

September 13, 2005

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13567

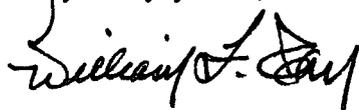
2005 SEP 13 PM 2 15

Re: Application of Gruy Petroleum Management Company for simultaneous dedication, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Gruy Petroleum Management Company in the above-referenced case as well as a copy of a legal advertisement. Gruy Petroleum Management Company requests that this application be placed on the docket for the October 6, 2005 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Zeno Farris (w/enclosures)

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
GRUY PETROLEUM MANAGEMENT COMPANY
FOR SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 13567

2005 SEP 13 PM 2 15

APPLICATION

GRUY PETROLEUM MANAGEMENT COMPANY ("Gruy"), through its undersigned attorneys, pursuant to Oil Conservation Division Rule 104.D (3), hereby makes application for an order authorizing the simultaneous dedication of the following two wells located in the NW/4 of Section 22, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico to the 160-acre spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the NW/4 of said Section 22:

- A. Rhodes Federal Unit Well No. 221 (API No. 30-025-12742) ("RFU Well No. 221") located in Unit C at a standard gas well location 990 feet from the North line and 2310 feet from the West line; and
- B. Rhodes Federal Unit Well No. 227 (RFU Well No. 227") located in Unit E at an standard gas well location 1980 feet from the North line and 990 feet from the West line.

30-025-35579

In support of its application, Gruy states:

1. Gruy is the operator of a standard 160-acre gas spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the NW/4 of Section 22, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Gruy's RFU Well No. 221 located in Unit C of said Section 22 currently produces from the Yates Seven-Rivers formation, Rhodes Yates-Seven Rivers Gas Pool.
2. Gruy's RFU Well No. 221 is not efficiently producing the reserves under this spacing unit.

3. To produce the reserves under this spacing unit, Gruy seeks an exception to the provisions of Division Rule 104.D(3) for its RFU Well No. 227 which it proposes to drill at a standard location in Unit E of Section 22 for the production of hydrocarbons from the Yates-Seven Rivers formation.

4. The simultaneous dedication of the NW/4 of said Section 22 to the RFU Wells No. 221 and 227 will afford Gruy the opportunity to efficiently produce the Yates-Seven Rivers formation under this spacing and proration unit, thereby protecting its correlative rights. The correlative rights of no other owner in this reservoir will be adversely affected.

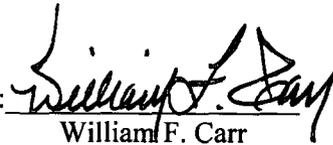
5. Notice of this application has been provided to those affected parties identified on the Notification List marked Exhibit A and attached hereto.

6. Approval of this application will result in the efficient recovery of hydrocarbons from the Rhodes Yates-Seven Rivers Gas Pool, thereby preventing waste, and will otherwise be in the best interest of conservation.

WHEREFORE, Gruy Petroleum Management Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2005 and, after notice and hearing as required by law, the Division enter its order approving the simultaneous dedication of the NW/4 of Section 22, Township 26 South, Range 37 East, NMPM, to the Rhodes Federal Unit Wells No. 221 and 227.

Respectfully submitted,

HOLLAND & HART LLP

By: 
William F. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR GRUY PETROLEUM
MANAGEMENT COMPANY

EXHIBIT A

NOTIFICATION LIST

APPLICATION OF GRUY PETROLEUM MANAGEMENT COMPANY
FOR SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

Rhodes Federal Unit Wells No. 221 and 227

Offset Operators:

Gruy Petroleum Management Co.
Post Office Box 140907
Irving, Texas 75014-0907

Leasehold owners SE/4 Section 21, T-36-S, R-37-E

Magnum Hunter Production, Inc.
Post Office Box 140907
Irving, Texas 75014-0907

Crown Oil Partners III, LP
Post Office Box 50820
Midland, Texas 79710

Charles D. Ray
Post Office Box 51608
Midland, Texas 79710

Ronald Jackson Erwin
Post Office Box 50820
Midland, Texas 79710

Jerry Vavrek
Post Office Box 50820
Midland, Texas 79710

Jesse A. Faight, Jr.
Post Office Box 51206
Midland, Texas 79710

Kevin L. Widner
Post Office Box 4925 Rustic Trail
Midland, Texas 79707

CASE 13567:

Application of Gruy Petroleum Management Company for simultaneous dedication, Lea County, New Mexico. Applicant in the above-styled cause seeks authorization to simultaneously dedicate the standard 160-acre gas spacing unit in the Rhodes formation, Rhodes Yates-Seven Rivers Gas Pool, to its Rhodes Federal Unit Well No. 221 (**API No. 30-025-12742**) located in Unit C at a previously approved unorthodox well location 990 feet from the North line and 2310 feet from the West line of said Section 22 and its Rhodes Federal Unit Well No. 227 located in Unit E at an standard gas well location 1980 feet from the North line and 990 feet from the West line of said Section 22, Township 26 South, Range 37 East, NMPM. Said unit is located approximately 3 miles south of Jal, New Mexico.

September 15, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Gruy Petroleum Management Company for Simultaneous Dedication, Lea County, New Mexico.

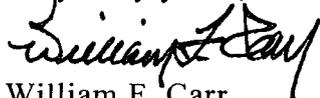
Ladies and Gentlemen:

This letter is to advise you that Gruy Petroleum Management Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking authorization to simultaneously dedicate a standard 160-acre spacing or proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the NW/4 of Section 22, Township 26 South, Range 37 East, NMPM, to its Rhodes Federal Unit Wells No. 221 and 227.

This application has been set for hearing before a Division Examiner on October 6, 2005. The hearing will be held in Porter Hall at the Division's Santa Fe offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr

ATTORNEY FOR GRUY PETROLEUM MANAGEMENT COMPANY

Enc.