



**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"*

*PMESD-415657356*

*Susp: 6/17/04*

May 25, 2004

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 South Saint Francis Dr.  
Santa Fe, NM 87505  
Attn: Mr. Michael Stogner

**RECEIVED**

**MAY 28 2004**

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

Re: Unorthodox Location Exception  
Magnum 5 Federal Com No. 4  
1980' FSL & 1190' FEL, Sec. 5 18S-31E  
Eddy County NM

Dear Mr. Stogner:

The referenced well was scheduled to be drilled at an orthodox location of 1900' FSL & 990' FEL in the newly created Shugart; Strawn, North pool. We had to move the well initially 50' west and 80' north to get away from a GPM pipeline and a power line. After BLM inspection we were requested to move the well another 150' west due to a drop off in the sand dunes near by. The Shugart; Strawn, North field rules call for 660' set backs from a quarter section, and no closer than 330' from a quarter/quarter. The final location of Magnum 5 Federal Com 4 of 1980 FSL & 1190 FEL is unorthodox as to distance from the quarter/quarter.

The Well Dedication and Acreage Plat Form C-102 is attached for your reference. Since the well is no closer than 660' to the outer boundary of our lease, and spacing unit, a list of offset operators has not been provided. In view of the multiple moves for safety and drainage purposes, please grant an exception to the location requirements of the Shugart; Strawn, North pool rules, for our Magnum 5 Federal Com # 4 well..

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*

Zeno Farris  
Manager, Operations Administration

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

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

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name Shugart; Strawn North
Property Code	Property Name MAGNUM 5 FEDERAL COM.	Well Number 4
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3711'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	5	18-S	31-E		1980	SOUTH	1190	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

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

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

LOT 4 39.97 Ac.	LOT 3 39.99 Ac.	LOT 2 40.01 Ac.	LOT 1 40.03 Ac.	<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><i>Zeno Farris</i> Signature</p> <p>Zeno Farris Printed Name</p> <p>Mgr. Operations Admin. Title</p> <p>May 25, 2004 Date</p>
<p>Magnum 5 Fed Com I Morrow</p>			<p>1650'</p>	
<p>GEODETIC COORDINATES NAD 1927 NME Y = 645784.0 N X = 637331.5 E LAT. - 32°46'28.40"N LONG. - 103°53'11.49"W</p>		<p>Magnum 5 Fed Com 4</p>	<p>3704.5'</p> <p>3702.4'</p> <p>700'</p> <p>190'</p> <p>3708.9'</p> <p>3708.6'</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>OCTOBER 23, 2003 Date Surveyed</p> <p>LA Signature: GARY EDISON Professional Surveyor</p> <p>NEW MEXICO GARY EDISON REGISTERED PROFESSIONAL SURVEYOR 03.11.2011 10/28/03</p> <p>Certificate No. GARY EDISON 12641</p>
<p>Magnum Federal 5 Com 2</p>		<p>NM68039</p> <p>160 acres</p> <p>710</p> <p>660</p>	<p>1660'</p>	

Magnum Federal 5 Com 3