

Oil Cons.
N.M. Div. Dist. 2
SUBMIT IN TRIPLICATE*
UNITED STATES 1301 W. Grand Avenue
DEPARTMENT OF THE INTERIOR, NM 88210
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.
NM 0441778-B
6. IF INDIAN, ALLOTTEE OR TRIBE NAME

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐
1b. TYPE OF WELL
OIL ☐ GAS ☒
WELL WELL OTHER ZONE ZONE

2. NAME OF OPERATOR
Gruy Petroleum Management Co.

3. ADDRESS AND TELEPHONE NO.
P.O. Box 140907 Irving TX 75014 972-401-3111

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
P.O. SN dated 6/26/03 (SA)
SHL 698' FNL & 2184' FEL BHL 738' FNL & 1400' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
17 miles South of Carlsbad

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O. (Also to nearest drlg. unit line, if any) 738'
16. NO. OF ACRES IN LEASE 440
17. NO. OF ACRES ASSIGNED TO THIS WELL 640

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2142'
19. PROPOSED DEPTH 13000'
20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3488 GR

7. UNIT AGREEMENT NAME
SW 808
8. FARM OR LEASE NAME, WELL NO.
Exxon Federal Com 3
9. API WELL NO.
30-015- 32865
10. FIELD AND POOL, OR WILDCAT
White City, Penn (Gas)
11. SEC. T., R., M., BLOCK AND SURVEY OR AREA
Sec. 17 T24S R26E
12. COUNTY OR PARISH
Eddy
13. STATE
NM

22. APPROX. DATE WORK WILL START*
05-30-03

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40 13 3/8"	48 #	425'	490 sx circulate
12 1/4"	J-55 9 5/8"	40 36 #	3200' 1900'	1200 sx circulate
7 7/8"	N-80/S-95 5 1/2"	17 #	13000'	1620 sx TOC 2700'

The proposed well will be drilled to a depth of 13000' and completed as a White City Penn; producer.

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 - psi BOP system. We are requesting a variance for the 13 3/8" surface casing from Onshore Order No. 2, which states all casing strings below the conductor, shall be pressure tested to .22 psi per foot or 1500 # whichever is greater, but not to exceed 70% of the manufactures stated maximum internal yield. Per onshore order 2 the 13 3/8" 48 # H-40 casing should be tested at 70% of its maximum internal yield of 1730 # or 1211 #. During the running of the surface pipe we do not anticipate any pressures greater than 500 #, and are requesting a variance to test the 13 3/8" casing to 500 #

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24 SIGNED Zeno Fausz TITLE Mgr. Ops. Admin DATE 04-17-03

(This space for Federal or State office use)

PERMIT No. APPROVAL DATE

Application approval 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. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ LESLIE A. THEISS TITLE FIELD MANAGER DATE JUL 03 2003

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Form 3160-5
(November 1994)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 ☐ Other2. Name of Operator
Gruy Petroleum Management Co.3a. Address
P. O. Box 140907 Irving, TX 75014-09073b. Phone No. (include area code)
972-401-31114. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL 515' FNL & 305' FEL Sec. 17 T24S - R26E
BHL 738' FNL & 1400' FELFORM APPROVED
OMB No. 1004-013
Expires July 31, 19945. Lease Serial No.
NM 0441778-B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
SW 8088. Well Name and No.
Exxon Federal Com No. 3

9. API Well No.

10. Field and Pool, or Explorator / Area
White City, Penn (Gas)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 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>Move SHL</u>
	<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 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 recompletes 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.)

Surface hole location moved to 515' FNL & 305' FEL due to visibility along seinic corridor. Also changes amount of access road to be constructed to 703'.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Zeno Farris

Title

Manager, Operations Administration

Signature

Zeno Farris

Date

June 26, 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ LESLIE A. THEISS

FIELD MANAGER

Date JUL 03 2003

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 CARLSBAD FIELD 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)

JUN. 26. 2003 12:59PM

NO. 5239 P. 3

FROM : John West Surveying Company

FAX NO. : 505-393-3450

Jun. 26 2003 08:15AM P5

DISTRICT I

P.O. Box 1000, Santa Fe, NM 87501-1000

State of New Mexico

Energy, Minerals and Natural Resources Department

Form: O-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Box 88, Arizola, NM 88211-0088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1000 Rio Grande Rd., Arroyo, NM 87410

DISTRICT IV

P.O. Box 2000, Santa Fe, N.M. 87504-2000

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Well Name
		White City; Penn (Gas)
Property Code	Property Name	Well Number
110013	EXXON FEDERAL COM.	3
OSRD No.	Operator Name	Elevation
162683	GRUY PETROLEUM MANAGEMENT CO.	3451'

Surface Location

UL or lot No.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
A	17	24-S	26-E		515'	NORTH	305'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
B.	17	24S	26E		738'	North	1400'	East	Eddy

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
640	Y	C	SW 808

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>DETAIL</p> <p>Exxon Fed Com 3</p>		<p>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>Zeno Farris</i></p> <p>Signature</p> <p>Zeno Farris</p> <p>Printed Name</p> <p>Mgr. Operations, Admin.</p> <p>Title</p> <p>June 26, 2003</p> <p>Date</p>
<p>Exxon Fed Com 1</p> <p>2080'</p> <p>GEODEIC COORDINATES</p> <p>NAD 27 NME</p> <p>Y = 444978.2 N</p> <p>X = 508010.9 E</p> <p>LAT. = 32°13'24.08"N</p> <p>LONG. = 104°16'26.74"W</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>June 24, 2003</p> <p>Date Surveyed</p> <p>Signature of Surveyor</p> <p>Professional Seal</p> <p><i>Ronald C. Eidsen</i></p> <p>NEW MEXICO</p> <p>03.11.0843</p> <p>Certified by: RONALD C. EIDSON</p> <p>8239</p> <p>18841</p>
<p>Exxon Fed Com 2</p> <p>1650'</p> <p>1400'</p>		

JUN. 26. 2003 12:59PM

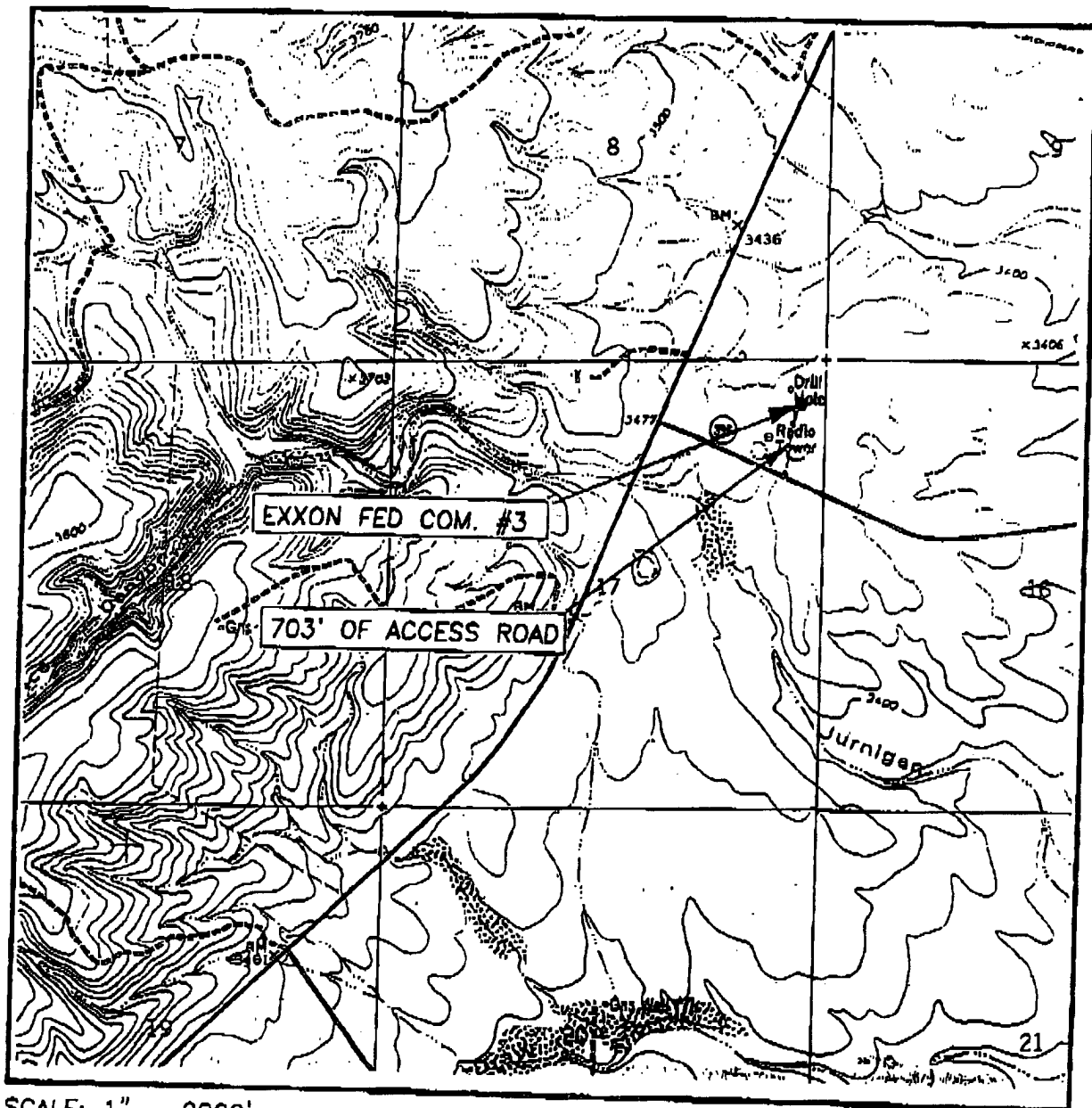
NO. 5239 P. 1

FROM : John West Surveying Company

FAX NO. : 505-393-3450

Jun. 26 2003 08:15AM 26

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'
BLACK RIVER VILLAGE, N.M.

SEC. 17 TWP. 24-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 515' FNL & 305' FEL

ELEVATION 3451'

OPERATOR GRUY PETROLEUM MANAGEMENT CO.

LEASE EXXON FEDERAL COM.

U.S.G.S. TOPOGRAPHIC MAP
BLACK RIVER VILLAGE, N.M.

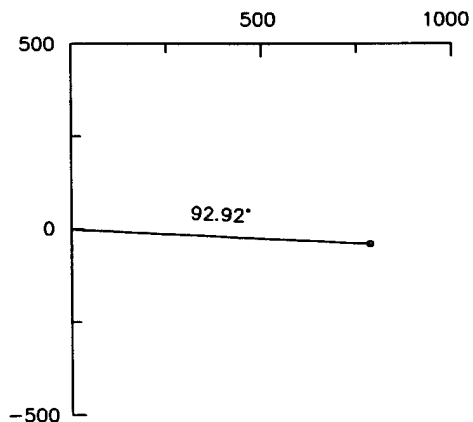
JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Jun. 26 2003 08:15AM 37

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Job Number :	
Company :	Gruy Petroleum Management
Lease/Well :	Exxon Federal Com. #3
Location :	Santa Fe, New Mexico

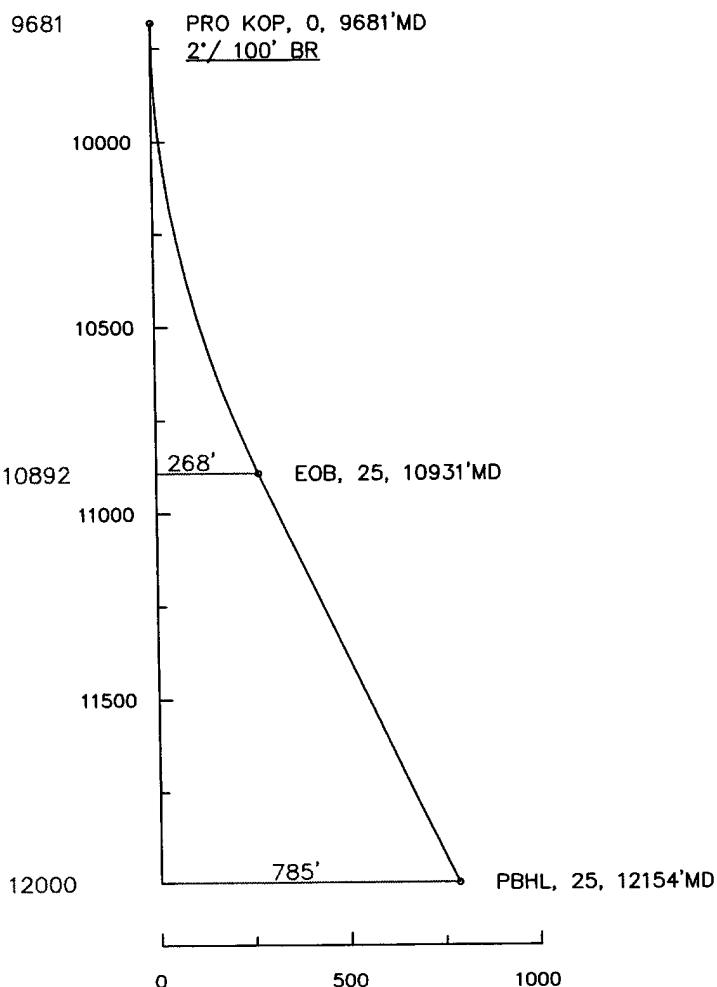
PLAN VIEW
SCALE: 1 inch = 500'



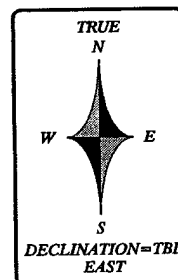
SURFACE LOCATION
698.00' FNL 2184.00' FEL
Y=444807.30'
X=547316.30'

VERTICAL SECTION
SCALE: 1 inch = 500'
VERTICAL SECTION PLANE= 92.92

- ▲ 13-3/8" CSG AT 425'MD/ TVD
- ▲ 9-5/8" CSG AT 3200'MD/ TVD



PBHL @ 12000' TVD
785' @ 92.92'
S: 40' E: 784'
738' FNL 1400' FEL
Y=444767.30'
X=548100.30'





Job Number:
 Company: Gruy Petroleum Management
 Lease/Well: Exxon Federal Com. #3
 Location: Santa Fe, New Mexico
 Rig Name:
 RKB:
 G.L. or M.S.L.:

State/Country:
 Declination:
 Grid:
 File name: C:\WINSERVE\PLANS\EXXFED3B.SVY
 Date/Time: 17-Apr-03 / 14:20
 Curve Name:

Maverick Directional Services, Inc.
 Spring, Texas
 Calculated by: Jose Garza
 jose@maverickdirectional.com
 281-364-1212-Main

WINSERVE PROPOSAL REPORT
 Minimum Curvature Method
 Vertical Section Plane 92.92
 Vertical Section Referenced to Wellhead
 Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
PRO KOP, 0, 9681'MD									
9681.41	.00	92.92	9681.41	.00	.00	.00	.00	.00	.00
9781.41	2.00	92.92	9781.39	1.75	-.09	1.74	1.75	92.92	2.00
9881.41	4.00	92.92	9881.25	6.98	-.36	6.97	6.98	92.92	2.00
9981.41	6.00	92.92	9980.86	15.69	-.80	15.67	15.69	92.92	2.00
10081.41	8.00	92.92	10080.11	27.88	-1.42	27.84	27.88	92.92	2.00
10181.41	10.00	92.92	10178.88	43.52	-2.22	43.47	43.52	92.92	2.00
10281.41	12.00	92.92	10277.03	62.60	-3.19	62.52	62.60	92.92	2.00
10381.41	14.00	92.92	10374.47	85.10	-4.34	84.99	85.10	92.92	2.00
10481.41	16.00	92.92	10471.05	110.98	-5.65	110.83	110.98	92.92	2.00
10581.41	18.00	92.92	10566.68	140.21	-7.14	140.03	140.21	92.92	2.00
10681.41	20.00	92.92	10661.23	172.77	-8.80	172.54	172.77	92.92	2.00
10781.41	22.00	92.92	10754.58	208.60	-10.63	208.33	208.60	92.92	2.00
10881.41	24.00	92.92	10846.62	247.67	-12.62	247.35	247.67	92.92	2.00
EOB, 25, 10931'MD									
10931.41	25.00	92.92	10892.12	268.41	-13.68	268.06	268.41	92.92	2.00
11031.41	25.00	92.92	10982.75	310.67	-15.83	310.27	310.67	92.92	.00
11131.41	25.00	92.92	11073.38	352.93	-17.98	352.47	352.93	92.92	.00
11231.41	25.00	92.92	11164.01	395.19	-20.14	394.68	395.19	92.92	.00
11331.41	25.00	92.92	11254.65	437.46	-22.29	436.89	437.46	92.92	.00
11431.41	25.00	92.92	11345.28	479.72	-24.44	479.09	479.72	92.92	.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
11531.41	25.00	92.92	11435.91	521.98	-26.60	521.30	521.98	92.92	.00
11631.41	25.00	92.92	11526.54	564.24	-28.75	563.51	564.24	92.92	.00
11731.41	25.00	92.92	11617.17	606.50	-30.90	605.72	606.50	92.92	.00
11831.41	25.00	92.92	11707.80	648.76	-33.06	647.92	648.76	92.92	.00
11931.41	25.00	92.92	11798.43	691.03	-35.21	690.13	691.03	92.92	.00
12031.41	25.00	92.92	11889.06	733.29	-37.36	732.34	733.29	92.92	.00
12131.41	25.00	92.92	11979.69	775.55	-39.52	774.54	775.55	92.92	.00
PBHL, 25, 12154'MD									
12153.82	25.00	92.92	12000.00	785.02	-40.00	784.00	785.02	92.92	.00

Application to Drill

Gruy Petroleum Management Co.
Exxon Federal Com 3
Unit Letter B Section 17
T24S - R26E Eddy County, NM

In response to questions asked under Section II B of Bulletin NTL-6 the following information is provided for your consideration:

- 1 Location: SHL 698' FNL & 2184' FEL Sec. 17- 24S 26E
BHL 738' FNL & 1400' FEL Sec. 17- 24S 26E
- 2 Elevation above sea level: 3488 GR '
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5 Proposed drilling depth: 13000'
- 6 Estimated tops of geological markers:

T/Salt	250'	Cisco Canyon	9928
B/Salt	800'	Strawn	10078
Delaware	1450	Atoka	10388
Bone Spring	6168	Morrow	11,158
Wolfcamp	8098	Barnett	11,768

- 7 Possible mineral bearing formation:

Strawn	Gas
Atoka	Gas
Morrow	Gas

- 8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17 1/2"	0-425'	13 3/8"	48	8-R	ST&C	H-40
12 1/4"	0-3200' / 1900'	9 5/8"	36-40	8-R	ST&C	J-55 ACS
7 7/8"	0-13000'	5 1/2"	17	8-R	ST&C	N-80 / S-95

OK per Zeno Farris
5/1/03

Application to Drill

Gruy Petroleum Management Co.
Exxon Federal Com 3
Unit Letter B Section 17
T24S - R26E Eddy County, NM

9 Cementing & Setting Depth:

13 3/8"	Surface	Set 425' of 13 3/8" H-40 48# ST&C casing. Cement with 490 Sx. Of Class "C" cement + additives, circulate cement to surface.
9 5/8"	Intermediate <i>SURFACE</i>	Set 3200' of 9 5/8" J-55 36# ST&C casing. Cement in two stages, first stage cement with 1000 Sx. Of Class POZ/C Cement + additives, second stage cement with 200 Sx. Of Class "C" + additives, circulate cement to surface. <i>1900'</i> <i>ACS</i>
5 1/2"	Production	Set 13000' of 5 1/2" NP-80 / S-95 17# ST&C casing. Cement in two stages, first stage cement with 1020 Sx. of Class POZ/C Cement + additives. Second stage cement with 600 Sx of Class "C" Estimated top of cement 2700'.

10 Pressure control Equipment:

Exhibit "E". A 13 3/8" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000 # annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 6000'. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor. BOP unit will be hydraulically operated. BOP will be nipped up on the 9 5/8" casing and will be operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling.

11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
<i>1900'</i> 0 - 425'	9.2 - 9.6	30 - 32	ay lose circ.	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
425' - 3200'	9.7 - 10.0	28 - 29	ay lose circ.	Brine water. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole. <i>ACS</i>
3200' - 8300'	8.4 - 9.9	28 - 29	NC	Fresh water. Paper for seepage. Lime for pH (9 - 9.5)
8300' - 10000'	8.45 - 8.9	28 - 29	NC	Cut brine. Caustic for pH control.
10000' - 13000'	8.9 - 9.7	29 - 45	NC	XCD Polymer mud system.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs. Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until production casing is run and cemented.

Application to Drill

Gruy Petroleum Management Co.
Exxon Federal Com 3
Unit Letter B Section 17
T24S - R26E Eddy County, NM

12 Testing, Logging and Coring Program:

- A. Mud logging program: One-man unit from 8000' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DST's, or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures or H₂S gas are expected. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 2500 PSI, estimated BHT 1000 .

14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 35 - 45 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Morrow / Atoka pay will be perforated and stimulated. The well will be tested and potentialized as a gas well.

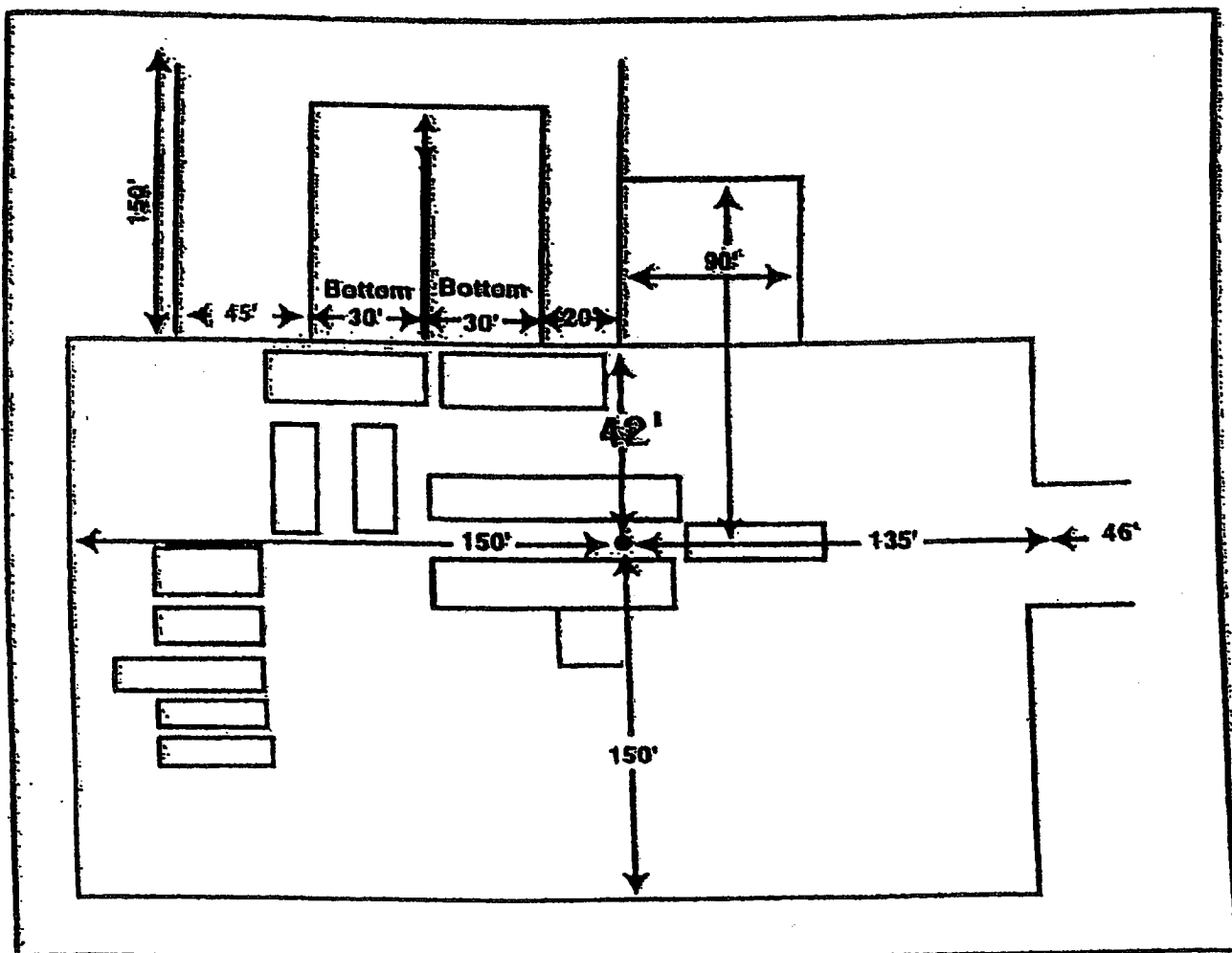
Hydrogen Sulfide Drilling Operations Plan

- 1 All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
 - A. Characteristics of H2S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H2S detectors, warning system and briefing
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
- 2 H2S Detection and Alarm Systems
 - A. H2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
- 3 Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
- 4 Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S present in dangerous concentration. Only emergency personnel admitted to location.
- 5 Well control equipment
 - A. See exhibit "E"
- 6 Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.
- 7 Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If location is near any dwelling a closed DST will be performed.

Hydrogen Sulfide Drilling Operations Plan

- 8 Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.

- 9 If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if necessary.



Rig 80

Exhibit "D"
 Rig Layout Plan
 Gruy Petroleum Management Co.
 Exxon Federal Com 3
 Surface: Sec. 17; T24S; R26E
 698' FNL, 2184' FEL
 Bottom: Sec. B; T24S; R26E
 738' FNL, 1400' FEL
 Eddy County, NM

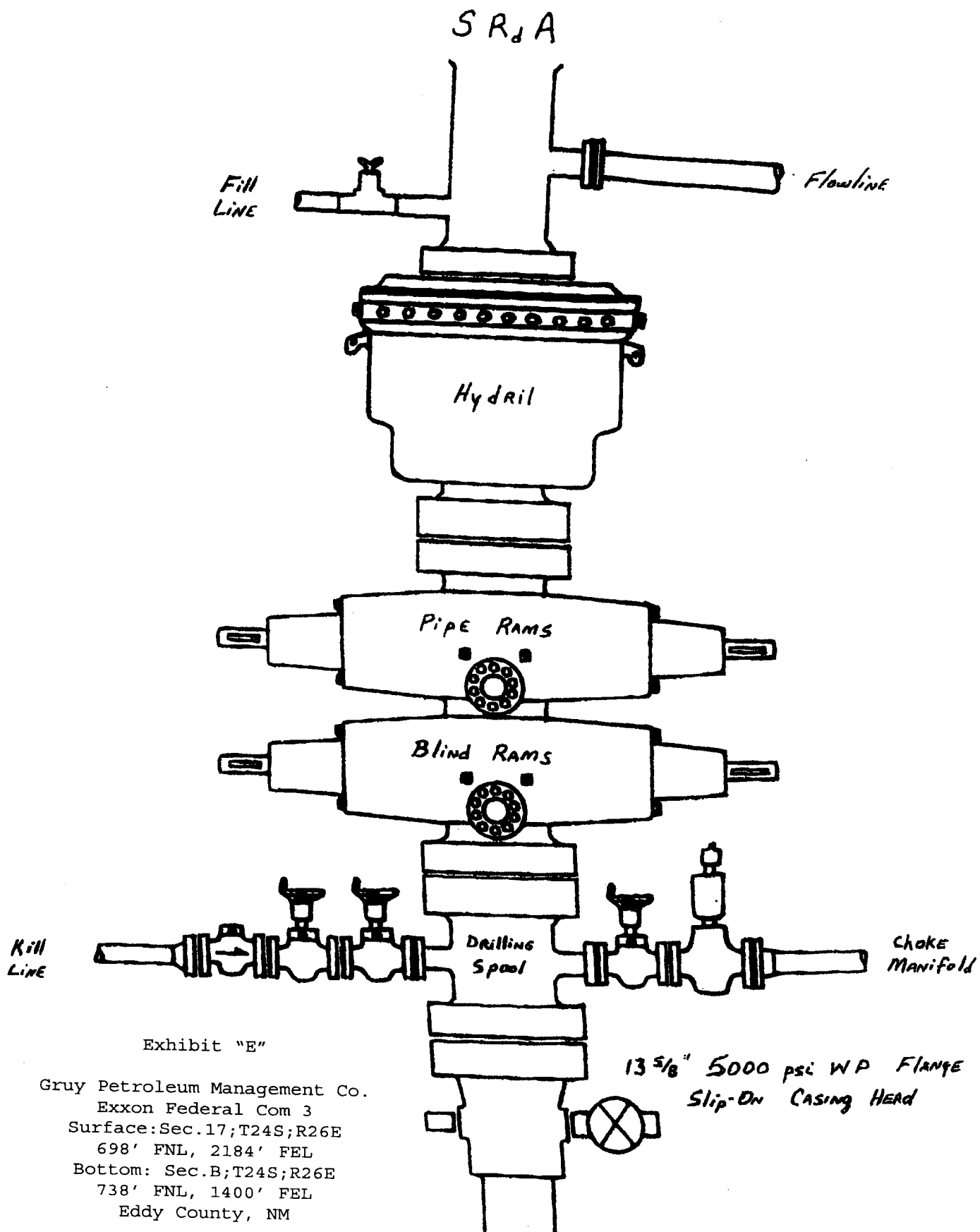


Exhibit "E"

Gruy Petroleum Management Co.
 Exxon Federal Com 3
 Surface: Sec. 17; T24S; R26E
 698' FNL, 2184' FEL
 Bottom: Sec. B; T24S; R26E
 738' FNL, 1400' FEL
 Eddy County, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.
N.M. DIV-Dist. 2
1301 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
2. Name of Operator
Gruy Petroleum Management Co.
- 3a. Address
P. O. Box 140907 Irving, TX 75014-0907
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL 515' FNL & 305' FEL Sec. 17 T24S - R26E
BHL 738' FNL & 1400' FEL Sec. 17 T24S-R26E

3b. Phone No. (include area code)
972-461-3111

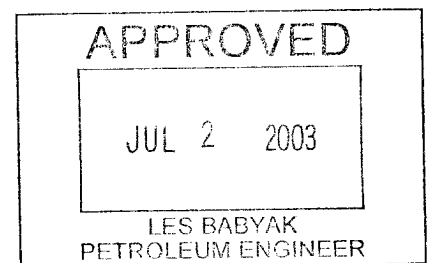
5. Lease Serial No.
NM 0441778-B
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
SW 808
8. Well Name and No.
Exxon Federal Com No. 3
9. API Well No.
10. Field and Pool, or Exploratory Area
White City; Penn (Gas)
11. County or Parish, State
Eddy Co., NM

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 checked="" 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 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.)

To provide for possible one inch requirements, we will set 425' of 13 3/8" 48# H-40 casing. We will still set 9 5/8" J-55 40 # casing to the top of the Lamar Lime at about 1900' to 1930'



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

Name (Printed/Typed)

Zeno Farris

Signature

Title

Manager, Operations Administration

Date

July 1, 2003

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.