30-015-36689

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

OCT 08 2008
OCD-ARTESIA

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-36689	97149	Henshaw Morrow SW

Property Code	Property Name	Well Number
37400	GRUY HENSHAW "32" STATE COM	3H

OGRID No.	Operator Name	Elevation
260972	GRUY PETROLEUM MANAGEMENT CO., LLC	3646'

Surface Location

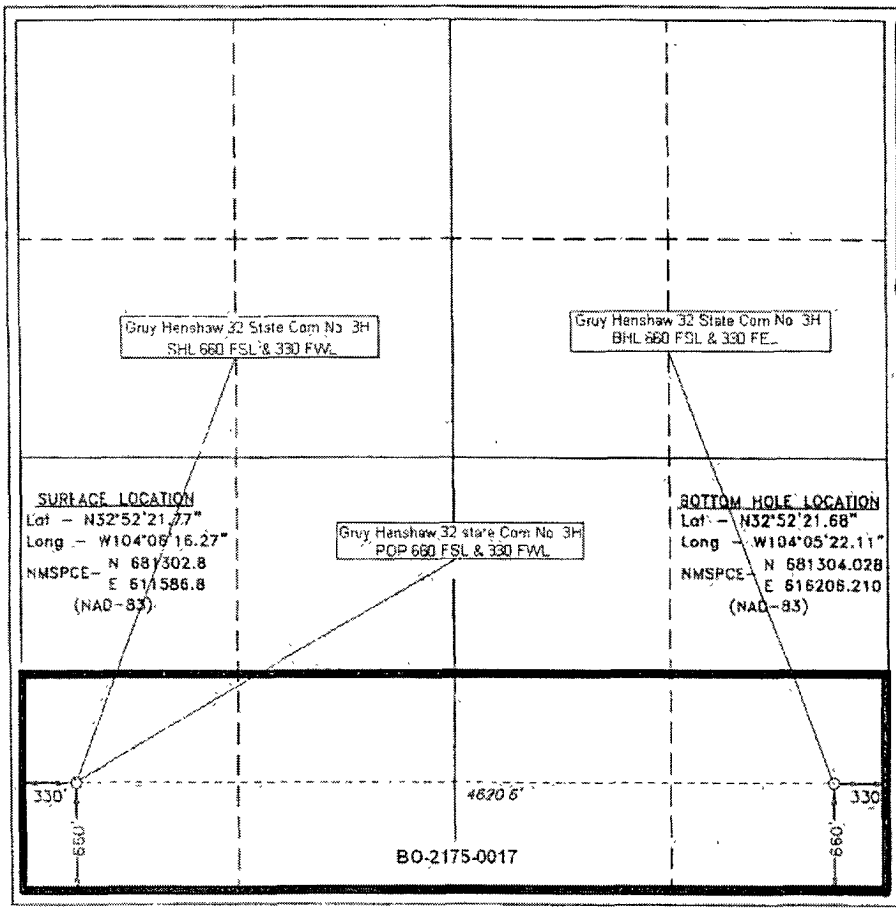
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	32	16 S	29 E		660	SOUTH	330	WEST	EDDY

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
P	32	16 S	29 E		660	SOUTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Linda Smith 9-26-08
Signature Date

Linda Smith
Printed Name

SURVEYOR CERTIFICATION

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 supervison, and that the same is true and correct to the best of my belief.

SEPTEMBER 16, 2008
Date Surveyed

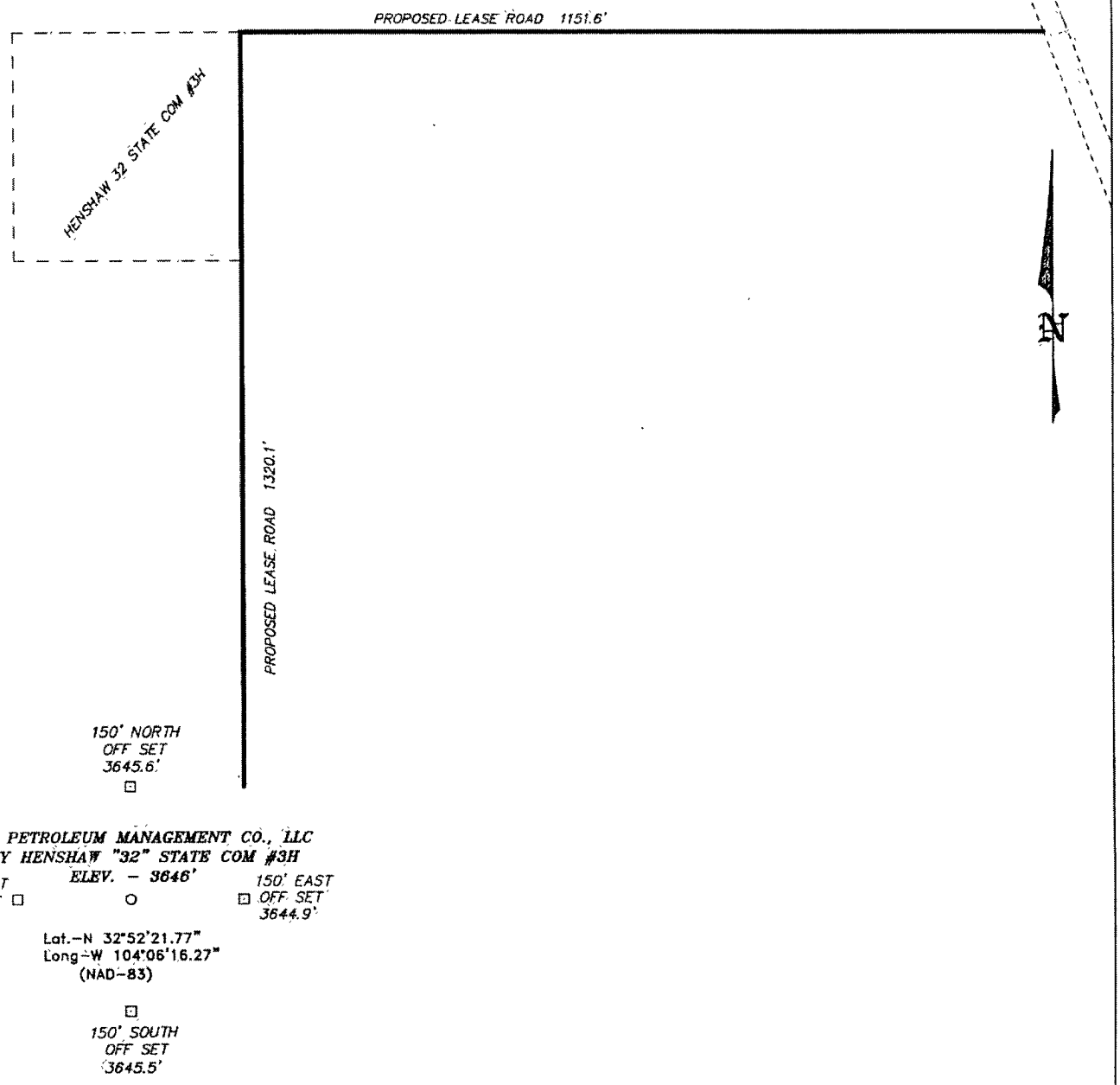
Signature & Seal of Professional Surveyor

9559

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 32, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HWY 82 AND OLD LOCO, GO 3.5 MILES ON OLD LOCO TO LEASE ROAD, ON LEASE ROAD GO NORTH 0.9 MILES TO PROPOSED LEASE ROAD.

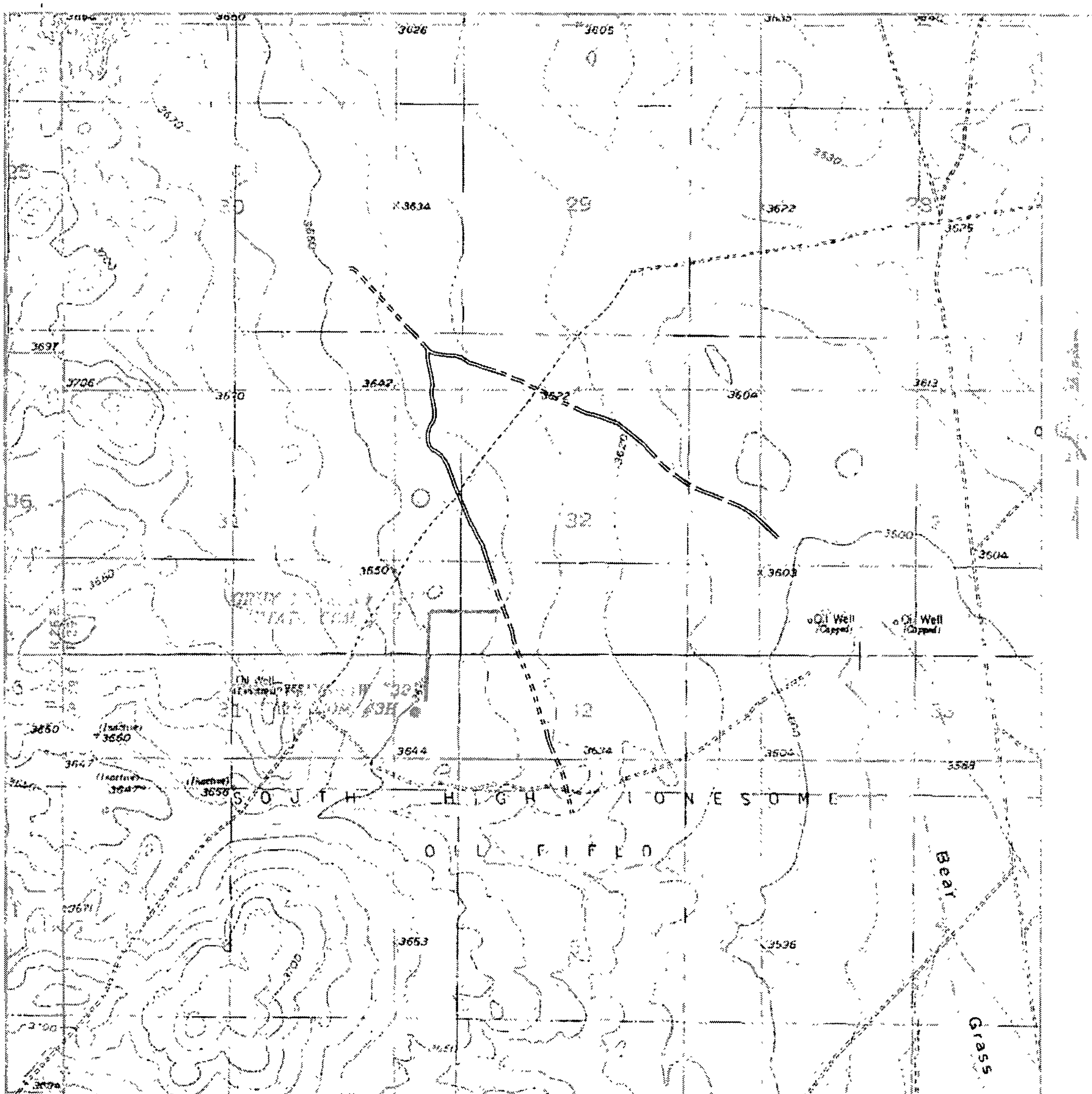
GRUY PETROLEUM MANAGEMENT CO., LLC

REF: GRUY HENSHAW "32" STATE COM #3H / WELL PAD TOPO

THE GRUY HENSHAW "32" STATE COM #3H LOCATED 660' FROM THE SOUTH LINE AND 330' FROM THE WEST LINE OF SECTION 32, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 20359	Drawn By: J. SMALL		
Date: 09-17-2008	Disk: JMS 20359	Survey Date: 09-16-2008	Sheet 1 of 1 Sheets

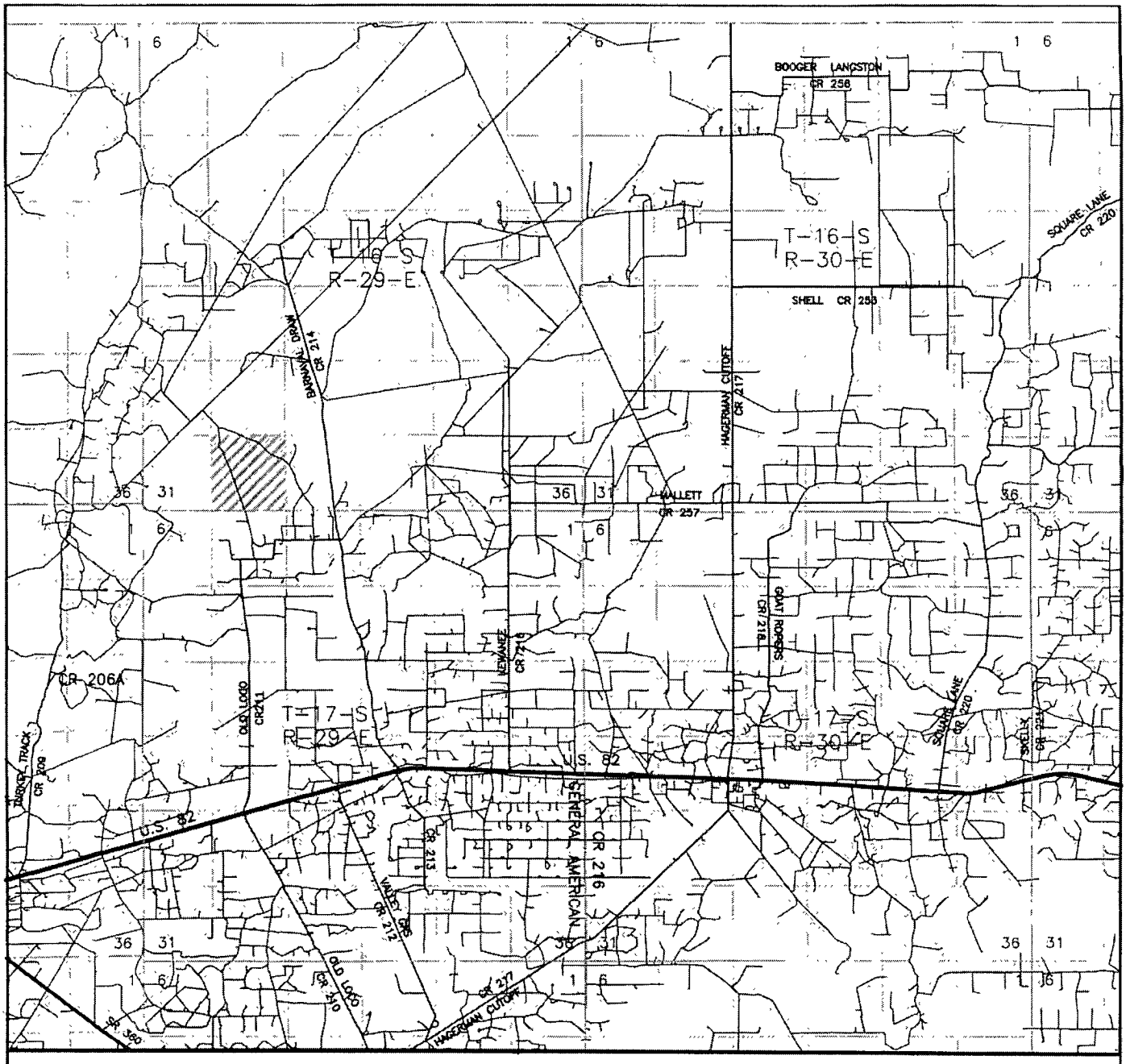


GRUY HENSHAW "32" STATE COM. 3H
Located 660' F[illegible]L and 330' [illegible]L
Section 36, Township 16 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

P.O. Box 1786
[illegible]0 N. W[illegible] County Rd.
[illegible]
basinsurveys.com

Survey Date: [illegible]-16-2004

GRUY PETROLEUM MANAGEMENT CO., LLC



GRUY HENSHAW "32" STATE COM #3H
Located 660' FSL and 330' FWL
Section 36, Township 16 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

Basin Surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number:	JMS 20359
Survey Date:	09-16-2008
Scale:	1" = 2 MILES
Date:	09-17-2008

GRUY PETROLEUM MANAGEMENT CO., LLC

Drilling Plan, Casing, Cementing, BOP and Mud Details

Gruy Petroleum Management Co., LLC
Gruy Henshaw 32 State Com 3H
Unit Letter M Section 32
T- 16S R- 29E
Eddy County New Mexico

1 Proposed Drilling Plan:

Drill a 17-1/2" hole to 350', run 13-3/8" casing and cement.
Drill a 12-1/4" hole to 2500', run 9-5/8" casing and cement.
Drill a 8-3/4" hole to TD of 7300' for pilot hole, log, run 7" casing and cement.
Set whipstock and mill window from 6700' to 6710'.
Kick off and drill 6-1/8" for lateral to MD 11,490' (TVD 7049').
Run & install Peak Completion Assembly on 4-1/2" csg hanging off in the 7".

2 Casing, Setting Depth and Cementing:

13-3/8" Surface
In 17-1/2" hole, run 13-3/8", 48#, H-40, STC casing to 350'.
Cement:
Lead of 100 sx Light Premium Plus cement + 1 #/sx Pheno Seal + 1% Calcium Chloride
Tail of 250 sx Premium Plus cement + 2% Calcium Chloride
TOC @ surface

9-5/8" Intermediate
In 12-1/4" hole, run 9-5/8", 40#, J-55, LTC casing to 2500'.
Cement:
Lead of 480 sx Interfill C cement + 1 #/sx Pheno Seal
Tail of 250 sx of Premium Plus Cement + 1% Calcium Chloride
TOC @ surface

7" Pilot hole / Production
In 8-3/4" hole, run 7", 26#, P-110, LTC casing to 7300'.
Cement:
Lead of 240 sx Interfill H cement + 1 #/sx Phen Seal + 0.1% HR-7 retarder
Tail of 260 sx Super H cement + 0.5% Halad 344 low fluid loss control + 0.25% D-AIR 3000 defoamer + 0.4% CFR-3 dispersant + 1 #/sx salt accelerator + 3 #/sx Pheno Seal
TOC @ 2000'

4-1/2" Liner
In 6-1/8" hole, run 4-1/2", 11.6#, P-110, BTC/LTC from 6575' to 11,490"
Cement:
No cement needed. Peak completion assembly.

3 Pressure control (BOP) details:

A 11" 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 accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 2500' 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 nippled 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.

4 Mud Program - Closed Loop System

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 350'	8.4 - 9.2	28 - 34	May lose circ.	Fresh water gel spud mud. Add paper to control seepage. High viscosity sweeps to clean hole.
350' - 2500'	10 0	28 - 29	May lose circ.	Brine Add paper as needed to control seepage and add lime to control pH. Use high viscosity sweeps to clean hole.
2500' - 7300'	8.4 - 9.5	28 - 29	NC	Fresh wtr / cut Brine. Add paper for seepage and add lime to control pH. Use high viscosity sweeps as needed to clean hole.
6706' - 11490' MD	8.4 - 9.5	29 - 45	NC	Cut brine polymer mud. Adjust weight with brine as needed. Maintain pH.. Use high viscosity sweeps as needed to clean hole.

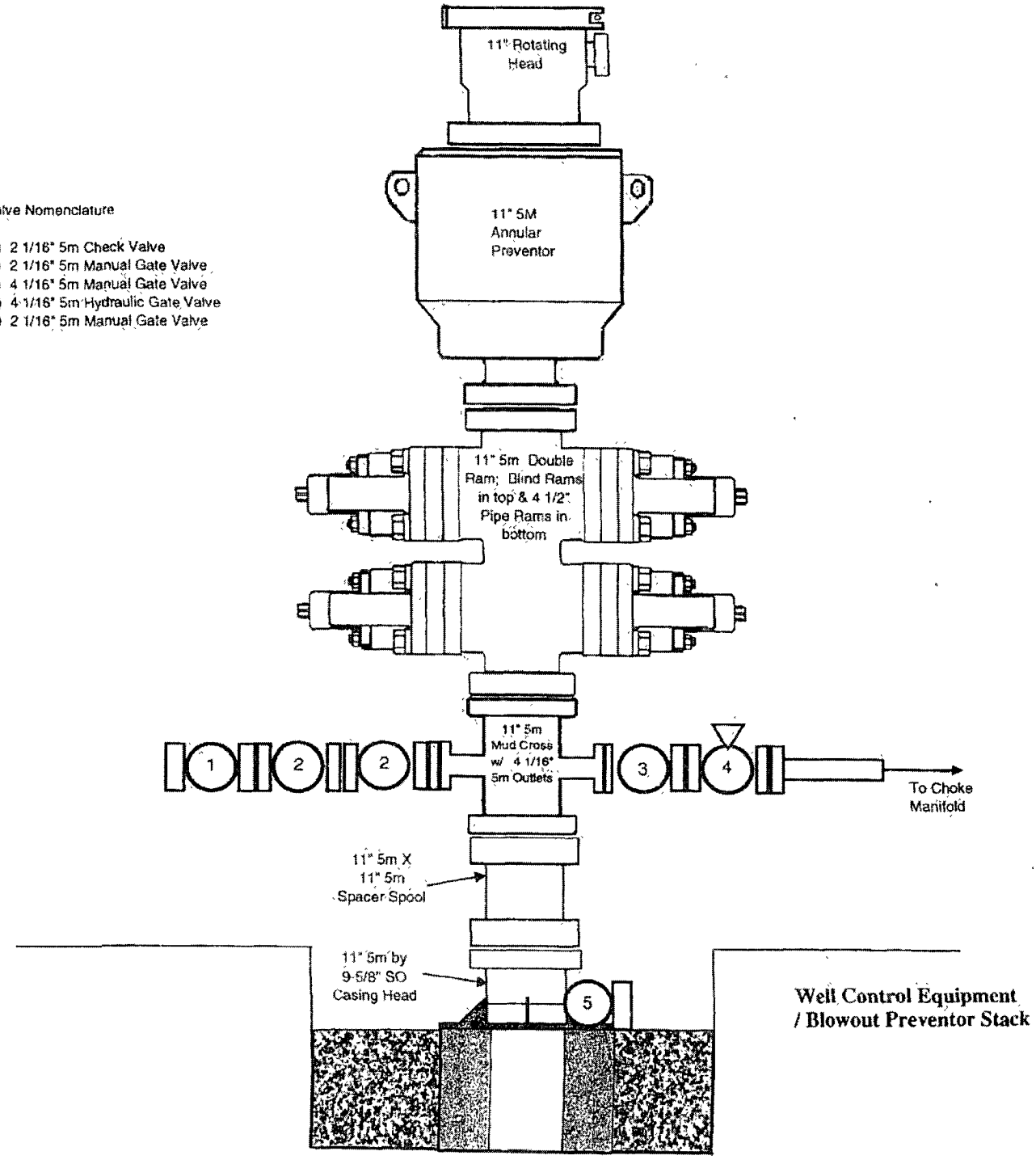
Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs. Mud system monitoring equipment with derrick floor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

Gruy Petroleum Management Co., LLC

Proposed Blowout Preventor Stack

Valve Nomenclature

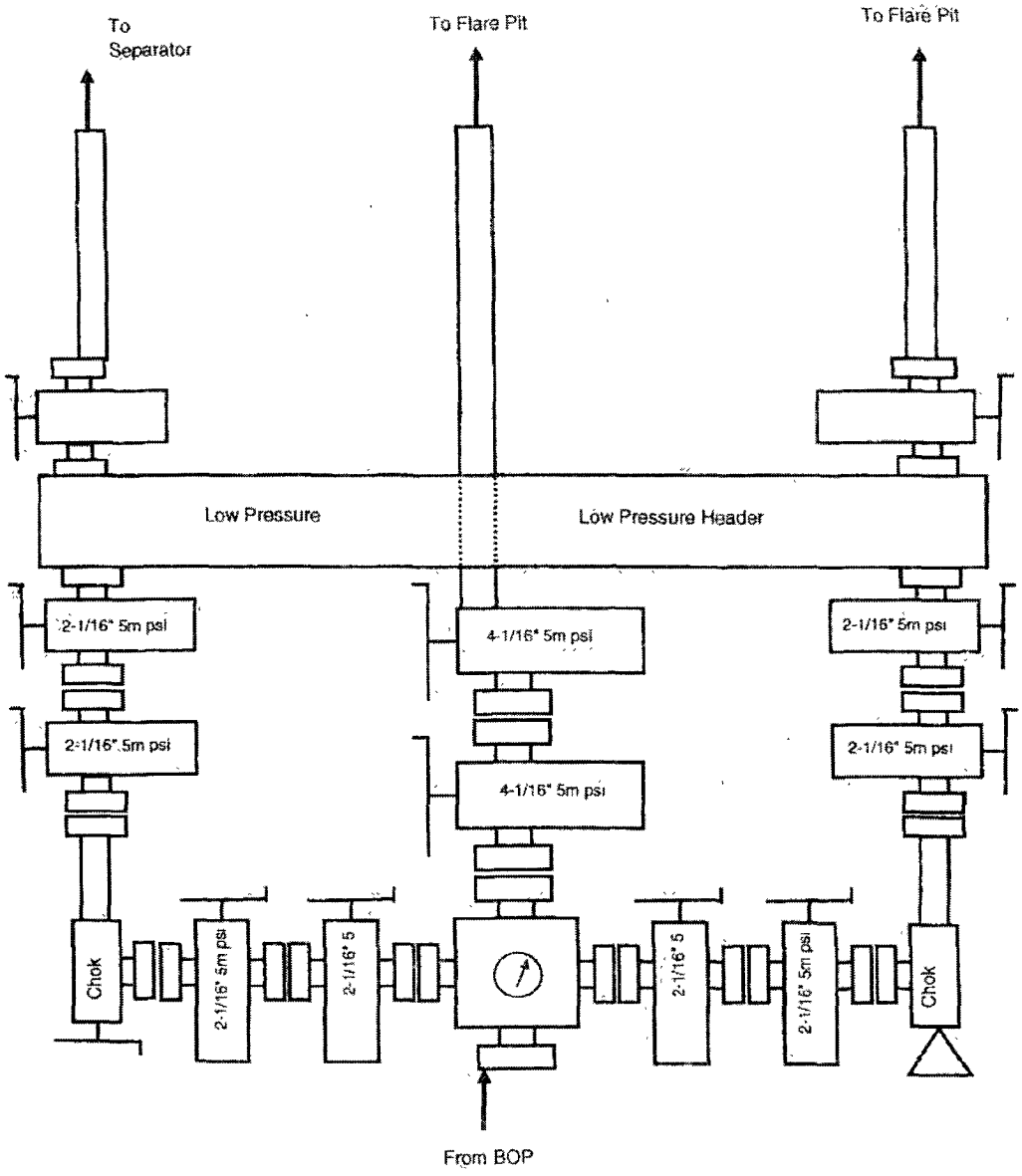
1.) 2 1/16" 5m Check Valve
2.) 2 1/16" 5m Manual Gate Valve
3.) 4 1/16" 5m Manual Gate Valve
4.) 4 1/16" 5m Hydraulic Gate Valve
5.) 2 1/16" 5m Manual Gate Valve



Well Control Equipment / Blowout Preventor Stack

Gruy Petroleum Management Co., LLC

Choke Manifold



Choke Manifold and Closing Unit