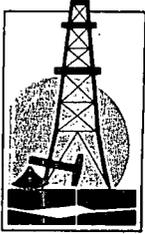


NSP(CSD) 11/4/99

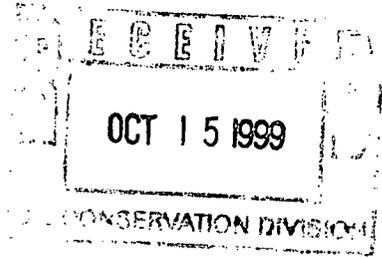


Gruy Petroleum Management Co.

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. • An American Stock Exchange Company • "MHR"

October 12, 1999

State of New Mexico
Energy Minerals and Natural Resources Department
P.O. Box 1980
Hobbs, NM 88241-1980



Re: Cooper State No. 3
SW/4 2-24S-36E
Lea County New Mexico

Ladies and Gentlemen:

Enclosed for your handling are one original and five copies of Forms C-101 and C-102 for the referenced well. Gruy Petroleum Management Co. is planning to complete it's Cooper State No. 3 well in the Jalmat Tansil Yates 7-Rivers (Pro Gas Pool). It is also our desire to simultaneously dedicate the existing 160 acre non-standard proration unit to Gruy's Cooper State No. 1, Cooper State No. 2, and soon to be completed Cooper State No. 3 well. The SW/4 of section 2-24S-36E was previously approved as a non-standard proration unit under administrative order NSP-1028. The Cooper State No. 1 and 2 wells are currently simultaneously dedicated under administrative order NSL-983.

By copy of this letter and attachments to the N.M.O.C.D. in Santa Fe, Gruy is requesting administrative approval of our application for simultaneous dedication. A copy of this letter and attachments has been furnished by Certified Mail to offset operators as notice of this application.

If you have any questions or require additional information concerning this application, please contact me at 972-443-6489.

Yours truly,

Zeno Farris
Manager, Operations Administration

Cc: N.M.O.C.D. - Santa Fe

**Cooper State 3
Section 2, Township 24S, Range 36E, (L)
New Well
Lea County, New Mexico**

RE: Application for Simultaneous Dedication

Notification of Offset Operators:

Texaco Exploration & Production, Inc.
P.O. Box 3109
Midland, Texas 79702

Lewis B. Burleson
P.O. box 2479
Midland, Texas 79702

Tennison Oil Company
8140 Walnut Hill Lane, Suite 601
Dallas, Texas 75231

Randall Properties
P.O. Box 187
Midland, Texas 79701

David H. Arrington
P.O. Box 2071
Midland, Texas 79704

MW Petroleum Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056

Larry Nermyr
2438 Whitmire Blvd., #9E
Midland, Texas 79704

Jack Fletcher
P.O. Box 10887
Midland, Texas 79702

James Burr
25005 Emmerson
Midland, Texas 79705

James A. Davidson
P.O. Box 494
Midland, Texas 79702

James A. Walton
P.O. Box 2514
Midland, Texas 79702

George R. Jones
P.O. Box 10253
Midland, Texas 79702

Ruth Sutton
2826 Moss
Midland, Texas 79705

Please find attached evidence that the above listed companies have been sent copies of the Simultaneous Dedication request.

Z 255 726 947

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Texaco Exploration & Prod
Street & Number	P.O. Box 3109
Post Office, State, & ZIP Code	Midland, TX 79702
Postage	.55
Certified Fee	.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 961

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Tennison Oil Company
8140 Walnut Hill Lane, Suite 601
Dallas, TX 75231

Postage	\$.55
Certified Fee	.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 958

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	MW Petroleum Corp
Street & Number	2000 Post Oak Blvd, Suite 100
Post Office, State, & ZIP Code	Houston, TX 77056
Postage	\$.55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 959

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Randall Properties
Street & Number	P.O. Box 187
Post Office, State, & ZIP Code	Midland, TX 79701
Postage	.55
Certified Fee	.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 960

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	David H. Arrington
Street & Number	PO Box 2071
Post Office, State, & ZIP Code	Midland, TX 79704
Postage	\$.55
Certified Fee	.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 955

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Jack Fletcher
Street & Number	PO Box 10887
Post Office, State, & ZIP Code	Midland, TX 79702
Postage	.55
Certified Fee	.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 950

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Ruth Sutton
Street address	2826 Moss
Post Office	Midland, TX 79705
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 957

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Larry Nermyr 2438 Whirmire Blvd., #9E Midland, TX 79704	
Postage	\$.55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 952

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	James A. Walton
Street address	PO Box 2514
Post Office	Midland, TX 79702
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 951

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

George R. Jones PO Box 10253 Midland, TX 79702	
Postage	\$.55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 953

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	James A. Davidson
Street &	PO Box 494
Post Office	Midland, TX 79702
Postage	.55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 954

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	James Burr
Street &	25005 Emmerson
Post Office	Midland, TX 79702
Postage	.55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

Z 255 726 956

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Lewis B. Burleson
Street &	PO Box 2479
Post Office	Midland, TX 79702
Postage	.55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	10/12/99

PS Form 3800, April 1995

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Gruy Petroleum Management Co. P. O. Box 140907 Irving TX 75014-0907		² GRID Number 162683
		³ API Number 30 -
³ Property Code 21776	⁵ Property Name Cooper State	⁶ Well No. 3

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	2	24S	36E		1686'	South	660'	West	Lea

⁸ Proposed 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

⁹ Proposed Pool 1 JALMAT Tansil - Yates - Seven Rivers (79240)	¹⁰ Proposed Pool 2
--	-------------------------------

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3367'
¹⁶ Multiple No	¹⁷ Proposed Depth 3900'	¹⁸ Formation Tan - Yates - 7 Rvrs	¹⁹ Contractor Unknown	²⁰ Spud Date When Approved

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	750'	400 sx	Surface
7 7/8"	5 1/2"	15:5#	3900'	1000 sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

The proposed well will be drilled to a depth of 3900' and completed as a Jalmat Tansil - Yates - Seven Rivers 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.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Zeno Farris</i>	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: Zeno Farris	Title:	
Title: Manager Operations Administration	Approval Date:	Expiration Date:
Date: 10-12-99	Phone: 972-401-3111	Conditions of Approval: Attached <input type="checkbox"/>

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 79240	Pool Name Jalmat (Gas)
Property Code 21776	Property Name COOPER STATE	Well Number 3
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3367

Surface Location

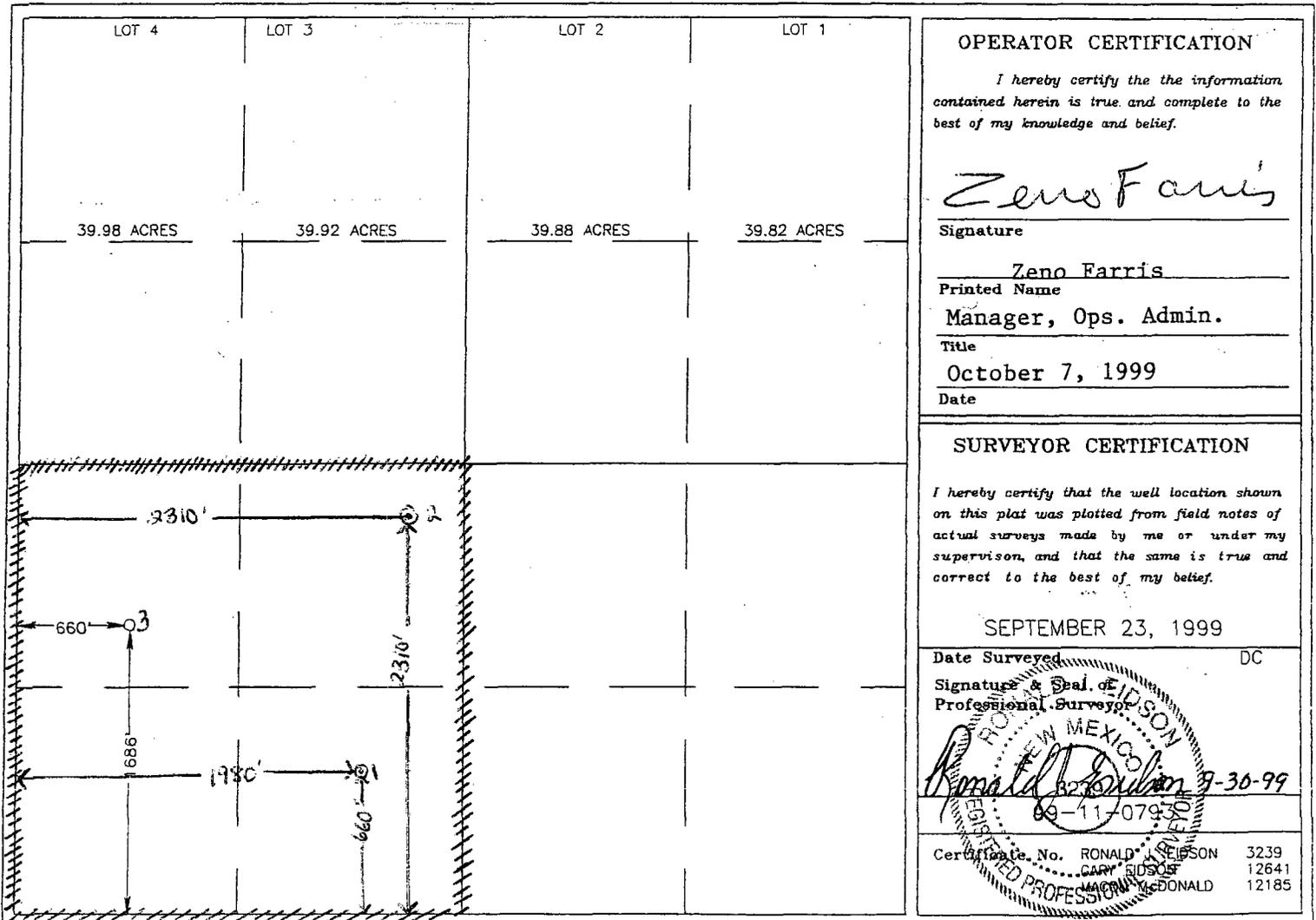
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	2	24 S	36 E		1686	SOUTH	660	WEST	LEA

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 160	Joint or Infill Y	Consolidation Code C	Order No. NSP-1028
------------------------	----------------------	-------------------------	-----------------------

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Zeno Farris

Signature

Zeno Farris
Printed Name

Manager, Ops. Admin.
Title

Date

October 7, 1999

Date

SURVEYOR CERTIFICATION

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.

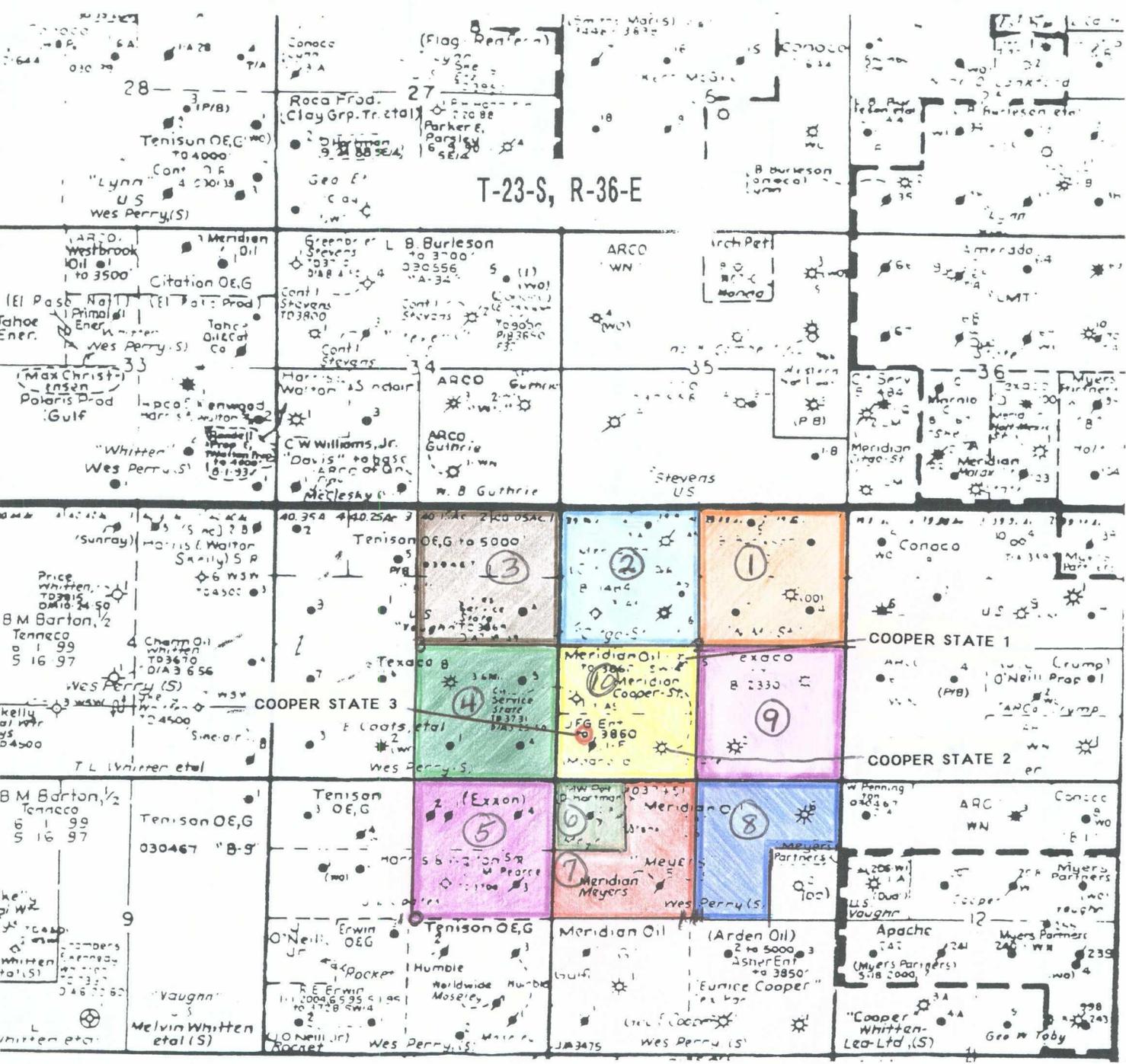
SEPTEMBER 23, 1999

Date Surveyed _____ DC

Signature & Seal of Professional Surveyor

Ronald E. Nelson
RONALD E. NELSON
3239
69-11-0793

Certificate No. RONALD E. NELSON 3239
CARY SIDSON 12641
MAGNUS DONALD 12185



OWNERSHIP PLAT

T-24-S, R-36-E

GRUY PETROLEUM MANAGEMENT CO.

COOPER STATE NO. 3

List of Offset SPU's
GRUY PETROLEUM MANAGEMENT CO.
Cooper State No. 3
Jalmat Gas Pool

OFFSET SPU	COLOR CODE	Well Name	Location	OPERATOR	ACERAGE DESCRIPTION	ACRES	SPU
1	Orange	New Mexico Z State 1 (ACT)	H-2-24-36	Lewis B. Burlison	NE/4 Sec. 2 T-24S-R-36E	160	Non-Standard
2	Lt. Blue	Citigo State AS No. 1 (P&A)	C-2-24-36	Gruy Pet. Management Co.	NW/4 Sec. 2 T-24S-R-36E	160	Non-Standard
3	Brown	Vaughn B 3 No. 4 (ACT)	H-2-24-36	Tennison Oil Company	NE/4 Sec. 3 T-24S-R-36E	160	Non-Standard
4	Dk. Green	None in Jalmat Gas		Texaco Exploration	SE/4 Sec. 3 T-24S-R-36E	160	Non-Standard
5	Dk. Purple	None in Jalmat Gas		Tennison Oil Company et al	NE/4 Sec. 10 T-24S-R-36E	160	Non-Standard
6	Lt. Green	Myers B Federal No. 2 (INA)	D-11-24-36	MW Petroleum Corp. et al	NW/4NW/4 Sec. 11 T-24S-R-36E	40	Non-Standard
7	Red	None in Jalmat Gas		David H. Arrington	E/2NW/4, SW/4NW/4 Sec. 11 T-24S-R-36E	120	Non-Standard
8	Dk. Blue	Myers B No. 6 (ACT)	A-11-24-36	Gruy Pet. Management Co.	N/2NE/4, SW/4NE/4 Sec. 11 T-24S-R-36E	120	Non-Standard
9	Lt. Purple	None in Jalmat Gas		Texaco Exploration	SE/4 Sec. 2 T-24S-R-36E	160	Non-Standard
10	Yellow	Cooper State No. 1 (ACT) Cooper State No. 2 (ACT) Cooper State No. 3 (Proposed)	N-2-24-36 K-2-24-36 M-2-24-36	Gruy Pet. Management Co.	SW/4 Sec. 2 T-24S-R36E	160	Non-Standard

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/20/99 14:31:30
OGOMES -TPZC
PAGE NO: 2

Sec : 02 Twp : 24S Rng : 36E Section Type : NORMAL

L 40.00 CS B01484 0008 11/42 OXY USA INC C	K 40.00 CS B01484 0008 11/42 OXY USA INC C A	J 40.00 CS B02330 0010 01/39 TEXACO EXPLORATIO	I 40.00 CS B02330 0010 01/39 TEXACO EXPLORATIC A
M 40.00 CS B11301 0000 06/54 EXXON CORP C	N 40.00 CS B11301 0000 06/54 EXXON CORP C A	O 40.00 CS B02330 0010 01/39 TEXACO EXPLORATIO A	P 40.00 CS B02330 0010 01/39 TEXACO EXPLORATIC

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/20/99 14:31:23
OGOMES -TPZC
PAGE NO: 1

Sec : 02 Twp : 24S Rng : 36E Section Type : NORMAL

4 39.98 CS B01484 0008 11/42 OXY USA INC A	3 39.92 CS B01484 0008 11/42 OXY USA INC A A	2 39.88 CS B11301 0000 06/54 EXXON CORP A	1 39.82 CS B11301 0000 06/54 EXXON CORP A
E 40.00 CS B01484 0008 11/42 OXY USA INC A	F 40.00 CS B01484 0008 11/42 OXY USA INC A	G 40.00 CS B11301 0000 06/54 EXXON CORP A	H 40.00 CS B11301 0000 06/54 EXXON CORP A A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD : ONGARD 10/20/99 14:32:05
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPZÇ

API Well No : 30 25 25285 Eff Date : 05-01-1997 WC Status : A
Pool Idn : 79240 JALMAT;TAN-YATES-7 RVRS (PRO GAS)
OGRID Idn : 162683 GRUY PETROLEUM MANAGEMENT CO.
Prop Idn : 21776 COOPER STATE

Well No : 001
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: N	2	24S	36E	FTG 660 F S	FTG 1980 F W	P

Lot Identifier:

Dedicated Acre: 160.00

Lease Type : S

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 10/20/99 14:31:46
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPZC

API Well No : 30 25 26039 Eff Date : 05-01-1997 WC Status : A
Pool Idn : 79240 JALMAT;TAN-YATES-7 RVRS (PRO GAS)
OGRID Idn : 162683 GRUY PETROLEUM MANAGEMENT CO.
Prop Idn : 21776 COOPER STATE

Well No : 002
GL Elevation: 3367

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: K	2	24S	36E	FTG 2310 F S	FTG 2310 F W	A

Lot Identifier:

Dedicated Acre: 160.00

Lease Type : S

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 5, 1976

Doyle Hartman
C & K Petroleum Building
Suite 312
Midland, Texas 79701

Administrative Order HSP-1028

Gentlemen:

Reference is made to your application for a 160-acre non-standard proration unit consisting of the following described acreage in the Jalmat Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 2: SW/4

It is understood that this unit is to be dedicated to your Cooper State Well No. 1, located 660 feet from the South line and 1980 feet from the West line of said Section 2.

By authority granted me under the provisions of Rule 104 D II, you are hereby authorized to operate the above-described acreage as a non-standard proration unit.

Very truly yours,

JOE D. RAMEY
Secretary-Director

JDR/JEK/dr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
Central Leasing - State Land Office - Santa Fe
Proration Department, OCC - Santa Fe



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

September 19, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Doyle Hartman
Oil Operator
Suite 508
C & K Petroleum Building
Midland, Texas 79701

Administrative Order NSL-983

Dear Mr. Hartman:

Reference is made to your application for a non-standard location for your Cooper State Well No. 2, located 2310 feet from the South line and 2310 feet from the West line of Section 2, Township 24 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

You are hereby authorized to dedicate a previously approved non-standard proration unit to your Cooper State Well No. 1, located 660 feet from the South line and 1980 feet from the West line of said Section 2, and the above-described Cooper State Well No. 2. Further, you are hereby permitted to produce the allowable from any of the wells on the proration unit in any proportion.

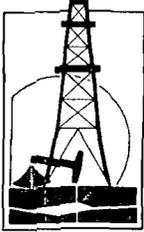
By authority granted me under the provisions of Rule 3 of Order No. R-1670, the above-described unorthodox location is hereby approved.

Very truly yours,

JOE D. RAMEY,
Director

JDR/RLS/dr

cc: Oil Conservation Division - Hobbs
Oil & Gas Engineering Committee - Hobbs
Central Leasing - State Land Office - Santa Fe



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. • An American Stock Exchange Company • "MHR"

October 12, 1999

State of New Mexico
Energy Minerals and Natural Resources Department
P.O. Box 1980
Hobbs, NM 88241-1980

RECEIVED
OCT 25 1999

Re: Cooper State No. 3
SW/4 2-24S-36E
Lea County New Mexico

Ladies and Gentlemen:

Enclosed for your handling are one original and five copies of Forms C-101 and C-102 for the referenced well. Gruy Petroleum Management Co. is planning to complete it's Cooper State No. 3 well in the Jalmat Tansil Yates 7-Rivers (Pro Gas Pool). It is also our desire to simultaneously dedicate the existing 160 acre non-standard proration unit to Gruy's Cooper State No. 1, Cooper State No. 2, and soon to be completed Cooper State No. 3 well. The SW/4 of section 2-24S-36E was previously approved as a non-standard proration unit under administrative order NSP-1028. The Cooper State No. 1 and 2 wells are currently simultaneously dedicated under administrative order NSL-983.

By copy of this letter and attachments to the N.M.O.C.D. in Santa Fe, Gruy is requesting administrative approval of our application for simultaneous dedication. A copy of this letter and attachments has been furnished by Certified Mail to offset operators as notice of this application.

If you have any questions or require additional information concerning this application, please contact me at 972-443-6489.

Yours truly,

Zeno Farris
Manager, Operations Administration

Cc: N.M.O.C.D. – Santa Fe

**Cooper State 3
Section 2, Township 24S, Range 36E, (L)
New Well
Lea County, New Mexico**

RE: Application for Simultaneous Dedication

Notification of Offset Operators:

Texaco Exploration & Production, Inc.
P.O. Box 3109
Midland, Texas 79702

Lewis B. Burleson
P.O. box 2479
Midland, Texas 79702

Tennison Oil Company
8140 Walnut Hill Lane, Suite 601
Dallas, Texas 75231

Randall Properties
P.O. Box 187
Midland, Texas 79701

David H. Arrington
P.O. Box 2071
Midland, Texas 79704

MW Petroleum Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056

Larry Nermyr
2438 Whitmire Blvd., #9E
Midland, Texas 79704

Jack Fletcher
P.O. Box 10887
Midland, Texas 79702

James Burr
25005 Emmerson
Midland, Texas 79705

James A. Davidson
P.O. Box 494
Midland, Texas 79702

James A. Walton
P.O. Box 2514
Midland, Texas 79702

George R. Jones
P.O. Box 10253
Midland, Texas 79702

Ruth Sutton
2826 Moss
Midland, Texas 79705

Please find attached evidence that the above listed companies have been sent copies of the Simultaneous Dedication request.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 8, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Gruy Petroleum Management Company
P. O. Box 140907
Irving, Texas 75039
Attention: Zeno Farris

Telefax No. (972) 443-6450

Administrative Order NSP-1028-A (L) (SD)

Dear Mr. Farris:

Reference is made to the following: (i) your application dated September 27, 2000, which was not received by the New Mexico Oil Conservation Division ("Division") in Santa Fe until October 19, 2000; (ii) the Division's records in Santa Fe, including the files on Division Administrative Orders NSP-1028, NSL-983, and SD-99-12; (iii) the two Division directives dated December 22, 1999 and January 5, 2000; (vi) the Division's "NOTICE" to all operators in the Jalmat Gas Pool dated January 11, 2000; and (vii) the Division Director's "MEMORANDUM" to operators and interested parties in the Jalmat Gas Pool dated February 18, 2000: all concerning Gruy Petroleum Management Company's ("Gruy") request to reduce the acreage of the existing 160-acre non-standard gas spacing and proration unit ("GPU") in the Jalmat Gas Pool comprising the SW/4 of Section 2, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico, by omitting the 40 acres comprising the NW/4 SW/4 (Unit L) of Section 2 from this GPU.

This GPU was initially established by Division Administrative Order NSP-1028, dated August 5, 1976, and had dedicated thereon the Cooper State Well No. 1 (API No. 30-025-25285), located at a standard gas well location for this 160-acre GPU 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 2.

By Division Administrative Order NSL-983, dated September 19, 1978, an infill well for this GPU, the Cooper State Well No. 2 (API No. 30-025-26039), located at an unorthodox gas well location 2310 feet from the South and West line (Unit K) of Section 2 was approved.

As referenced by correspondence to Gruy from the Division on November 4, 1999 (see SD-99-12), an additional infill gas well was to have been included in this GPU, the Cooper State Well No. 3 (API No. 30-025-34729), to be drilled at a standard gas well location 1686 feet from the South line and 660 feet from the West line (Unit L) of Section 2.

It is our understanding that such reduction and severance of acreage is necessary due to the recent completion of the above-described Cooper State Well No. 3 in Unit "L" as a Jalmat oil producer, whereby the 40 acres comprising the NW/4 SW/4 of Section 2 is now assigned this well in order to form a standard 40-acre oil spacing and proration unit in the Jalmat Gas Pool.

This application has been duly filed under the provisions of: (i) Division Rules 104.F and 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No.

Administrative Order NSP-1028-A(L)(SD)
Gruy Petroleum Management Company
November 8, 2000
Page 2

12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

By the authority granted me under the provisions of Division Rule 104.D (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the Jalmat GasPool, the following described 120-acre non-standard gas spacing and proration unit is hereby approved:

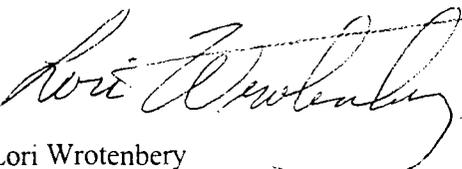
LEA COUNTY, NEW MEXICO
TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 2: NE/4 SW/4 and S/2 SW/4.

Gruy is further authorized to simultaneously dedicate Jalmat gas production from the Cooper State Wells No. 1 and 2, with allowable assigned the subject 120 GPU from both wells in any proportion.

Division Administrative Orders NSP-1028 and SD-99-12 shall be placed in abeyance until further notice. Furthermore, the provisions of Division Administrative Order NSL-983 pertaining to the unorthodox location of the Cooper State Well No. 2 shall remain in full force and effect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
William F. Carr, Legal Counsel for Gruy Petroleum Management Company - Santa Fe
File: NSP-1028
NSL-983
SD-99-12 ✓

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 5, 1976

Doyle Hartman
C & K Petroleum Building
Suite 312
Midland, Texas 79701

Administrative Order HSP-1028

Gentlemen:

Reference is made to your application for a 160-acre non-standard proration unit consisting of the following described acreage in the Jalmat Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 2: SW/4

It is understood that this unit is to be dedicated to your Cooper State Well No. 1, located 660 feet from the South line and 1920 feet from the West line of said Section 2.

By authority granted me under the provisions of Rule 104 D II, you are hereby authorized to operate the above-described acreage as a non-standard proration unit.

Very truly yours,

JOE D. RAMEY
Secretary-Director

JDR/JEK/dr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
Central Leasing - State Land Office - Santa Fe
Proration Department, OCC - Santa Fe



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

September 19, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87500
(505) 827-2434

Mr. Doyle Hartman
Oil Operator
Suite 508
C & K Petroleum Building
Midland, Texas 79701

Administrative Order NSL-983

Dear Mr. Hartman:

Reference is made to your application for a non-standard location for your Cooper State Well No. 2, located 2310 feet from the South line and 2310 feet from the West line of Section 2, Township 24 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

You are hereby authorized to dedicate a previously approved non-standard proration unit to your Cooper State Well No. 1, located 660 feet from the South line and 1980 feet from the West line of said Section 2, and the above-described Cooper State Well No. 2. Further, you are hereby permitted to produce the allowable from any of the wells on the proration unit in any proportion.

By authority granted me under the provisions of Rule 3 of Order No. R-1670, the above-described unorthodox location is hereby approved.

Very truly yours,

JOE D. RAMEY,
Director

JDR/RLS/dr

cc: Oil Conservation Division - Hobbs
Oil & Gas Engineering Committee - Hobbs
Central Leasing - State Land Office - Santa Fe