

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, 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

OCT 08 2008

Form C-102
Revised October 12, 2005

OCD-ARTESIA

State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-36690	Pool Code 97149	Pool Name Henshaw Morrow SW
Property Code 37480	Property Name GRUY "32" STATE COM	Well Number 2
OGAD No. 260972	Operator Name GRUY PETROLEUM MANAGEMENT CO., LLC	Elevation 3713'

Surface Location

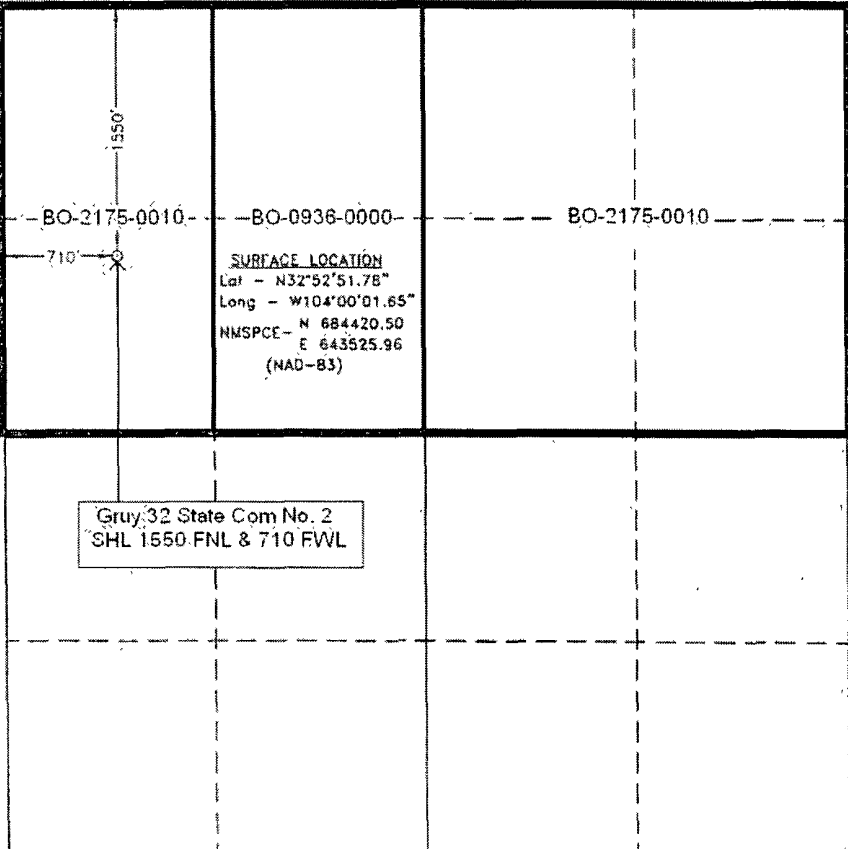
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	32	16 S	30 E		1550	NORTH	710	WEST	EDDY

Bottom Hole Location If Different From Surface

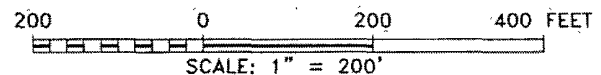
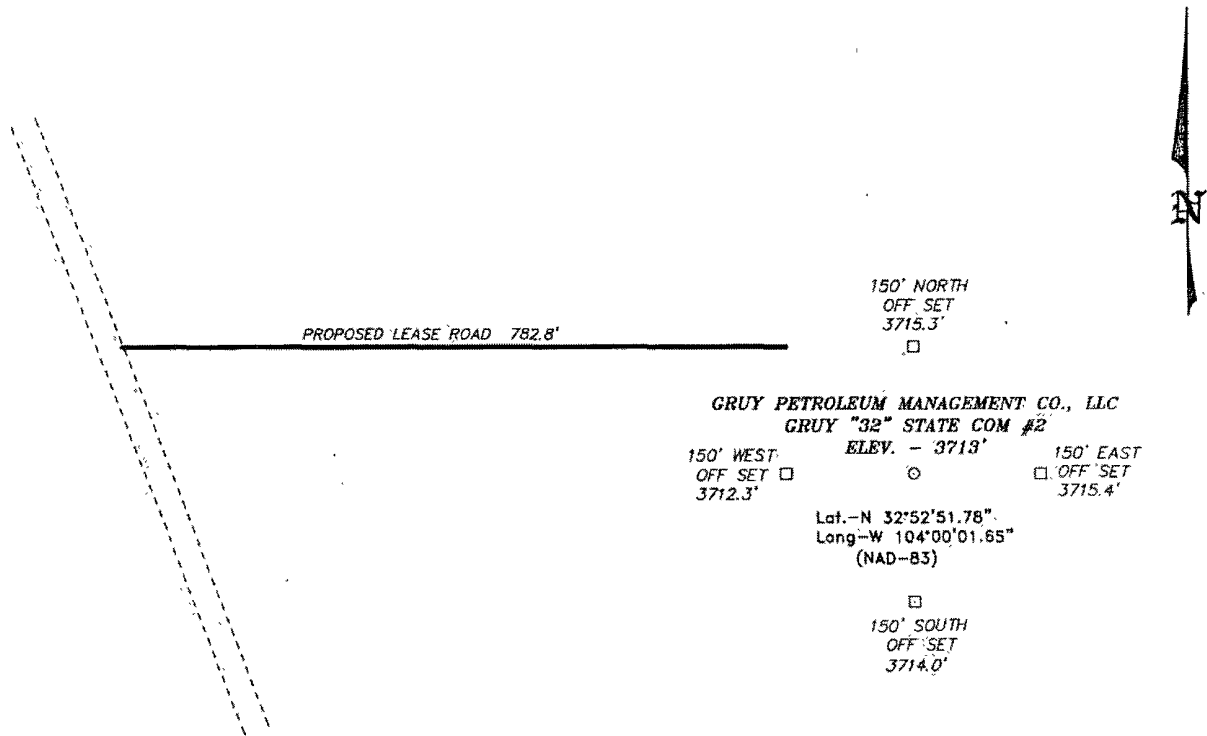
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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 undivided 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 9-15-08 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 supervision and that the same is true and correct to the best of my belief. AUGUST 2008 Date-Surveyed Signature of Professional Surveyor Professional Surveyor 90 Certificate No. Gary L. Jones 7977 BASIN SURVEYS

SECTION 32, TOWNSHIP 16 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HWY 82 AND HAGERMAN CUTOFF (217), GO NORTH ON HAGERMAN CUTOFF FOR 3.5 MILES TO MALLET (257), GO WEST ON MALLET FOR 0.7 MILES TO 2-TRACK, GO NORTH ON 2-TRACK FOR 0.6 MILES TO PROPOSED LEASE ROAD.

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

W.O. Number: 20190 Drawn By: J. SMALL

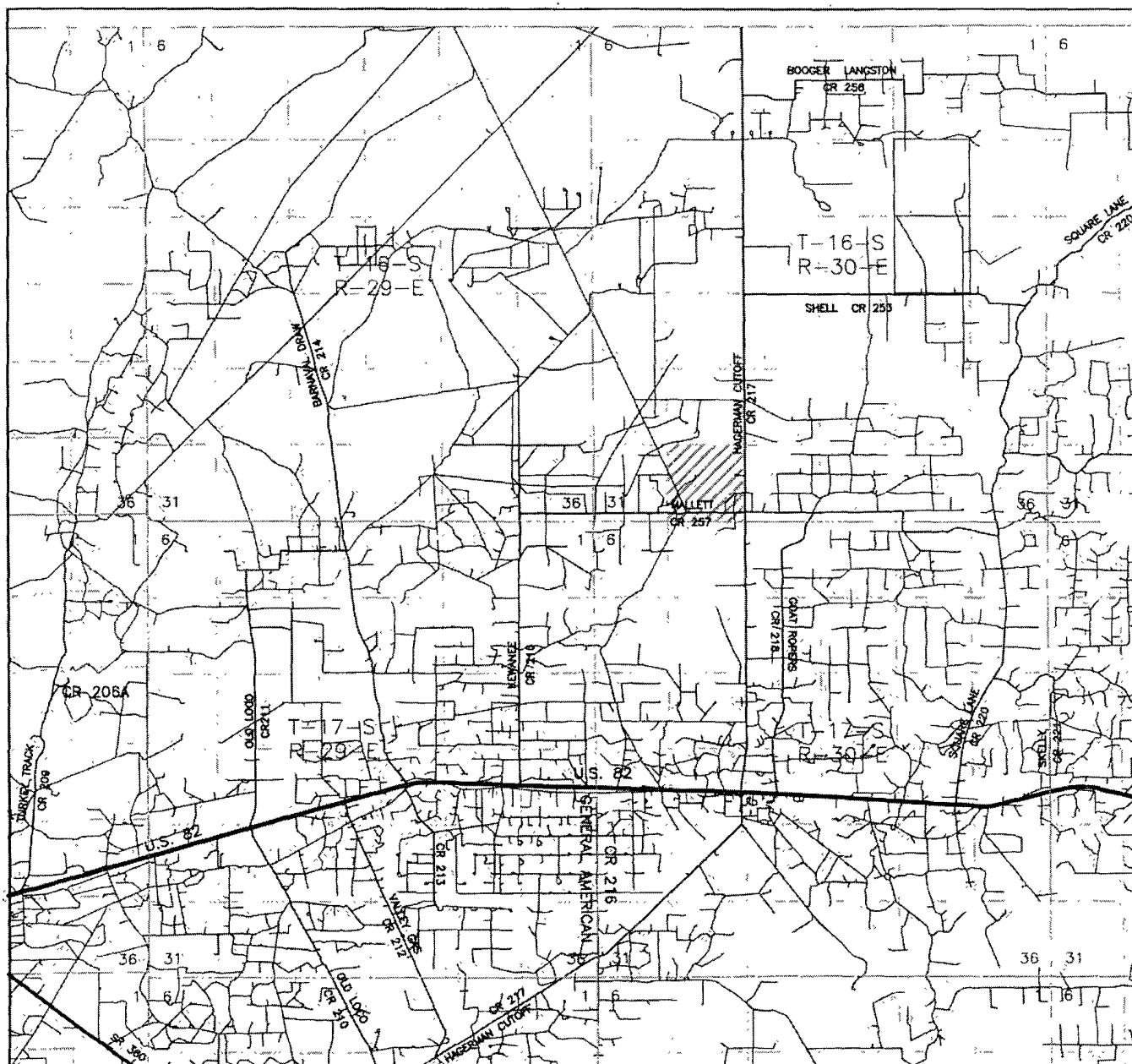
Date: 08-14-2008 Disk: JMS 20190

GRUY PETROLEUM MANAGEMENT CO., LLC

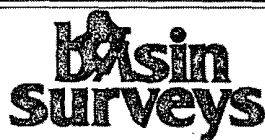
REF: GRUY "32" STATE COM #2 / WELL PAD TOPO

THE GRUY "32" STATE COM #2 LOCATED 1550'
FROM THE NORTH LINE AND 710' FROM THE WEST LINE OF
SECTION 32, TOWNSHIP 16 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 08-11-2008 Sheet 1 of 1 Sheets



GRUY "32" STATE COM #2
Located 1550' FNL and 710' FWL
Section 32, Township 16 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.



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 20190

Survey Date: 08-11-2008

Scale: 1" = 2 MILES

Date: 08-14-2008

GRUY PETROLEUM
MANAGEMENT CO.,
LLC

Drilling Plan, Casing, Cementing, BOP and Mud Details

Gruy Petroleum Management Co., LLC

Gruy 32 State Com 2

Unit Letter E Section 32
T- 16S R- 30E
Eddy County New Mexico

- 1 Proposed Drilling Plan:
Drill a 17-1/2" hole to 500', run 13-3/8" casing and cement.
Drill a 12-1/4" hole to 3200', run 9-5/8" casing and cement.
Drill a 8-3/4" hole to TD of 11200', log, run 5-1/2" casing and cement.

- 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 500'.
Cement:
Lead of 200 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 3200'.
Cement:
Lead of 640 sx Interfill C cement + 1 #/sx Pheno Seal
Tail of 250 sx of Premium Plus Cement + 1% Calcium Chloride
TOC @ surface

5-1/2" Production
In 8-3/4" hole, run 5-1/2", 17#, P-110, LTC casing to 11200'.
Cement:
Lead of 755 sx Interfill H cement + 1 #/sx Phen Seal + 0.1% HR-7 retarder
Tail of 465 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 + 0.4% HR-7 retarder
TOC @ 2700'

- 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 3200'. 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.

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Mud Program - Closed Loop System

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 500'	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.
500' - 3200'	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.
3200' - 8700'	9.0 - 9.2	28 - 29	NC	Cut Brine. Add paper for seepage. Control pH. Use high viscosity sweeps as needed to clean hole.
8700' - 11200'	9.0 - 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.

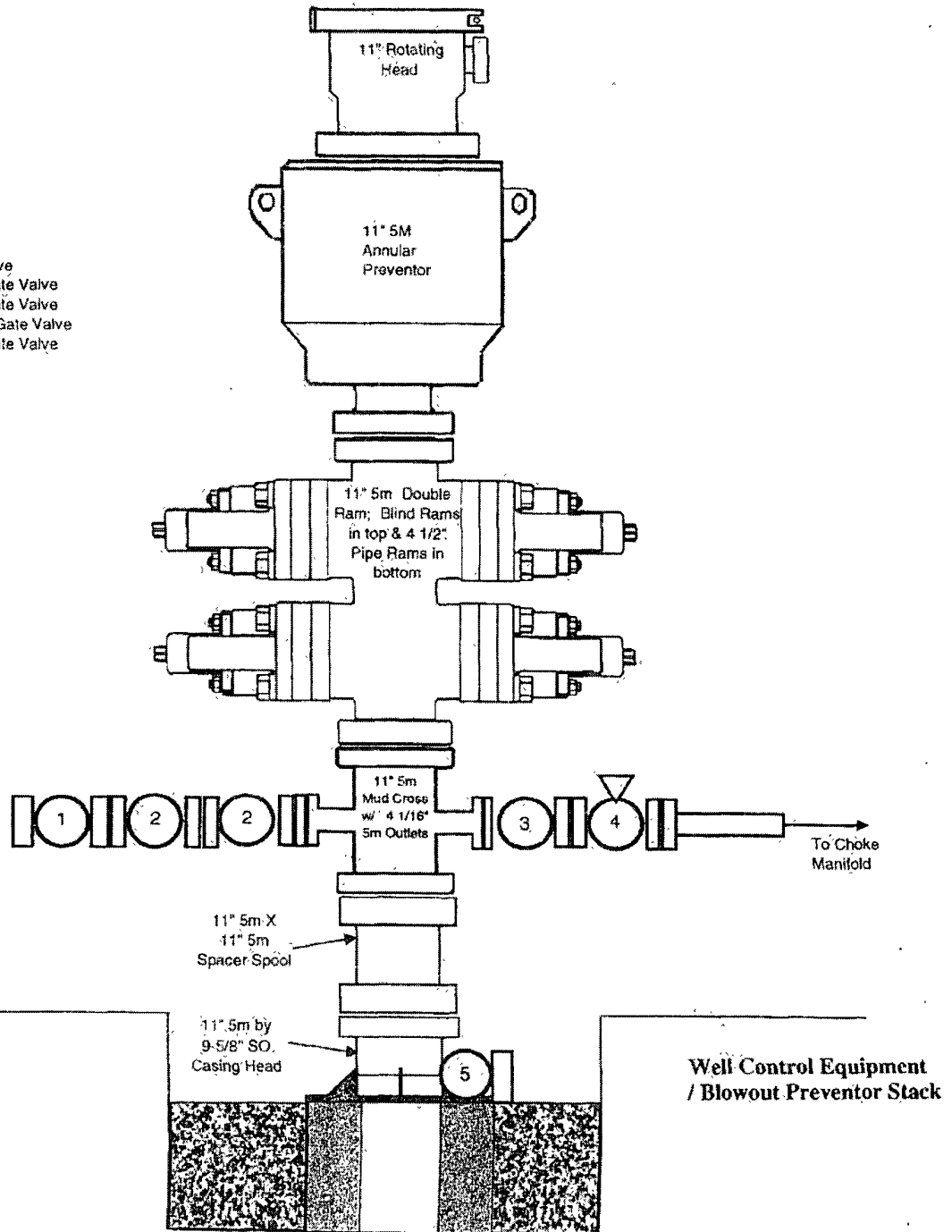
Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs. Mud system monitoring equipment with derrick floor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

Gruy Petroleum Management Co., LLC

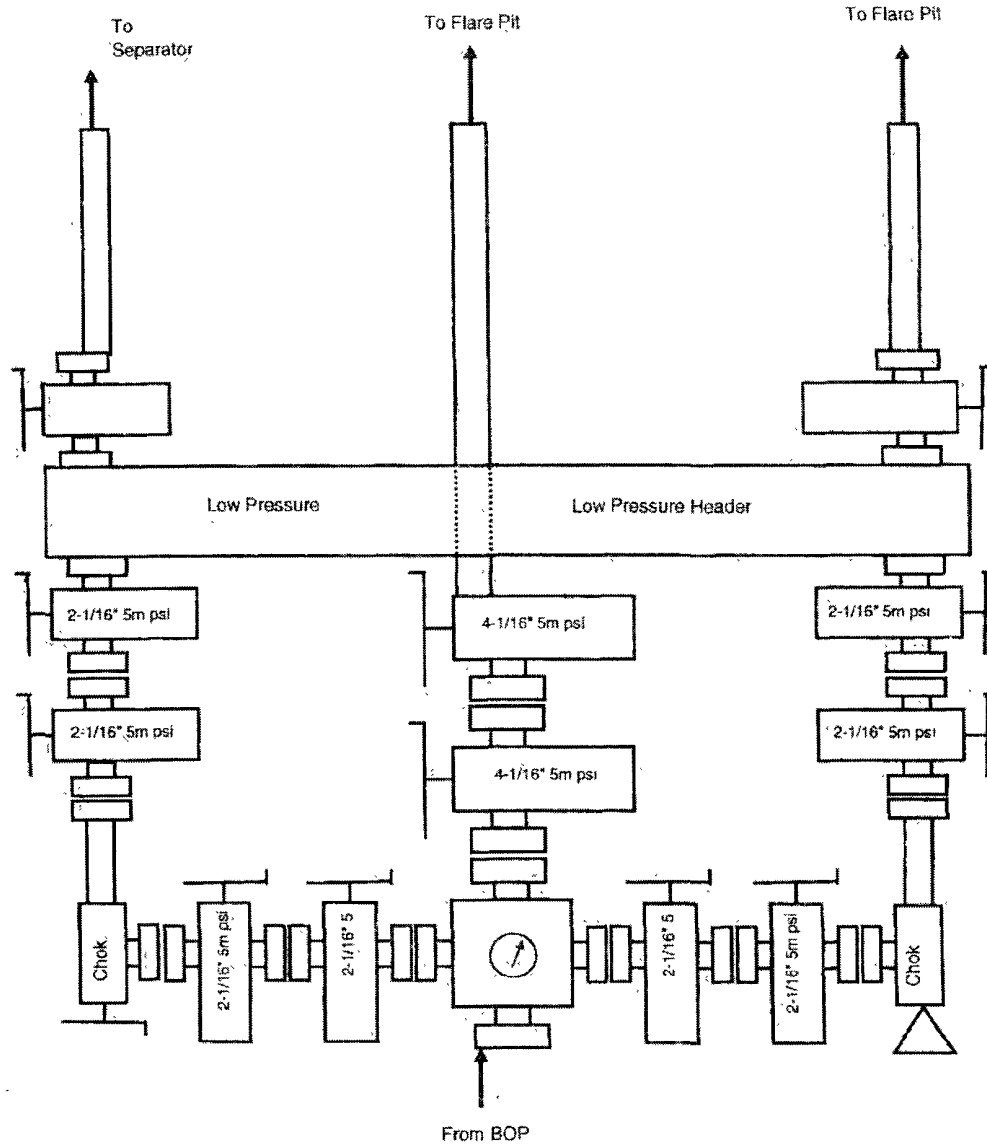
Proposed Blowout Preventor Stack

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



Choke Manifold



**Choke Manifold and
Closing Unit**