

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address GRUY PETROLEUM MANAGEMENT CO. PO Box 140907 Irving, TX 75014-0907		OGRID Number 162683
		API Number 30-015-33229
Property Code 33411	Property Name New Mexico DD State Com	Well No. 002

Surface Location

UL or Lot L	Section 32	Township 24S	Range 26E	Lot Idn L	Feet From 1975	N/S Line S	Feet From 1200	E/W Line W	County Eddy
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Proposed Pools

WHITE CITY; PENN (GAS) 87280				
Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3398
Multiple N	Proposed Depth 13000	Formation Morrow	Contractor	Spud Date 04/01/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	350	490	0
Int1	12.25	9.625	40	1680	1200	0
Prod	7.875	5.5	17	13000	1620	2700

Casing/Cement Program: Additional Comments

A combination of N-80/P-110 17 # casing will be run for the production string. Per John Simitz of the BLM intermediate casing should be set at 1680 or to the base of the reef complex.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Zeno Farris

Title: Manager Operations Administration

Date: 02/05/2004

Phone: 972-443-6489

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 02/09/2004 Expiration Date: 02/09/2005

Conditions of Approval:
No Conditions

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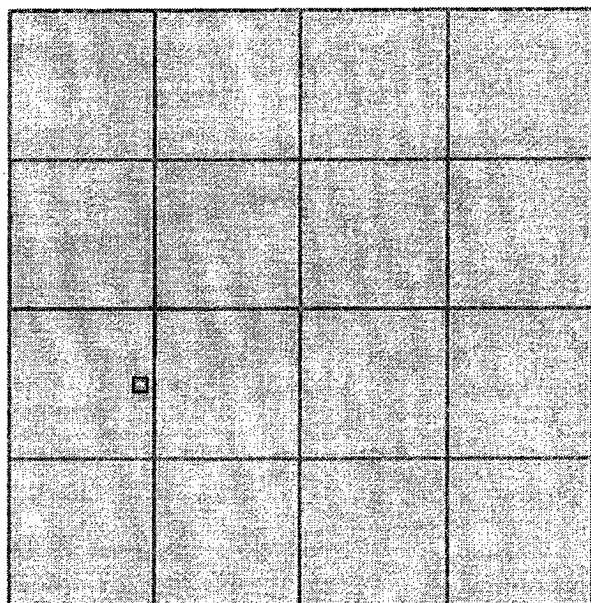
Form C-

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33229	Pool Name WHITE CITY;PENN (GAS)	Pool Code 87280
Property Code 33411	Property Name New Mexico DD State Com	Well No. 002
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3398

Surface And Bottom Hole Location

UL or Lot L	Section 32	Township 24S	Range 26E	Lot Idn L	Feet From 1975	N/S Line S	Feet From 1200	E/W Line W	County Eddy
Dedicated Acres 640		Joint or Infill		Consolidation Code		Order No.			

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Zeno Farris

Title: Manager Operations Administration

Date: 02/05/2004

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.

Surveyed By: Gary Eidson

Date of Survey: 01/23/2004

Certificate Number: 12641

Permit Comments

Operator: GRUY PETROLEUM MANAGEMENT CO. , 162683

Well: New Mexico DD State Com #002

User Name	Comment	Comment Date
ZFARRIS	Gruy Petroleum Management Co. has a contractual arrangement with Chevron to drill and test the Penn interval. Operations will be turned over to Chevron upon completion.	2/5/2004
ZFARRIS	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 .	2/5/2004