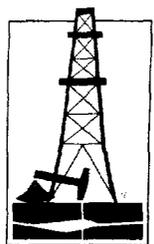


25721122

AC N/R

1016



**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"*

August 17, 2000

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

21

Re: Empire 20 Federal Com No. 2  
E/2 20 18S – 29E, Eddy County NM

30-113-3:046

Gentlemen:

Enclosed for your approval are one original and five copies of BLM Form 3160-5 with attachments, requesting approval to surface commingle Atoka and Morrow gas production from the referenced well. Condensate production from each zone will be separately gauged. Morrow production has been isolated via a 5 1/2" PLS Packer with production through tubing. Atoka will be through the casing with both zones flowing into a single LG&E sales meter. Production will be allocated back to each zone based on check meters volumes.

The Empire 20 Federal Com No. 2 well is 100% owned by Magnum Hunter Production, Inc. and royalties and overrides are common, therefore Federal royalties will not reduced by averaging the btu factor.

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

Yours truly,

*Zeno Farris*

Zeno Farris  
Manager, Operations Administration

Cc:

New Mexico Oil Conservation Division  
811 South 1<sup>st</sup> Street  
Artesia, New Mexico 88210-2834  
Attn: Mr. Tim Gum

New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 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.*

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

|  |   |   |
|--|---|---|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |   | 5. Lease Serial No.<br>LC-067132  |
| 2. Name of Operator<br>Gruy Petroleum Management Co.   |   | 6. If Indian, Allottee or Tribe Name                                      |
| 3a. Address<br>P. O. Box 140907 Irving, TX 75014-0907  | 3b. Phone No. (include area code)<br>972-401-3111 | 7. If Unit or CA/Agreement, Name and/or No.<br>SCR - 150                  |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>660' FSL & 1650' FEL Sec. 20 T18S - R29E               |   | 8. Well Name and No.<br>Empire 20 Federal Com 2                           |
|  |   | 9. API Well No.<br>30-015-31046   |
|  |   | 10. Field and Pool, or Exploratory Area<br>Turkey Track Atoka/Morrow Nor. |
|  |   | 11. County or Parish, State<br>Eddy Co. NM                                |

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

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |  |
|---|---|---|--|--|
| <input 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 checked="" 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 <u>Commingle</u> |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <u>Atoka/Morrow Gas</u>                                    |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |  |

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.)

Request approval of Atoka/Morrow surface commingling. Morrow and Atoka zones will be isolated with 5 1/2" PLS Packer, with Morrow production through tubing and Atoka production through casing. Condensate production will be gauged separately (See Schematic Diagram) and Atoka/Morrow gas production will be surface commingled into a single LG&E sales meter. Production will be allocated back to appropriate zones based on check meters for each completion.

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

|                                     |  |
|-------------------------------------|--|
| Name (Printed/Typed)<br>Zeno Farris | Title<br>Manager Operations Administration |
| Signature<br><i>Zeno Farris</i>     | Date<br>August 17, 2000                    |

**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.

DISTRICT I  
P.O. Box 1060, Hobbs, NM 88241-1060

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 220, Artesia, NM 88211-0719

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |   |  |
|----------------------------|---|--|
| API Number<br>30-015-31046 | Pool Code                                       | Pool Name<br>Turkey Track Morrow, North/Atoka, North |
| Property Code              | Property Name<br>EMPIRE 20 FEDERAL COM          | Well Number<br>2                                     |
| OGED No.<br>162683         | Operator Name<br>GRUY PETROLEUM MANANGEMENT CO. | Elevation<br>3513                                    |

Surface Location

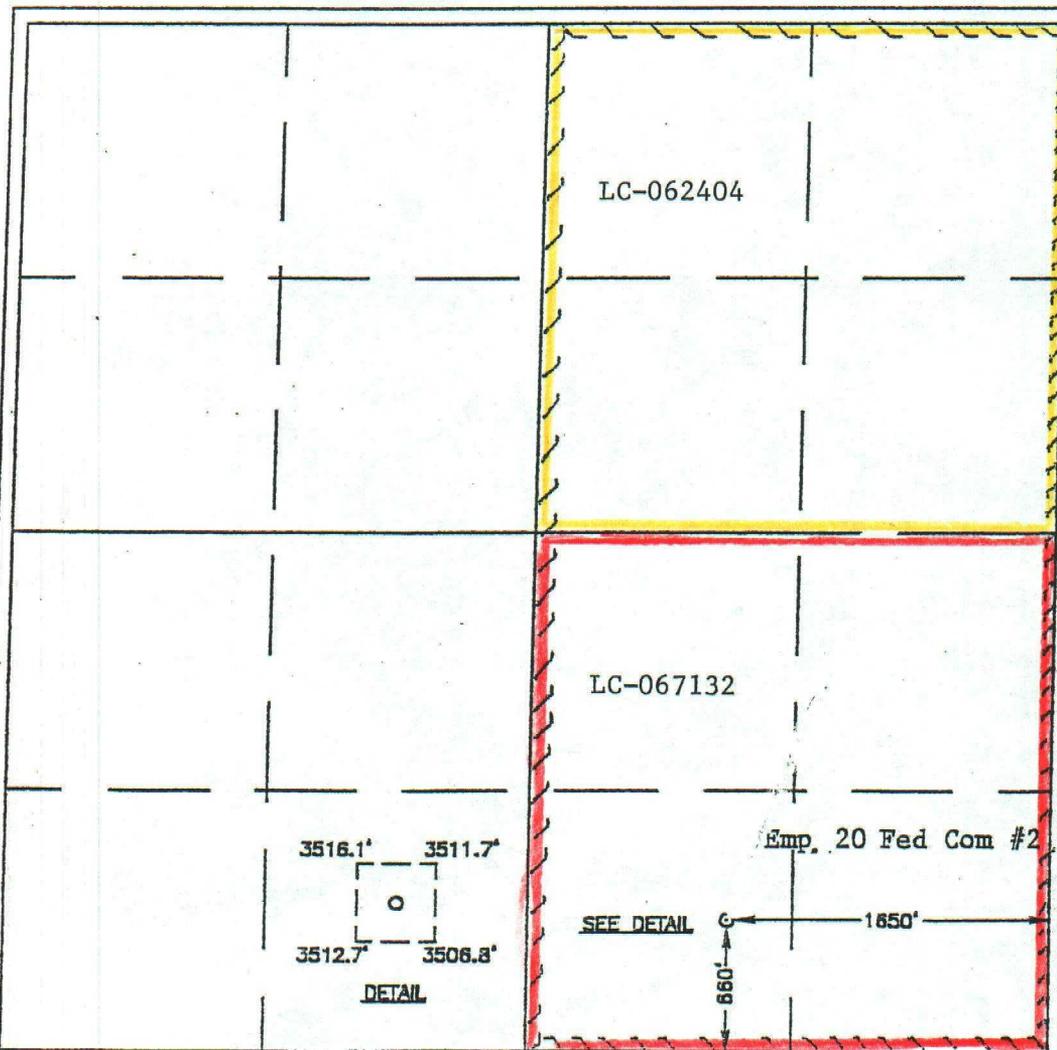
| UL or Lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0             | 20      | 18S      | 29E   |         | 660           | SOUTH            | 1650          | 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. |
|-----------------|-----------------|--------------------|-----------|
|                 |                 |                    |           |

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 that the information contained herein is true and complete to the best of my knowledge and belief.

*Zeno Farris*  
Signature

Zeno Farris  
Printed Name

Mgr. Operations Admin.  
Title

January 26, 2000  
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.

JANUARY 17, 2000  
Date Surveyed

LMP

Signature of Field or Professional Surveyor  
*Ronald E. Eidson*

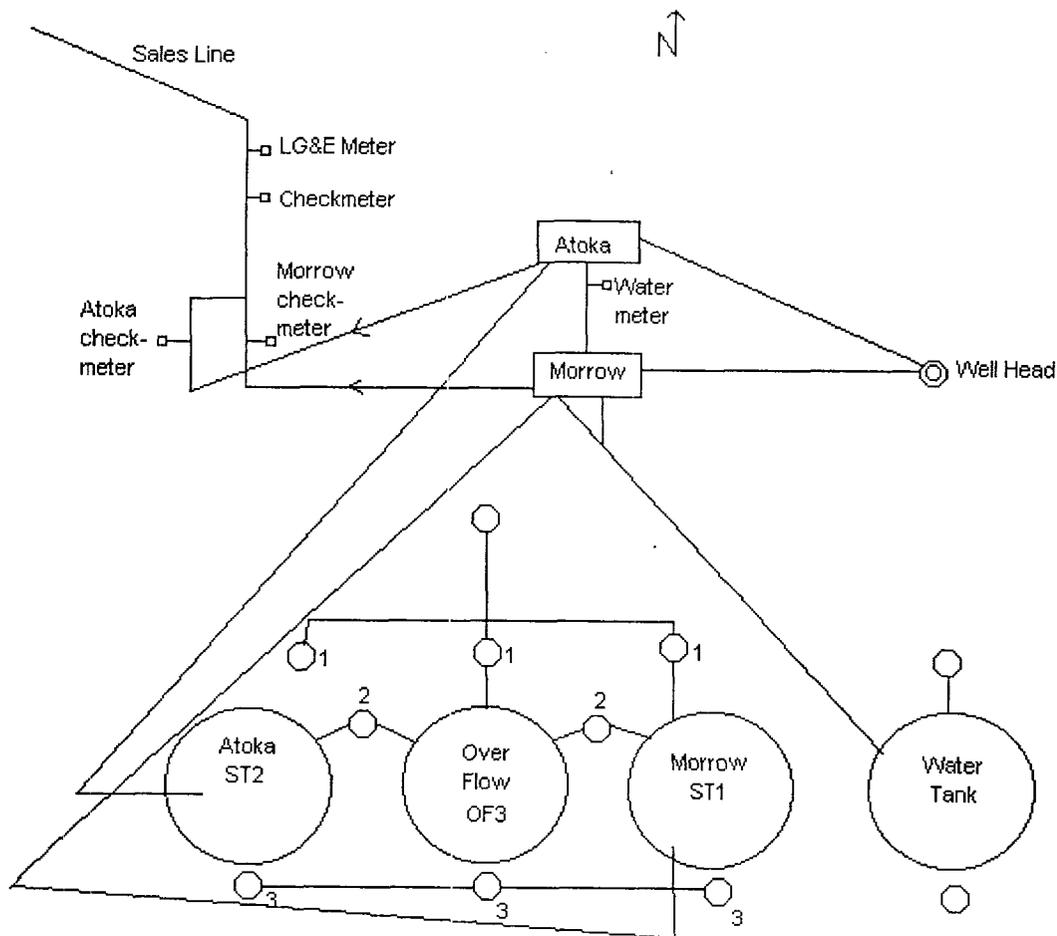
00-11-0059

Certificate Nos. RONALD E. EIDSON 3239  
GARY EIDSON 12641  
MACON McDONALD 12185

**Empire 20 Fed Com #2**  
**Sec 20, T18S, R29E**  
**660' FSL & 1560 FEL**  
**Eddy County, New Mexico**

Production System Open.

1. Oil Sales by tank gauge to truck transport.
2. Seal Requirements
  - A. Production Phase
    - (1) All valves (1), (2), & (3) are closed. (Valve 2 only open in emergency for over flow).
    - (2) ST2 tank for Atoka Zone.
    - (3) ST1 tank for Morrow Zone.
    - (4) OF3 - Overflow tank for emergency.
  - B. Sales Phase
    - (1) All valves closed with exception of load line and when a tank is on sales line.



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

| Producing<br>Formation | Monthly<br>Production | btu Dry | mmbtu            | Average<br>btu |
|------------------------|-----------------------|---------|------------------|----------------|
| Morrow                 | 11,098                | 1.106   | 12274.388        |                |
| Atoka                  | 65,627                | 1.121   | <u>73567.867</u> |                |
| Totals                 | 76,725                |         | 85842.255        | 1.11883        |

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

**Laboratory Services, Inc.**

4016 Fiesta Drive  
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Pro Well Testing & Wireline  
P. O. Box 791  
Hobbs, New Mexico 88241

SAMPLE:  
IDENTIFICATION: Empire "20" Fed. Com. #2  
COMPANY: Gruy Petroleum  
LEASE:  
PLANT:

SAMPLE DATA: DATE SAMPLED: 7/17/00 12:30 pm  
ANALYSIS DATE: 7/17/00  
PRESSURE - PSIG 214  
SAMPLE TEMP. °F 88  
ATMOS. TEMP. °F

GAS (XX) LIQUID ( )  
SAMPLED BY: Ray Gallagher  
ANALYSIS BY: Vickie Walker

REMARKS: Taken @ the meter run.

**COMPONENT ANALYSIS**

| COMPONENT              | MOL PERCENT | GPM   |
|------------------------|-------------|-------|
| Hydrogen Sulfide (H2S) |             |       |
| Nitrogen (N2)          | 1.327       |       |
| Carbon Dioxide (CO2)   | 0.217       |       |
| Methane (C1)           | 88.143      |       |
| Ethane (C2)            | 0.368       | 1.699 |
| Propane (C3)           | 2.479       | 0.681 |
| I-Butane (C4)          | 0.369       | 0.120 |
| N-Butane (NC4)         | 0.686       | 0.200 |
| I-Pentane (C5)         | 0.147       | 0.054 |
| N-Pentane (NC5)        | 0.123       | 0.044 |
| Hexane Plus (C6+)      | 0.192       | 0.088 |
|                        | 100.000     | 2.861 |

BTU/CU.FT. - DRY 1118  
AT 14.650 DRY 1115  
AT 14.650 WET 1095  
AT 14.73 DRY 1121  
AT 14.73 WET 1101

MOLECULAR WT. 18.5693

SPECIFIC GRAVITY -  
CALCULATED 0.641  
MEASURED

Empire 20 Federal Com 2  
Sec. 20 T 8S R 29E  
Atoka Gas Analysis

*Morrow*



### Laboratory Services, Inc.

4016 Fiesta Drive  
Hobbs, New Mexico 88240

Telephone: (505) 307-3713

**FOR:** Pro Well Testing & Wireline  
P. O. Box 791  
Hobbs, New Mexico 88241

**SAMPLE:**  
**IDENTIFICATION:** Empire 20 Fed. Com. #2  
**COMPANY:** Gruy Petroleum  
**LEASE:**  
**PLANT:**

**SAMPLE DATA:** DATE SAMPLED: 5/31/00 8:30 pm  
ANALYSIS DATE: 6/1/00  
PRESSURE - PSIG: 240  
SAMPLE TEMP. °F: 87  
ATMOS. TEMP. °F:

GAS (X) LIQUID ( )  
SAMPLED BY: R. Hicks  
ANALYSIS BY: Vickie Walker

**REMARKS:** Sample taken @ the meter run.  
Wellhead Pressure = 1625 PSIA

#### COMPONENT ANALYSIS

| COMPONENT                           | MOL PERCENT    | GPM          |
|-------------------------------------|----------------|--------------|
| Hydrogen Sulfide (H <sub>2</sub> S) |                |              |
| Nitrogen (N <sub>2</sub> )          | 0.001          |              |
| Carbon Dioxide (CO <sub>2</sub> )   | 0.067          |              |
| Methane (C <sub>1</sub> )           | 80.120         |              |
| Ethane (C <sub>2</sub> )            | 5.064          | 1.401        |
| Propane (C <sub>3</sub> )           | 1.780          | 0.489        |
| i-Butane (iC <sub>4</sub> )         | 0.270          | 0.088        |
| n-Butane (nC <sub>4</sub> )         | 0.458          | 0.148        |
| i-Pentane (iC <sub>5</sub> )        | 0.172          | 0.068        |
| n-Pentane (nC <sub>5</sub> )        | 0.157          | 0.007        |
| Hexane Plus (C <sub>6+</sub> )      | 0.343          | 0.141        |
|                                     | <u>100.000</u> | <u>2.412</u> |

MOLECULAR WT. 18.2884

|                  |      |
|------------------|------|
| BTU/CU.FT. - DRY | 1103 |
| AT 14.550 DRY    | 1100 |
| AT 14.850 WET    | 1081 |
| AT 14.73 DRY     | 1100 |
| AT 14.73 WET     | 1087 |

**SPECIFIC GRAVITY -**  
CALCULATED 0.632  
MEASURED

Empire 20 Federal Com 2  
Sec. 20 T8S R29E  
Morrow Gas Analysis