

N.M. Oil Cons. DIV-Dist. 2
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
301 W. Grand Avenue
Artesia, NM 88210

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
☐ Oil Well ☒ Gas Well ☐ Other

RECEIVED

2. Name of Operator
Gruy Petroleum Management Co.

OCT 12 2004

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)
1650' FNL & 1200' FWL Sec. 24 T25S - R26E

5. Lease Serial No.
NMNM 26105

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Liberty 24 Fed Com No. 1

9. API Well No.
30-015-33094

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

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 recompleat 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 recompleat 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 Liberty 24 Fed Com # 1 well is currently producing from the Morrow formation, from 11866' - 11956'. Propose to add additional Morrow perfs from 11512' - 11816' & Cisco/Penn perfs from 10236' - 10409'. We are requesting a through tubing Morrow, and through casing Penn 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 4 1/2" packer set at 10550'. 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

Signature

Zeno Farris

Title

Manager, Operations Administration

Date

9-28-04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

OCT 08 2004

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)

GRUY PETROLEUM MANAGEMENT CO.

SPUDDED 1/28/04

LIBERTY 24 FED COM #1

API 30-015-33094

PROPOSED COMPLETION

Sherry Reid Carroll 9/8/04

KB: 3290'

DF: 3289'

GL: 3272'

1650' FNL & 1200' FWL

Sec 24, T-25-S, R-26-E

Eddy Co, New Mexico

Casing Strings:

? " Conductor

13-3/8" (17-1/2" hole), 54.5#, J-55

@ 440' w/ 490 sx cmt

TOC @ surface - circ

9-5/8" (12-1/4" hole), 40#, NS-110

@ 5808' w/ 1700 sx cmt

TOC @ surface - circ

7" (8-3/4" hole), 26#, P-110HC

@ 10369' w/ DV +/- 8322'

1st stg - 350 sx cmt (did not circ off DV)

2nd stg - NA - unable to open DV

TOC @ 6950' by CBL

4-1/2" (6-1/8" hole), 11.6#, P-110HC

10055-12300' w/ 235 sx cmt

TOC @ liner top (ratty top)

Cisco Perfs:

10236-45, 10249-59, 10264-70',

10330-38, 10346-54, 10366-76,

10386-96, 10401-09, 6 spf (9/7/04)

Morrow Perfs:

11512-16, 11592-95, 11626-39,

11682-87', 6 spf (9/7/04) - Stingun

11487-506, 11533-39, 11573-80,

11642-49', 6 spf (8/21/04)

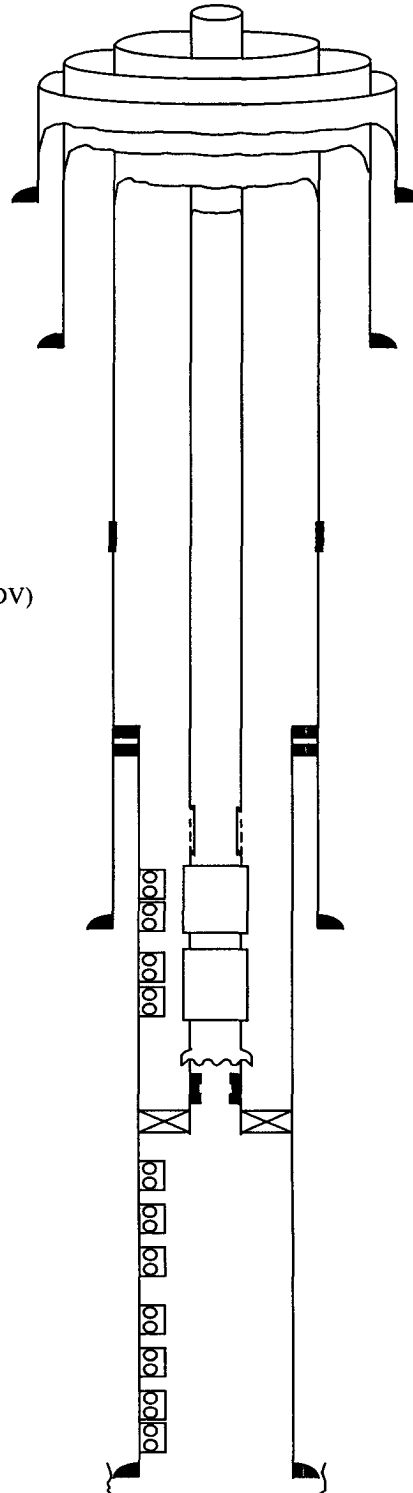
11487-506 - Frac'd, others - Stingun

11700-32, 11804-16', 6 spf (8/11/04)

Frac'd

11866-72, 11880-93, 11918-26,

11951-56', 6 spf (5/6/04) - Frac'd



TUBING:

2-3/8" x 2-7/8" L-80

NOTE:

Cisco will flow up csg annulus.

Morrow will flow up tubing.

Sliding sleeve +/- 10215' (closed)

50' blast joints +/- 10230-10280'

90' blast joints +/- 10325-10415'

4-1/2" VersaSet (wls) pkr
w/ 1.78" F @ 10550'

PBTD 12215'

TD = 12,300'

RECOMMENDED COMPLETION PROCEDURE – Part 7

LIBERTY 24 FED COM #1

EDDY COUNTY, NEW MEXICO

WELL DATA

SPUD DATE: 1/28/04
PERM. ZERO PT.: KB=3290', DF=3289', GL=3272'
TOTAL DEPTH: 12,300'
SURFACE CSG: 13-3/8" (17-1/2" hole), 54.5#, J-55 @ 440'
INTER CSG: 9-5/8" (12-1/4" hole), 40#, NS-110 @ 5808'
PROD CSG: 7" (8-3/4" hole), 26#, P-110HC @ 10369' w/ DV +/- 8322'
DV tool failed to open - Csg tested to 2500 psi w/ 12.6 ppg mud
PROD LNR: 4-1/2" (6-1/8" hole), 11.6#, P-110HC liner from 10055-12303'
PERFS (OPEN): 11487-11506'
PERFS (Shut-off): 11533-11539, 11573-11580, 11642-11649'
11700-11732, 11804-11816'
11866-11872, 11880-11893, 11918-11926, 11951-11956'
PERFS (PROP): 11512-11516, 11592-11595, 11626-11639, 11682-11687'
Cisco: 10236-10245, 10249-10259, 10264-10270, 10330-10338,
10346-10354, 10366-10376, 10386-10396, 10401-10409'

OBJECTIVE : Finish Morrow completion then perf Cisco and dual well.

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

PROCEDURE:

1. Rls pkr and POH pulling carefully through csg problem @ 10784'.
2. RIH w/ bit on 2-3/8" x 2-7/8" workstring to +/- 7000'.
3. Rig up Air/Foam Unit. Break circulation and continue in hole.
4. Wash sand and drill composite bridge plugs (11528', 11550' – set @ 11690', and 11855') to PBTD. Circ cln. POH.
5. MIRU HOWCO. Install lubricator. RIH w/ GR & JB to +/- 11700'. RIH w/ 2-3/4" csg gun and GR/CCL tools. Run strip log to get on depth. Perforate Morrow 11512-11516, 11592-11595, 11626-11639 and 11682-11687', 6 spf by HOWCO Spectral Density Dual Spaced Neutron GR Log (Runs TWO & THREE) dated 4/26/04.

NOTE: Verify fluid level on last run as Stim Tube will require fluid around tube and +/- 1000 psi fluid hydrostatic head to shoot.

6. RIH w/ 2" StimGun Propellant tubes and shoot as follows:
 - a. 3' tube across 11512-11515'
 - b. 3' tube across 11534-11537'
 - c. 4' tube across 11574-11578'
 - d. 2' tube across 11592-11594'
 - e. 7' tube across 11628-11635'
 - f. 3' tube across 11683-11686' (after shooting, lower weight bars thru all perfs to PBTD)
 7. RIH w/ GR & JB to 10600. WL set production pkr w/ blanking plug +/- 10550'. Load well w/ 7% KCL wtr and test.
 8. WL set RBP +/- 10500'. Load csg and pressure test plug. Dump 2 sx sand on RBP.
 9. RIH w/ 3-3/8" csg gun and GR/CCL tools. Run strip log to get on depth. Perforate Cisco 10236-10245, 10249-10259, 10264-10270, 10330-10338, 10346-10354, 10366-10376, 10386-10396 and 10401-10409', 6 spf by HOWCO Spectral Density Dual Spaced Neutron GR Log (Run TWO) dated 4/8/04 which correlates flat to HOWCO GR/CCL/Radial Bond log dated 4/23/04. RD e-line.
- NOTE:** Check pressure after perforating. Used 12.6 ppg mud during drilling. Have pkr w/ plug on location ready to set w/ wireline.
10. RIH w/ 4-1/2" pkr on 2-3/8" x 2-7/8" workstring. Set pkr +/- 10300'. Load tbg and breakdown perfs 10330-10409'. Pump 25 bbls 7% KCL wtr to verify perfs can be pumped into. SI. Record ISIP and 15 min SIP.
 11. Load annulus and breakdown perfs 10236-10269'. Pump 15 bbls 7% KCL wtr to verify perfs can be pumped into. SI. Record ISIP and 15 min SIP.
 12. Rls pkr. PU & set pkr +/- 10150'.
 13. Swab test perfs 10236-10409'.
 14. If additional stimulation required, MIRU HOWCO acid pumping equipment. Install wellhead isolation tool. Install pump and pop-off set for 2000 psi on annulus. Bring annulus pressure up to 1500 psi as needed during job. Pressure test lines to 11000 psi. Acidz Cisco 10236-10409' w/ 7500 gals 15% NEFE HCL in 3 stages (5-8 BPM w/ max pressure of 10000 psi) as follows:
 - a. Pump 1500 gals 15% NEFE HCL
 - b. Pump 350 gals GSB + 700# 50:50 mix of GRS & 100 mesh salt
 - c. Pump 2250 gals 15% NEFE HCL
 - d. Pump 350 gals GSB + 700# 50:50 mix of GRS & 100 mesh salt (adjust as needed)
 - e. Pump 3750 gals 15% NEFE HCL
 - f. Flush w/ 7% KCL wtr
 - g. RD HOWCO
 - h. Remove wellhead isolation tool.
 - i. Open well to flow back. Swab if necessary.
 15. Load tbg. Rls pkr and POH.

16. PU & RIH w/ ret tool on 2-3/8" x 2-7/8" workstring. Circ gun debris/sand off RBP. If necessary, RU Air/foam unit to circ debris and sand from RBP.
17. Latch RBP & POH laying down workstring.
18. PU & RIH w/ on/off tool, +/- 120' 2-3/8" tbg, 90' blast joints, +/- 45' 2-3/8" tbg, 50' blast joints, 1 jt tbg, sliding sleeve (opens up & closes down), +/- 180' 2-3/8" tbg and 2-7/8" tbg to pkr @ 10550'. Space blast joints across perfs 10236-10270 and 10330-10409. Run sliding sleeve in open position unless Cisco interval will not need to be swabbed in to flow.
19. Latch pkr and space out tbg. Rls and load annulus w/ pkr fluid. Re-latch pkr.
20. ND BOP's. NU wellhead to produce Cisco up annulus and Morrow up tbg w/ separate measurement.
21. If sleeve was run in open position, swab tbg to unload Cisco. RU slickline. Close sliding sleeve.
22. Pull blanking plug. RD slickline.
23. Swab in Morrow if necessary.
24. Put both sides on production and test. RD & RR.
25. After rate stabilizes, SI for 24 hrs. Run pkr leakage test and run 4 pt test on Cisco.
26. Return well to production.

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

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., Artec, NM 87410

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-33094	Pool Code	Pool Name Cottonwood Draw; Morrow
Property Code	Property Name LIBERTY 24 FEDERAL COM	Well Number 1
GRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3272'

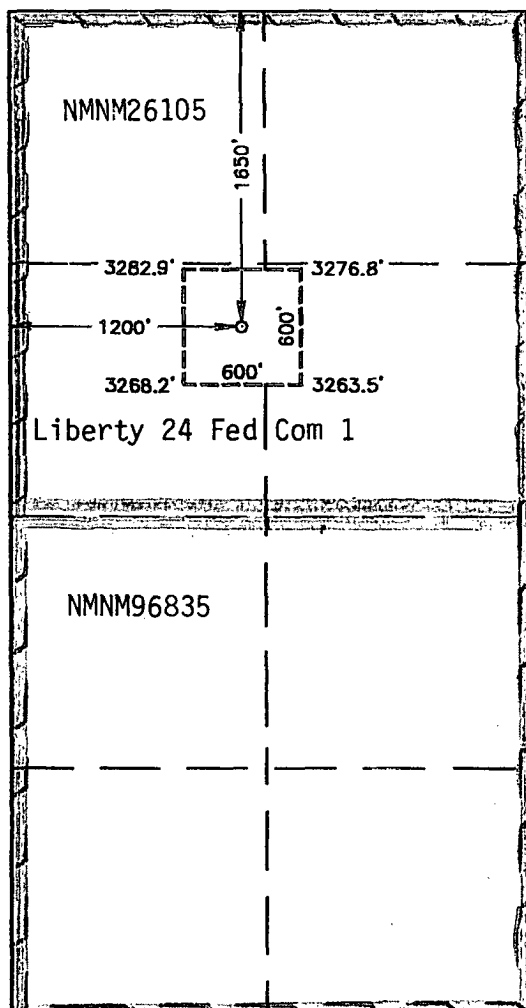
Surface Location

UL or lot No. E	Section 24	Township 25-S	Range 26-E	Lot Idn	Feet from the 1650'	North/South line NORTH	Feet from the 1200'	East/West line WEST	County EDDY
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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 320	Joint or Infill N	Consolidation Code C	Order No. Pending						

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>RECEIVED OCT 12 2004 OCD:ARTESIA</p> <p>GEODETIC COORDINATES NAD 27 NME Y= 406672.2 N X= 525639.3 E LAT.= 32°07'04.91"N LONG.= 104°15'01.86"W</p>	<p>OPERATOR CERTIFICATION</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 Zeno Farris Printed Name Mgr Operations Admin Title September 29, 2004 Date</p> <p>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>August 07, 2003</p> <p>Date Surveyed Signature & Seal of Professional Surveyor Professional Surveyor August 11, 2003 003-11-0837 Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12841</p>
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DISTRICT I
P.O. Box 1989, Hobbs, NM 88241-1989

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-33094	Pool Code	Pool Name Cottonwood Draw; Upper Penn
Property Code	Property Name LIBERTY 24 FEDERAL COM	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3272'

Surface Location

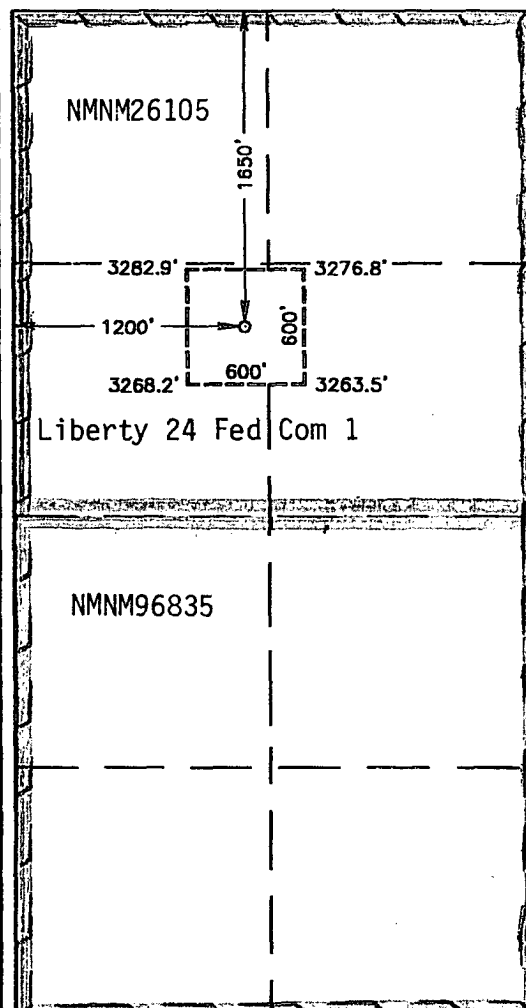
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	24	25-S	26-E		1650'	NORTH	1200'	WEST	EDDY

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 320	Joint or Infill N	Consolidation Code C	Order No. Pending
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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Liberty 24 20 Federal Com No. 1
Sec. 24 T25S R26E
Upper Penn /Morrow Surface Comingling Application

Porducing Formation	Monthly Production	btu Dry	mmbtu	Average btu
Upper Penn	45,000	1.009	45405	Estimate
Morrow	72,090	1.007	<u>72595</u>	Actual
Totals	117,090		118000	1.008

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

ENGINEERING CHART

FILE _____

APPN _____

DATE 5-22-04

BY mab

SUBJECT Liberty 24 Federal Com No. 1
Site Facility Diagram

