

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

*write Bryan only  
for pool name  
6/1/04*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised June 10, 2003

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Gruy Petroleum Management Co.

OPERATOR ADDRESS: P. O. Box 140907, Irving Tx 75014-0907

APPLICATION TYPE:  
 Pool Commingling   
 Lease Commingling   
 Pool and Lease Commingling   
 Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:   
 Fee   
 State   
 Federal

Is this an Amendment to existing Order?   
 Yes   
 No   
If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes   
 No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Cottonwood Draw; Up Penn(97354)	1.090	1.087		\$123,713.15	26544
Cottonwood Draw; Morrow Wildcat	1.082	1.087		\$76,286.05	16368

(2) Are any wells producing at top allowables?   
 Yes   
 No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?   
 Yes   
 No.  
(4) Measurement type:   
 Metering   
 Other (Specify)  
(5) Will commingling decrease the value of production?   
 Yes   
 No   
If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Pool Name and Code.  
(2) Is all production from same source of supply?   
 Yes   
 No  
(3) Has all interest owners been notified by certified mail of the proposed commingling?   
 Yes   
 No  
(4) Measurement type:   
 Metering   
 Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

(1) Is all production from same source of supply?   
 Yes   
 No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.  
SIGNATURE: Zeno Farris    TITLE: Manager, Operations Admin    DATE: 5-20-04  
TYPE OR PRINT NAME Zeno Farris    TELEPHONE NO.: 972-443-6489  
E-MAIL ADDRESS: zfarris@magnumhunter.com

DISTRICT I  
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-32918	Pool Code 97354	Pool Name Cottonwood Draw Upper Penn
Property Code	Property Name CHOSA DRAW 27 FEDERAL COM	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3265'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	27	25-S	26-E		330'	NORTH	1980'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
NG	27	25-S	26-E		1817'	NORTH	1613'	EAST	EDDY

Dedicated Acres 320	Joint or Infill N	Consolidation Code C	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 the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: _____ Zeno Farris</p> <p>Printed Name: _____ Manager, Operations Admin</p> <p>Title: _____</p> <p>Date: May 21, 2004</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 02, 2003</p> <p>Date Surveyed: _____ AWB</p> <p>Signature &amp; Seal of Professional Surveyor: _____</p> <p><i>Ronald J. Eilson</i> 5/25/05</p> <p>03.11.0469</p>
	<p>Certificate No. RONALD J. EILSON 3239 GARY KIRSON 12641</p>

DISTRICT I  
P.O. Box 1880, Hobbs, NM 88241-1880

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P.O. Drawer DD, Artesia, NM 86211-0719

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1000 Rio Brazos Rd., Aztec, NM 87410

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P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102  
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OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-	Pool Code Pending	Pool Name Cottonwood Draw Morrow Wildcat
Property Code	Property Name CHOSA DRAW 27 FEDERAL COM	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3265'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	27	25-S	26-E		330'	NORTH	1980'	EAST	EDDY

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Dedicated Acres 320	Joint or Infill N	Consolidation Code C	Order No.
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	<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 02, 2003</p> <p>Date Surveyed AWB</p> <p>Signature &amp; Seal of Professional Surveyor Ronald J. Edson 5/25/05</p> <p>03.11.0469</p>
	<p>Certificate No. RONALD J. EDSON 3239 GARY KIRSON 12641</p>
	<p>NM92160</p>



**Gruy Petroleum Management Co.**

600 East Las Colinas Blvd. ♦ Suite 1100 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6450  
Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907  
*A subsidiary of Magnum Hunter Resources, Inc. • A NYSE Listed Company • "MHR"*

**RECEIVED**

May 21, 2004

Bureau of Land Management  
2909 West 2<sup>nd</sup> Street  
Roswell, NM 88201-2019  
Attn: Mr. Armando Lopez

**MAY 24 2004**

Oil Conservation Division  
1220 S. Saint Francis Drive  
Santa Fe, NM 87505

Re: Chosa Draw 27 Federal Com No. 1  
E/2 27 T25S-R26E, Eddy County NM

Dear Mr. Lopez:

Enclosed are one (1) original, and five (5) copies of BLM Form 3160-5 with attachments, requesting approval for a tubing/casing dual completion, and the surface commingling of Upper Penn and Morrow gas from the referenced well. Morrow production will be isolated behind a 5 ½" packer at 11,738' with production through tubing. Cisco Canyon (Upper Penn) production will flow up the casing, with both zones flowing into a single GulfTerra sales meter. Production will be allocated to each zone based on check meter volumes.

The Chosa Draw 27 Federal Com No. 1 well is communitized in the Cisco, Canyon, Strawn, Atoka, and Morrow formations under agreement number NMNM 11040. The well is 100% owned by Gruy Petroleum Management Co., and the overrides and royalties, are common through all zones. In this regard working interest, overriding as well as fee and federal royalties will not be harmed by the averaging of the btu factors. We are also enclosing copies of New Mexico Form C-107 and C-107B, applications for multiple completion, and surface commingling.

If you have any questions, or require additional information concerning this application, please feel free to contact the undersigned at 972-443-6489.

Sincerely,

Zeno Farris  
Manager, Operations Administration

New Mexico Oil Conservation Division  
1301 West Grand Avenue  
Artesia, NM 88210  
Attn: Mr. Bryan Arrant

✓ New Mexico Oil Conservation Division  
1220 South St. Francis Dr  
Santa Fe NM 87505  
Attn: Mr. David Catanach

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

**RECEIVED**  
MAY 27 2004

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

Conservation Division  
1220 S. Saint Francis Drive  
Santa Fe, NM 87505

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
 Gruy Petroleum Management Co.

3a. Address  
 P. O. Box 140907 Irving, TX 75014-0907

3b. Phone No. (include area code)  
 972-401-3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 SHL 330' FNL & 1980' FEL Sec. 27 T25S - R26E  
 BHL 1817' FNL & 1613' FEL Sec. 27 T25S - R26E

5. Lease Serial No.  
 NMNM 92160

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
 NMNM 111040

8. Well Name and No.  
 Chosa Draw 27 Fed Com No. 1

9. API Well No.  
 30-015-32918

10. Field and Pool, or Exploratory Area  
 Cottonwood Draw; Upper Penn

11. County or Parish, State  
 Eddy Co., NM

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Multiple Completion
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Surface Commingling

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The Chosa Draw 27 Fed Com # 1 well is currently producing from the Cisco/Canyon formation, from 10372' - 10413', with a productive Morrow interval at 11836' - 12233' behind a RBP at 10475'. We are requesting approval of a through tubing Morrow, and through casing dual completion, as per the attached procedure. In addition we are requesting approval of Upper Penn and Morrow surface commingling. The Upper Penn/Morrow zones will be isolated with a 5 1/2" packer set at 11738'. Upper Penn and Morrow gas will be metered separately and delivered into a single GulfTerra sales meter. Production will be allocated back to the appropriate zones based on check meter volumes.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Zeno Farris	Title Manager, Operations Administration
Signature <i>Zeno Farris</i>	Date May 20, 2004

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	

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.

(Instructions on reverse)

# RECOMMENDED COMPLETION PROCEDURE – Part 9

## CHOSA DRAW 27 FED COM #1

### EDDY COUNTY, NEW MEXICO

#### WELL DATA

**SPUD DATE:** 8/20/03  
**PERM. ZERO PT.:** KB=3288', DF=3287', GL=3265'  
**TOTAL DEPTH:** 12,300' MD = 12,020' TVD  
**SURFACE CSG:** 13-3/8" (17-1/2" hole), 54 & 48#, J-55 & H-40 @ 431'  
**INTER CSG:** 9-5/8" (12-1/4" hole), 40#, NS-110HC & P-110 @ 3200'  
**PROD CSG:** 7" (8-3/4" hole), 26#, P-110 & P-110HC @ 10745' w/ DV @ 5445'  
**PROD LNR:** 4-1/2" (6-1/8" hole), 11.6#, P-110 liner from 10492'-12300'  
**DEVIATION:** Kick off point @ 7947' – max deviation 29.5°  
**TUBING:** 2-7/8" L-80  
**PACKER:** 7" Arrowset 1-XX @ 10131' w/ 2.31" F profile on/off tool  
 2.25" (1.97" no-go) R nipple @ 10149'  
 4-1/2" Arrowset 1-XX (wls) @ 11738' w/ blanking plug in 1.81" F on/off  
**PERFS (OPEN):** 10372-10380, 10407-10413'  
**PBTD:** 7" RBP @ 10475' w/ 2 sx sand on plug  
**PERFS (SO):** 11836-11848, 11882-11893, 11924-11934, 12036-12046, 12150-12154,  
 12165-12176, 12208-12222, 12226-12233'  
**FUTURE PERFS:** 9803-9807, 9812-9817, 9824-9829, 9834-9836, 9844-9850, 9853-9857,  
 9882-9886, 9918-9922'

**OBJECTIVE :** Set up well as a Morrow (tbg) / Cisco (csg) dual.

\* \* \* \* \* SAFETY IS TOP PRIORITY \* \* \* \* \*

#### **PROCEDURE (all depths are measured depths):**

1. Light load tbg. ND wellhead. NU BOP's.
2. Rls pkr and POH.
3. PU & RIH w/ ret tool on 2-7/8" tbg. Circ ball sealers/gun debris/sand off RBP. If necessary, RU Air/foam unit to circ debris and sand from RBP.
4. Latch RBP & POH laying down 2-7/8" workstring.
5. PU & RIH w/ on/off tool, +/- 320' 2-3/8" tbg, 50' blast joints, 1 jt 2-3/8" tbg, sliding sleeve (opens up & closes down) and 2-3/8" tbg to pkr +/- 11738'. Space blast joints across perfs 10372-10413'. Run sliding sleeve in open position.
6. Latch pkr and space out tbg.

7. ND BOP's & spool. NU wellhead to produce Cisco up annulus and Morrow up tbg w/ separate measurement.
8. Swab tubing to unload Cisco 10372-10413' (casing).
9. RU slickline. Close sliding sleeve. Pull blanking plug. RD slickline.
10. Swab in Morrow 11836-12233' (tubing) if necessary.
11. Put both sides on production and test. RD&RR.
12. After rate stabilizes, run 4 pt on Morrow completion.

# GRUY PETROLEUM MANAGEMENT CO.

CHOSA DRAW 27 FED COM  
#1

SPUDDED 8/20/03

API 30-015-32918

## CURRENT COMPLETION

Sherry Reid Carroll 5/19/04

KB: 3288'  
DF: 3287'  
GL: 3265'

330' FNL & 1980' FEL  
Sec 27, T-25-S, R-26-E

Eddy Co, New Mexico

### Casing Strings:

20" Conductor @ 39' w/ 4 yds Ready-mix

13-3/8" (17-1/2" hole), 54 & 48#, J-55  
& H-40 @ 431' w/ 490 sx cmt  
TOC @ surface - circ

9-5/8" (12-1/4" hole), 40#, P-110 &  
NS-110 @ 3200' w/ 1050 sx cmt  
TOC @ surface - circ

7" (8-3/4" hole), 26#, P-110  
@ 10745' w/ DV @ 5445'  
1st stg - 550 sx cmt (did not circ off DV)  
2nd stg - 400 sx cmt (did not circ off)

4-1/2" (6-1/8" hole), 11.6#, P-110  
10492-12300' w/ 160 sx cmt  
TOC @ liner top

Deviated hole from 7947'

### Cisco Perfs:

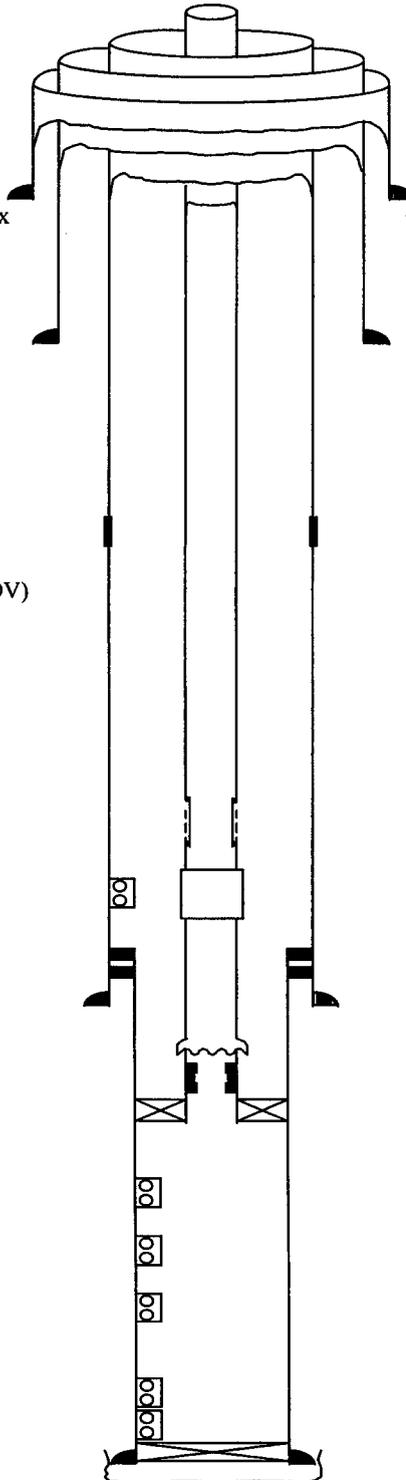
10372-80, 10407-12', 6 spf (1/6/04)

### Morrow Perfs:

11836-48, 11882-93, 11924-34', 6 spf  
(11/24/03) - Frac'd

12036-46', 6 spf (11/12/03) - BD,  
Acid BD - Frac'd

12150-54, 12165-76, 12208-22  
12226-33', 6 spf (10/21/03) - Frac'd



### TUBING:

2-3/8" L-80

### NOTE:

Cisco will flow up csg annulus.  
Morrow will flow up tubing.

Sliding sleeve +/- 10330' (closed)

50' blast joints +/- 10362-10422'

4-1/2" Arrowset 1XX (wls) pkr  
w/ 1.81" F @ 11738'

CIBP @ 12267' (DO shoe jt to 12287')

TD = 12,300' MD (12020' TVD)

Empire 20 Federal Com No. 2  
Sec. 20 T18S R29E  
Atoka/Morrow Surface Comingling Application

Producing Formation	Monthly Production	btu Dry	mmbtu	Average btu
Upper Penn	26,544	1.09	28932.96	Actual
Morrow	16,368	1.082	<u>17710.176</u>	Estimate
Totals	42,912		46643.136	1.086949

Working interest owned 100% by Magnum Hunter Production, Inc.  
with common Federal Royalty and overriding royalty interests.