

**Gruy Petroleum Management Co.**

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A subsidiary of Magnum Hunter Resources, Inc. ♦ An American Stock Exchange Company ♦ "MHR"

October 29, 2001

Oil Conservation Division
1625 French Drive
Hobbs, NM 88240
Attn: Mr. Chris Williams

RE: Case No. 12758: Mallon Operated Non Compliance Wells

Dear Mr. Williams:

We are in receipt of an October 11, 2001 letter from Mr. David K. Brooks, Assistant General Counsel for the New Mexico Energy, Mineral and Natural Resources Department. The letter indicates that Mallon Oil Company, and several other operators, are to attend a hearing in Santa Fe on November 1, 2001, and show cause why an order should not be entered requiring said operators to bring their specified inactive wells into compliance, and/or be assessed civil penalties.

Gruy Petroleum Management Co. has recently acquired the interest of Mallon Oil Company in Lea and Eddy County New Mexico, including the Mallon operated non compliant wells mentioned in Mr. Brooks October 11, 2001 letter.

We are enclosing for your consideration a schedule detailing our preliminary plans to bring the subject wells into compliance on or before June 30, 2002. Sundries will be submitted prior to and after completion of our operations. In addition we will keep you informed on a regular basis of our progress towards bringing these wells into compliance.

It is my understanding that this letter is sufficient to postpone the November 1, 2001 Mallon/Gruy, show cause hearing, until June 30, 2002.

If additional information is needed regarding this matter please feel free to contact the undersigned at 972-443-6489.

Sincerely,

Zeno Farris
Manager, Operations Administration

BEFORE EXAMINER	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. 131
CASE NO. 12758-A	

Gruy Petroleum Mang Co.
Formerly Mallon Operated
Non Compliance Well List

API	Well Name & Number	ULSTR	Compliance Plan	Time Frame
30-025-29485	Be Shipp Estate # 1	G-04-17S-37E	Put back to production. Sundry to follow.	On or before 6/30/02
30-025-29980	Byers # 1	I-03-17S-37E	Put back on production. Sundry to follow.	On or before 6/30/02
30-025-21930	Gallagher State # 1	I-03-17S-34E	P&A well. Sundry to follow.	On or before 6/30/02
30-025-32617	Mallon 34 Federal # 8	C-34-19S-34E	This well was never drilled.	On or before 6/30/02
30-025-32784	Mallon 34 Federal # 9	G-34-19S-34E	TA well. Sundry to follow.	On or before 6/30/02
30-025-22029	Mobil State # 1	G-03-17S-34E	P&A well. Sundry to follow.	On or before 6/30/02
30-025-26749	Pennzoil State # 2	B-18-16S-37E	TA well. Sundry to follow.	On or before 6/30/02
30-025-27323	Pennzoil State # 3	C-18-16S-37E	TA well. Sundry to follow.	On or before 6/30/02
30-025-27498	Pennzoil State # 4	2-18-16S-37E	Recomplete to Wolfcamp. Sundry to follow.	On or before 6/30/02
30-025-30381	Price Family Trust # 1	E-01-17S-37E	P&A well. Sundry to follow.	On or before 6/30/02
30-025-30497	Price Family Trust # 2	N-01-17S-37E	P&A well. Sundry to follow.	On or before 6/30/02
30-025-30177	Simmons Estate # 1	N-03-17S-37E	Put back on production. Sundry to follow.	On or before 6/30/02
30-025-24936	State C # 3	O-17-16S-37E	P&A well. Sundry to follow.	On or before 6/30/02
30-025-27433	State C # 4	G-20-16S-37E	P&A well. Sundry to follow.	On or before 6/30/02
30-025-29445	Viersen # 2	O-04-17S-37E	P&A well. Sundry to follow.	On or before 6/30/02
30-025-29885	Waldron # 2	3-03-17S-37E	P&A well. Sundry to follow.	On or before 6/30/02