

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.

MAR 15 2005

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)

#1 - 660' FSL & 660' FWL; #2 - 1980' FSL & 660' FWL
M-28-18S-31E

5. Lease Serial No.

NMNM055648

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Keohane Et Al A Federal #1,2

9. API Well No.

30-015-05620, 30-015-05621

10. Field and Pool, or Exploratory Area

Shugart; Yates-7Riv-Qu-Gb

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

☐ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☒ Subsequent Report☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Final Abandonment Notice☐ Casing Repair☐ New Construction☐ Recomplete☐ Other☐ Change Plans☐ Plug and Abandon☐ Temporarily Abandon☐ Convert to Injection☐ Plug Back☒ 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 recompleate 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 recompleation 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.)

Please see the below method of water disposal for the two wells on this lease:

1. Water on this lease is produced out of the Shugart; Yates formation.
2. The Shugart; Yates formation produces 10 bbls of water per day on this lease.
3. The water is stored in a 210 bbl tank.
4. The water is moved to the disposal facility by being pumped through a 2" PVC line.
5. Water is disposed of in Gruy Petroleum Management Co.'s Shugart A Waterflood in Section 29-T18S-R31E, which includes wells Shugart WIW 4 (30-015-05637) and Shugart WIW 9 (30-015-05640). The permit number is WFX-628.

A copy of the water permit is attached.

Gruy respectfully requests approval of this method.

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

Name (Printed/Typed)

Natalie Krueger

Title

Regulatory Analyst

Signature

Date

March 9, 2005

APPROVED

MAR 11 2005

LES BABYAK
PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

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)