

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-1

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 30-031-21062
Property Code 33400	Property Name Escondido 17 Fee	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	17	17N	09W	M	860	S	750	W	McKinley

Proposed Pools

WC CHACO SLOPE CREVASSE CANYON GAS 97331
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Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 7235
Multiple N	Proposed Depth 3500	Formation Crevasse Canyon Formation	Contractor	Spud Date 02/05/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	350	250	0
Prod	7.875	5.5	15.5	3500	550	0

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Hydril	3000	3000	Hydril
Blind	3000	3000	Townsend

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: 02/02/2004

Phone: 972-443-6489

OIL CONSERVATION DIVISION

Electronically Approved By: Frank Chavez

Title: District Supervisor

Approval Date: 02/11/2004 Expiration Date: 02/11/2005

Conditions of Approval:
No Conditions

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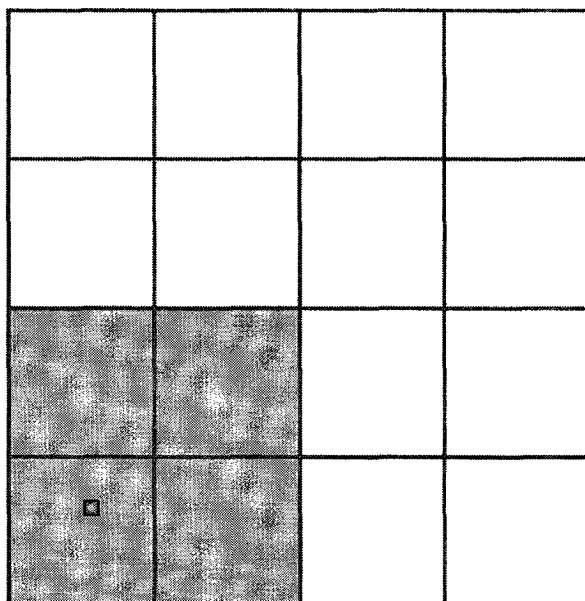
Form C-1

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-031-21062	Pool Name WC CHACO SLOPE CREVASSE CANYON GAS	Pool Code 97331
Property Code 33400	Property Name Escondido 17 Fee	Well No. 001
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 7235

Surface And Bottom Hole Location

UL or Lot M	Section 17	Township 17N	Range 09W	Lot Idn M	Feet From 860	N/S Line S	Feet From 750	E/W Line W	County McKinley
Dedicated Acres 160	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: 02/02/2004

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: Gerald Huddleston

Date of Survey: 01/29/2004

Certificate Number: 6844