

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

RECEIVED

AUG 09 2005

OCU-ARTEZIA

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator Gruy Petroleum Management Co.	
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) SHL 2495' FNL & 1415' FEL Sec 7G 24S-26E BHL 1275' FNL & 906' FEL Sec 7A 24S-26E	

5. Lease Serial No. NM-15295
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No. NA
8. Well Name and No. C K 7 Federal No. 1
9. API Well No. 30-015-33420
10. Field and Pool, or Exploratory Area Carlsbad; Morrow, South
11. County or Parish, State Eddy, 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" 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 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.)

Gruy Petroleum Management Co. respectfully requests approval for disposal of produced water from the above lease per the following attached Water Production and Disposal information:

- List of Salt Water Disposal Wells used for the CK 7 Federal No. 2
- Water Analysis Report
- Copy of Administrative Order SWD-495 (for one of the SWD wells used for this lease)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

APPROVED

AUG - 8 2005

LES BABYAK
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Natalie Krueger	Title Regulatory Technician
Signature 	Date August 3, 2005

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 Accepted for record NMOCD	

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)

Water Production & Disposal Information

CK 7 Federal No. 1

In order to process your disposal request, the following information must be completed:

1. Name of formations producing water on this lease: Morrow
2. Amount of water produced from all formations in barrels per day: 14 bbl per day
3. Attach a current water analysis of produced water from all zones showing at least the total dissolved solids, PH, and the concentrations of chlorides and sulfates (one sample will suffice if the water is commingled): Attached
4. How water is stored on this lease: 3 300 bbl fiberglass tanks
5. How water is moved to the disposal facility: Trucked
6. Identify the disposal facility by:
 - A. Facility Operator's Name: BK Energy Company
 - B. Name of facility or well name and number: BKE Well No. 1
 - C. Type of facility or well (WDW, WIW, ect.): WDW
 - D. Location by $\frac{1}{4}$ $\frac{1}{4}$: SENE Section 13 Township 22S Range 27E
7. Attach a copy of the state-issued permit for the Disposal Facility.

Submit to this office (620 East Greene Street; Carlsbad, NM 88220) the above-required information on a sundry notice 3160-5. Submit 1 original and 5 copies within the required time frame. This form may be used as an attachment to the sundry notice. Call me at 505-234-5906 if you need to further discuss this matter.

Disposal Wells Used for CK 7 Federal Nos. 1 & 2

Disposal Well Name	Operator	Permit No.	Legals
BKE SWD	Key Energy	SWD 495	Sec 13-T22S-R27E
Whistlestop SWD	Dakota Resources	SWD 461	Sec 8-T21S-R28E
State DU SWD	MWS Producing	NMOCO 539	Sec 36-T22S-R27E
CRI SWD	Ken Marsh	SWD R91166	Sec 27-T20S-R32E
CRW SWD	Ralph Williamson	ROW NM55685	Sec 33-T26S-R30E
Parabo SWD	Sundance Services	SWD R5516	Sec 29-T21S-R38E
Willow Lake SWD	Griffin Petroleum	SWD 744	Sec 22-T24S-R28E

Trucking Company:	Key Energy	SB Weed Control
Phone:	505-885-2053	505-885-2066

DynoChem

P.O. Box 2580
Midland, TX 79702

WATER ANALYSIS REPORT

Company: Gruy
Location: CK "7" #1
Source: Back of Tank
Date Sampled: July 18, 2005

Sampled By: Shawn Amos
Analysis Date: July 20, 2005
Salesman: Shawn Amos

ANALYSIS		mg/L	EQ. WT.	MEQ/L
1.	pH	7.00		
2.	Specific Gravity 60/60 f.	1.036		
3.	Hydrogen Sulfide	0		
4.	Carbon Dioxide	100.0		
5.	Dissolved Oxygen	Not Determined		
6.	Hydroxyl (OH-)	0 /	17.0 =	0.00
7.	Carbonate (CO3=)	0 /	30.0 =	0.00
8.	Bicarbonate (HCO3-)	122 /	61.1 =	2.00
9.	Chloride (Cl-)	42,990 /	35.5 =	1,210.99
10.	Sulfate (SO4=)	200 /	48.8 =	4.10
11.	Calcium (CA++)	3,367 /	20.1 =	167.51
12.	Magnesium (Mg++)	389 /	12.2 =	31.89
13.	Sodium (Na+)	23,407 /	23.0 =	1,017.69
14.	Barium (Ba++)	0.00		
15.	Total Iron (Fe)	10.00		
16.	Dissolved Solids	70,475		
17.	Filterable Solids			
18.	Total Solids	70,475		
19.	Total Total Hardness As CaCO3	10,009		
20.	Suspended Oil			
21.	Volume Filtered (ml)			
22.	Resistivity @ 75 F. (calculated)	0.111 /cm.		
23.	CAC03 Saturation Index			
	@80 F.	0.8262		
	@100 F.	1.0762		
	@120 F.	1.3362		
	@140 F.	1.5262		
	@160 F.	1.7362		
	Anything over a 1.00 indicates a scaling tendency.			
24.	Calcium Sulfate solubility @ 90 F.	202 mg/L		
PROBABLE MINERAL COMPOSITION				
	COMPOUND	EQ. WT.	X	MEQ/L = mg/L
	Ca(HCO3)2	81.04		2.00 162
	CaSO4	68.07		4.10 279
	CaCl2	55.50		161.41 8,958
	Mg(HCO3)2	73.17		0.00 0
	MgSO4	60.19		0.00 0
	MgCL2	47.62		31.89 1,519
	NaHCO3	84.00		0.00 0
	NaSO4	71.03		0.00 0
	NaCl	58.46		1,017.69 59,494

Chemist: James Avila