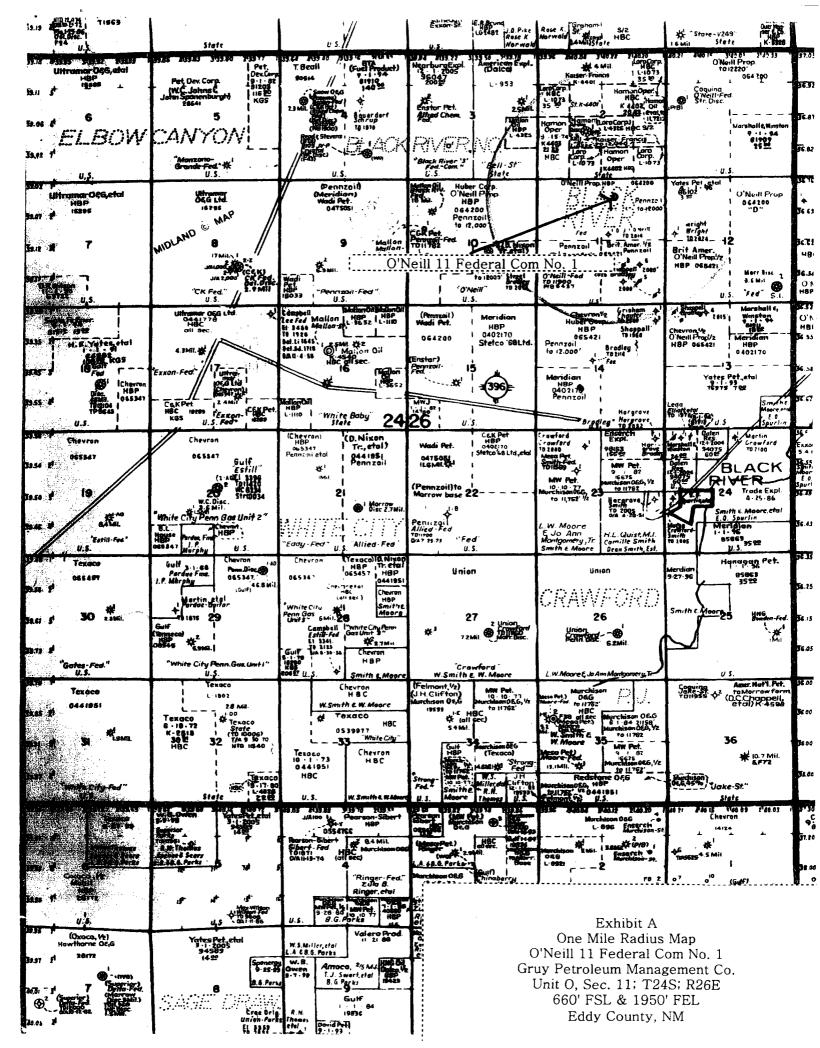
- [UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	0	11	24-S	26-E		660'	SOUTH	1950'	EAST	EDDY

Bottom Hole Location If Different From Surface

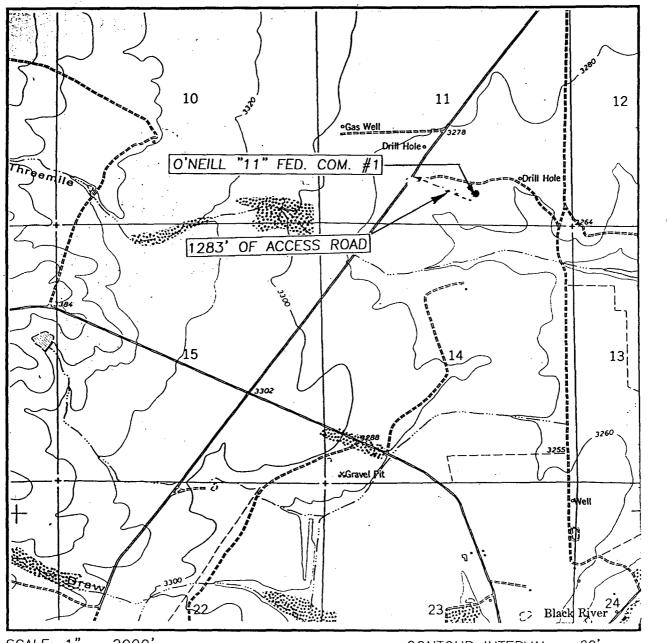
UL or lot No.	Section	Townsh	lp	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint o	r Infill	Con	solidation (Code 0	rder No. Pending				

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

[T	KEELELE KEELE	
	[OPERATOR CERTIFICATION
	<u>ا</u> ا	I hereby certify the the information
		best of my knowledge and belief.
1	1	
	'	Zano Famo
	<u> </u>	
 	'	Signature Zeno Farris
GEODETIC COORDINATES	<i>P</i> <i>I</i>	Printed Name
NAD27 NME	1)	Mgr Operations Admin
Y= 446111.3 N	יו '	Title
X= 522389.2 E	· · · · · · · · · · · · · · · · · · ·	September 5, 2003
LAT.= 32'13'35.24"N LONG.= 104'15'39.35"W		Date
		SURVEYOR CERTIFICATION
	<u> </u>	
	<u>'</u>	I hereby certify that the well location shown on this plat was plotted from field notes of
1	ν ; <i>ι</i>	actual surveys made by me ar under my
	11	supervison, and that the same is true and correct to the best of my belief.
,	! !	
) ا	July 02, 2003
	<u> </u>	Date Surveyed G. Eloudan AWB Signature & Scal of College
	ار)0'Neill 11 Fed eral Com No. 1	Professional Surveyor
:	• • •	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	3268.0' 3265.2'	1 San h 200 8/1/03
	1950'	03.11.0691
1	3265.3' L-3-3263.8'	Certificate No. BONELL EDSON 3239
	90	Certificate No. Bonata L Effision 3239 12841
L	<u> </u>	annih Maria



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

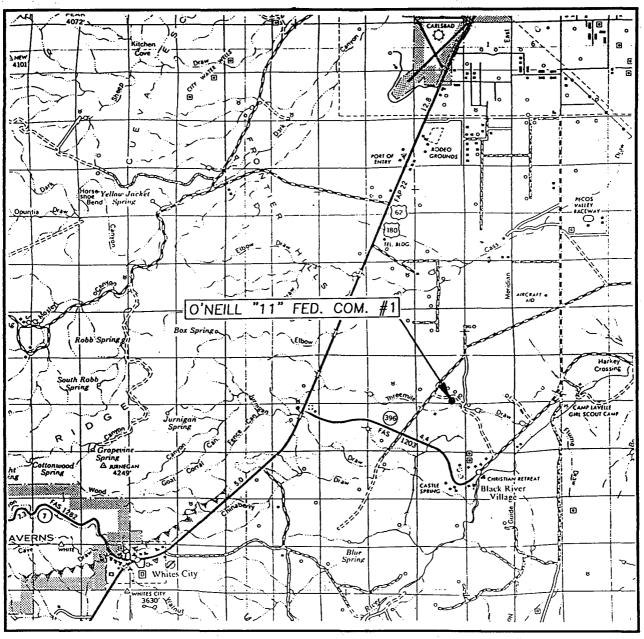
SEC. <u>11</u> TWP. <u>24</u>	1-S RGE. <u>26-E</u>
SURVEYI	N.M.P.M.
COUNTY	EDDY
DESCRIPTION 660'	FSL & 1950' FEL
ELEVATION	3265'
•	

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

OPERATOR GRUY PETROLEUM MANAGEMENT CO. LEASE O'NEILL "11" FEDERAL COM. Exhibit "B"

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

VICINITY MAP



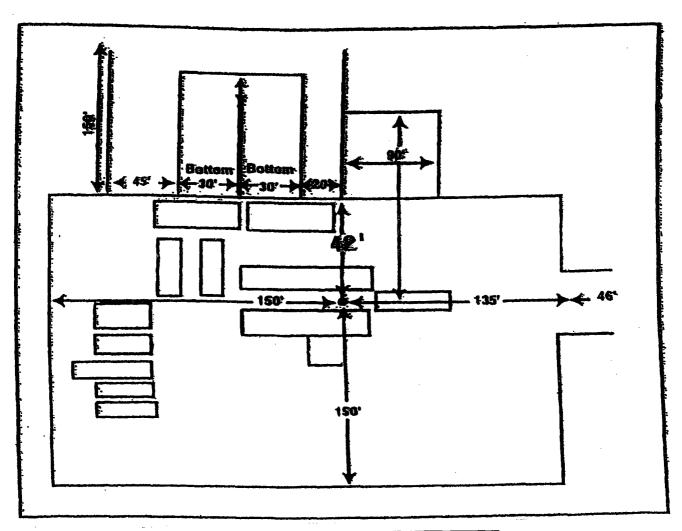
SCALE: 1" = 2 MILES

SEC. <u>11</u> TWP. <u>24</u>	<u>I-S</u> R	RGE.	. <u>26-E</u>	
SURVEYI	V.M.P.	М.		
COUNTY	EDDY			 .
DESCRIPTION 660'	FSL	<u>&</u>	1950'	FEL
ELEVATION	32	<u>65</u>	,	·

OPERATOR GRUY PETROLEUM MANAGEMENT CO.
LEASE O'NEILL "11" FEDERAL COM.

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

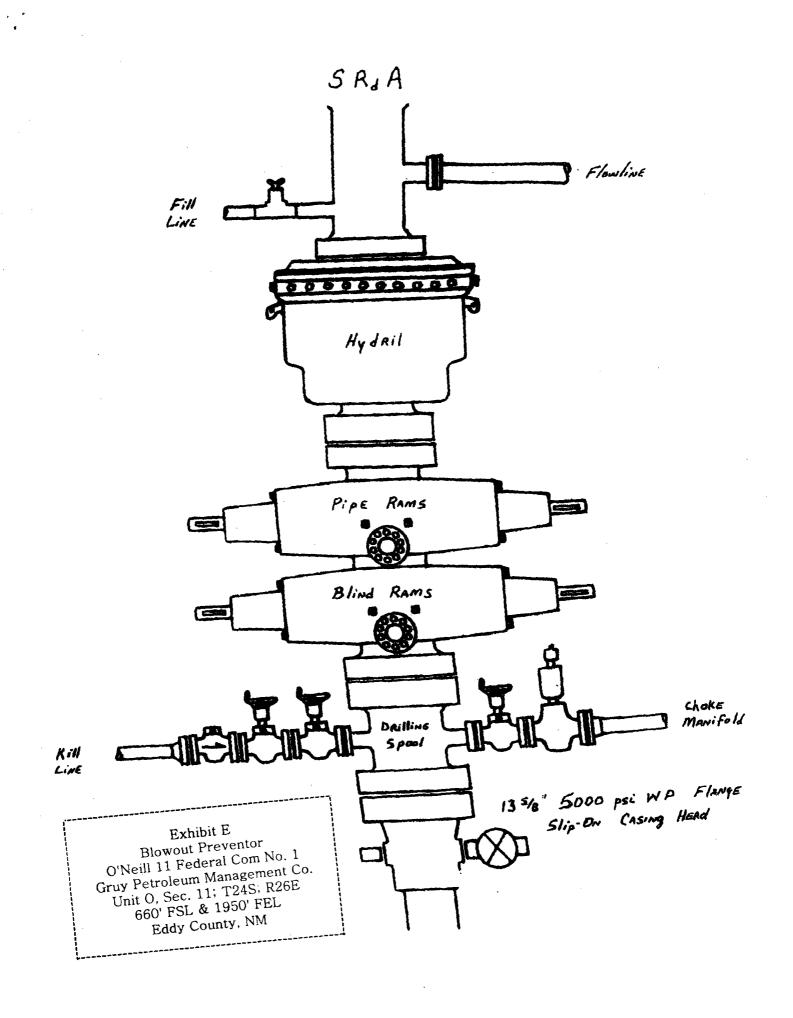
Exhibit "C"



Rig 75

Exhibit D

Rig Layout Plan O'Neill 11 Federal Com No. 1 Gruy Petroleum Management Co. Unit O, Sec. 11; T24S; R26E 660' FSL & 1950' FEL Eddy County, NM



Application to Drill

Gruy Petroleum Management Co.
O'Neill 11 Federal Com 1
Unit Letter O Section 11
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 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 Morrow / Atoka pay will be perforated and stimulated. The well will be tested and potentialed as a gas well.