

NSP - 1035A



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

11/17/98

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____
- NSL _____
- NSP X _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

<u>Gray Petroleum Mgmt Co</u>	<u>StateX</u>	<u>#1-E</u>	<u>2-245-36e</u>
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

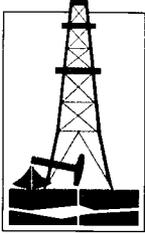
Recommend approval.

Yours very truly,

Chris Williams
Chris Williams
Supervisor, District 1

/ed

NSP 12/3/98



Gruy Petroleum Management Co.

600 East Las Colinas Blvd. • Suite 1200 • Irving, TX 75039 • (972) 401-3111 • Fax (972) 443-6450
Mailing Address: P.O. Box 140907 • Irving, TX 75014-0907

A wholly-owned subsidiary of Magnum Hunter Resources, Inc., an American Stock Exchange company

Date: November 10, 1998

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe New Mexico 87505
Attn: Ms. Lori Wrotenbery

NOV 13 1998

Re: Gruy Petroleum Management Co.
State X No.1 re-entry
160 acre Non-Standard Jalmat Gas Pool SPU
NW/4 Sec. 2, T-24S-R34E
Lea County New Mexico

Dear Ms. Wrotenbery:

Gruy Petroleum Management Co. requests administrative approval of the referenced non-standard proration unit under Division General Rule 104(D)(2)(b). The NW/4 of section 2-24S-36E will be dedicated to the proposed re-entry of the State X No. 1 well. Cities Service Oil Company drilled the State X No. 1 at this location in 1949. Surface casing was set and then the well was plugged and abandoned. The NW/4 of section 2 was previously approved by Administrative Order NSP-1035, as a non-standard proration unit for the now plugged Citgo AS State No. 1. We anticipate that our re-entry of the State X No. 1 well will result in a completed gas well, at a standard location in the Jalmat Gas Pool.

We are enclosing for your reference a copy of our application to drill, and Form C-102, along with an SPU list and color-coded plat depicting the proration units surrounding our proposed location. In compliance with Division General Rule 104(D)(2)(d) we have sent a copy of this application by certified mail to all owners of gas operating rights in the immediately surrounding Jalmat Gas Pool SPU's.

Your consideration in this matter is appreciated. If you have any questions or need additional information, please advise.

Yours truly,

Zeno Farris
Manager, Operations Administration

CC: OCD Hobbs

Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
November 11, 1998

NOTICE TO OFFSET OPERATORS

The copies of the following documents:

1. November 10, 1998 Letter to Ms. Lori Wrotenbery, New Mexico Oil Conservation Division concerning the assignment of a non-standard proration unit for the proposed State X No. 1 in Lea County, New Mexico.
2. List of SPU offsetting the unit proposed for the State X No. 1 and corresponding plat.
3. New Mexico Form C-101, Application for Permit to Re-enter the State X No. 1, filed by Gruy Petroleum and approved September 10, 1998.
4. New Mexico Form C-102, Well Location and Acreage Dedication Plat on the subject well.

were sent November 11, 1998 by certified mail, return receipt requested, to the following offset Operators:

Mobil Producing Texas
& New Mexico, Inc.
P. O. Box 633
Midland, TX 79702

OXY USA, Inc.
P. O. Box 50250
Midland, Texas 79707

Cross Timbers Oil Company
810 Houston, Ste. 2000
Fort Worth, TX 76102

Conoco, Inc.
10 Desta Drive, Ste. 100 W
Midland, TX 79702

Chevron USA Inc.
P. O. Box 1150
Midland, TX 79702

Altura Energy, LTD
P. O. Box 4294
Houston, TX 77210-4294

Doyle Hartman
P. O. Box 10426
Midland, TX 79702

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

Lewis B. Burleson, et al
Stephen L. Burleson
LBB State Z Trust
The New Mexico Company
P. O. Box 2479
Midland, TX 79702

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

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

Z 582 766 437

US Postal Service
Receipt for Certified Mail

Mobil Producing Texas
& New Mexico, Inc.
P. O. Box 633
Midland, TX 79702

Z 582 766 438

US Postal Service
Receipt for Certified Mail

OXY USA, Inc.
P. O. Box 50250
Midland, Texas 79707

Z 582 766 439

US Postal Service
Receipt for Certified Mail

Cross Timbers Oil Company
810 Houston, Ste. 2000
Fort Worth, TX 76102

Z 582 766 440

US Postal Service
Receipt for Certified Mail

Conoco, Inc.
10 Desta Drive, Ste. 100 W
Midland, TX 79702

Postage	\$.55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.10
TOTAL Postage & Fees	\$ 3.00
Postmark or Date	

Z 582 766 441

US Postal Service
Receipt for Certified Mail

Chevron USA Inc.
P. O. Box 1150
Midland, TX 79702

Z 582 766 443

US Postal Service
Receipt for Certified Mail

Doyle Hartman
P. O. Box 10426
Midland, TX 79702

Z 582 766 444

US Postal Service
Receipt for Certified Mail

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

Z 582 766 445

US Postal Service
Receipt for Certified Mail

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

Postage	\$.55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.00
Postmark or Date	

Z 582 766 446

US Postal Service
Receipt for Certified Mail

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

Z 582 766 442

US Postal Service
Receipt for Certified Mail

Altura Energy, LTD
P. O. Box 4294
Houston, TX 77210-4294

Z 582 766 447

US Postal Service
Receipt for Certified Mail

Lewis B. Burselson, et al
P. O. Box 2479
Midland, TX 79702

Postage	\$.55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.00
Postmark or Date	

PS Form 3800, April 1995

PS Form 3800, April 1995

PS Form 3800, April 1995

List of Offset SPU's
GRUY PETROLEUM MANAGEMENT CO.
State X No. 1
Jalmat Gas Pool

OFFSET SPU	COLOR CODE	Well Name	Location	OPERATOR	ACERAGE DESCRIPTION	ACRES	SPU
1	Red	W B Guthrie No. 1 (INA) W B Guthrie No. 2 (INA) W B Guthrie No. 3 (P&A)	O-34-23-36 I-34-23-36 J-34-23-36	Mobile et al	SE/4 Sec. 34 T-23S-R-36E	160	Non-Standard
2	Green	Stevens A 35 No. 1 (INA) Stevens A 35 No. 2 (INA)	J-35-23-36 L-35-23-36	Conoco et al	SW/4, W/2SE/4, SE/4SE/4 Sec. 35	280	Non-Standard
3	Lt. Blue	New Mexico Z State 1 (ACT) New Mexico Z State 2 (ACT) New Mexico Z State 5 (ACT)	H-2-24-36 A-2-24-36 B-2-24-36	Lewis B Burleson et al	T-23S-R-36E NE/4 Sec. 2 T-24S-R-36E	160	Non-Standard
4	Yellow	Citgo AS State No. 1 (P&A) State X No. 1 (Proposed)	C-2-24-36 E-2-24-36	Gruy Pet. Management Co.	NW/4 Sec. 2 T-24S-R-36E	160	Non-Standard
5	Orange	State T No. 1 (ACT) State T No. 2 (P&A)	I-2-24-36 O-2-24-36	Texaco Exploration	SE/4 Sec. 2 T-24S-R-36E	160	Non-Standard
6	Brown	Cooper State No. 1 (ACT) Cooper State No. 2 (INA) State Y No. 1 (Proposed)	N-2-24-36 K-2-24-36 L-2-24-36	Gruy Pet. Management Co.	SW/4 Sec. 2 T-24S-R-36E	160	Non-Standard
7	Purple	None in Jalmat Gas		Texaco Exploration	SE/4 Sec. 3 T-24S-R-36E	160	Non-Standard
8	Dk. Blue	Vaughn B 3 No. 4 (ACT)	H-3-24-36	Tennison Oil Company	NE/4 Sec. 3 T-24S-R-36E	160	Non-Standard

NOTICE TO OFFSET OPERATORS

IN COMPLIANCE WITH NMOCD GENERAL RULE 104(D)(2)(d), THIS IS YOUR NOTICE THAT AFFECTED PARTIES, WITH STANDING, MUST FILE WRITTEN OBJECTIONS, WITH THE NMOCD, WITHIN TWENTY (20) DAYS OF THE MAILING TO YOU OF THIS NOTICE AND NON-STANDARD SPU APPLICATION.

PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-101
 Revised October 18, 1994
 Instructions on back
 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 COMPANY P.O. BOX 140907. IRVING, TEXAS 75014-0907		² OGRID Number 162683
		³ API Number 30-025-09498
⁴ Property Code 23660	⁵ Property Name STATE "X"	⁶ Well No. 1

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
E	2	24S	36E		1980'	NORTH	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 TANSILL, YATES, 7 RIVERS GAS (79240)	¹⁰ Proposed Pool 2
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¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3377'
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¹⁶ Multiple NO	¹⁷ Proposed Depth 3869'	¹⁸ Formation TAN, YATES, 7R's	¹⁹ Contractor UNKNOWN	²⁰ Spud Date WHEN APPROVED
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²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11 1/4"	8 5/8"	24	1262'	600	Circulated *
7 7/8"	5 1/2"	15.5	3869'	1000	Circulate

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.

- * 1. This is a re-entry a 11 1/4" hole was drilled to 1266'. 38 joints of 8 5/8" 24# J-55 casing was run and cemented with 600 Sx. of cement, cement circulated to surface.
- 2. Move in Rat-hole unit and drill out surface plug and set anchors.
- 3. Move in well service unit rig up reverse unit with steel tanks, drill out plugs with 7 7/8" bit and clean out hole to old total depth (3869).
- 4. Run logs and 5 1/2" J-55 15.5# ST&C casing. Cement with 1000 Sx. of cement, circulate cement to surface.
- 5. Perforate selected zones and complete as a gas well.

Re-Entry

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Joe T. Janica</i> Printed name: Joe T. Janica Title: Agent Date: 09/09/98	OIL CONSERVATION DIVISION	
	Approved by: <i>[Signature]</i>	Title: <i>[Signature]</i>
	Approval Date: <i>SEP 10 1998</i>	Expiration Date:
	Conditions of Approval:	

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-09498		Pool Code 79240	Pool Name JALMAT TANSILL, YATES, 7RIVERS GAS
Property Code 23660	Property Name STATE "X"		Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY		Elevation 3377'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	24S	36E		1980'	NORTH	660'	WEST	LEA

¹¹ 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

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Joe T. Janica</i></p> <p>Signature _____ Joe T. Janica Printed Name _____ Agent Title _____ 09/09/98 Date _____</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</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>_____ Date of Survey Signature and Seal of Professional Surveyer: _____</p> <p>_____ Certificate Number</p>