

**OPERATOR'S COPY**

Form 3160-3  
(July 1992)

SUBMIT IN TRIPLICATE\*

FORM APPROVED  
OMB NO 1004-0136  
Expires: February 28 1995

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

(Other instructions on reverse side)

5. LEASE DESIGNATION AND SERIAL NO.

NMLC030174A

6. IF INDIAN ALLOTTEE OR TRIBE NAME

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

1a. TYPE OF WORK

DRILL

DEEPEN

1b. TYPE OF WELL

OIL  GAS   
WELL WELL

SINGLE  MULTIPLE   
OTHER ZONE ZONE

7. UNIT AGREEMENT NAME

Rhodes Federal Unit

8. FARM OR LEASE NAME, WELL NO.

Rhodes Federal Unit No. 227

2. NAME OF OPERATOR

Gruy Petroleum Management Co.

9. API WELL NO

3. ADDRESS AND TELEPHONE NO

P O. Box 140907 Irving TX 75014 972-401-3111

10. FIELD AND POOL OR WILDCAT

Rhodes; Yates-7 Rivers (Gas)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

1980' FNL & 990' FWL

11. SEC. T.R.M. BLOCK AND SURVEY

OR AREA

22-T26S-R37E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

Approximately 5 miles southeast of Jal, New Mexico

12. COUNTY OR PARISH

Lea

13. STATE

NM

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O

(Also to nearest drtg. unit line, if any) 990'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED TO THIS WELL

160

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT

1650'

19. PROPOSED DEPTH

4000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF RT GR, etc.)

2994' GR

**CAPITAN CONTROLLED WATER BASIN**

22. APPROX. DATE WORK WILL START\*

When Approved

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	J-55 8 5/8"	24#	750' 1060' 555	600 sx circ to surf
7 7/8"	J-55 5 1/2"	15.5#	4000'	1000 sx circ to surf

The proposed well will be drilled to a depth of 4000' and completed as a Rhodes; Yates-7 Rivers (Gas) producer.

From the base of the surface pipe through the running of production casing, the well will be equipped with a 3000 psi BOP system

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED**

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.

SIGNED

*Zeno Fane*

TITLE

Mgr. Ops. Admin.

DATE

05-23-05

(This space for Federal or State office use)

PERMIT No.

APPROVAL DATE

Application approval 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.

CONDITIONS OF APPROVAL IF ANY:

APPROVED BY

*Juan A. Acuna*

TITLE

**FIELD MANAGER**

DATE

7/13/05

\*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 United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13567-13572 Exhibit No. 2

Submitted by:

**GRUY PETROLEUM MANAGEMENT CO.**

Hearing Date: October 20, 2005

**APPROVAL FOR 1 YEAR**

State of New Mexico

Energy Minerals and Natural Resources Department

DISTRICT I  
1625 N. FRENCH DR., HOBBES, NM 88240

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

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

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

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name Rhodes-Yates-7 Rivers (Gas)
Property Code	Property Name RHODES FEDERAL UNIT	Well Number 227
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 2990'

Surface Location

UI or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	22	26-S	37-E		1980	NORTH	990	WEST	LEA

Bottom Hole Location If Different From Surface

UI or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160'	Joint or Infill Y	Consolidation Code U	Order No.
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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

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Zeno Farris</i></p> <p>Signature Zeno Farris</p> <p>Printed Name Manager Operations Admin</p> <p>Title May 24, 2005</p> <p>Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>MAY 6, 2005</p> <p>Date Surveyed Signature &amp; Seal Professional Surveyor</p> <p><i>GARY EDSON</i></p> <p>NEW MEXICO 05.11.0689 12841</p> <p>Certificate No. GARY EDSON 12841</p>