

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address GRUY PETROLEUM MANAGEMENT CO. PO Box 140907 Irving, TX 75014-0907		OGRID Number 162683
		API Number 30-015-33245
Property Code 33443	Property Name White City Penn 29 Gas Com Unit 1	Well No. 004

Surface Location

UL or Lot C	Section 29	Township 24S	Range 26E	Lot Idn C	Feet From 1020	N/S Line N	Feet From 2340	E/W Line W	County Eddy
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Proposed Pools

WHITE CITY;PENN (GAS) 87280

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type Private	Ground Level Elevation 3410
Multiple N	Proposed Depth 13000	Formation Morrow	Contractor	Spud Date 04/01/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	350	490	0
Int1	12.25	9.625	40	1600	1200	0
Prod	7.875	5.5	17	13000	1620	2700

Casing/Cement Program: Additional Comments

A combination of N-80/P-110 17 # casing will be run for the production string.
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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Zeno Farris

Title: Manager Operations Administration

Date: 02/13/2004

Phone: 972-443-6489

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 02/17/2004

Expiration Date: 02/17/2005

Conditions of Approval:

There are conditions. See Attached.

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WELL LOCATION AND ACREAGE DEDICATION PLAT

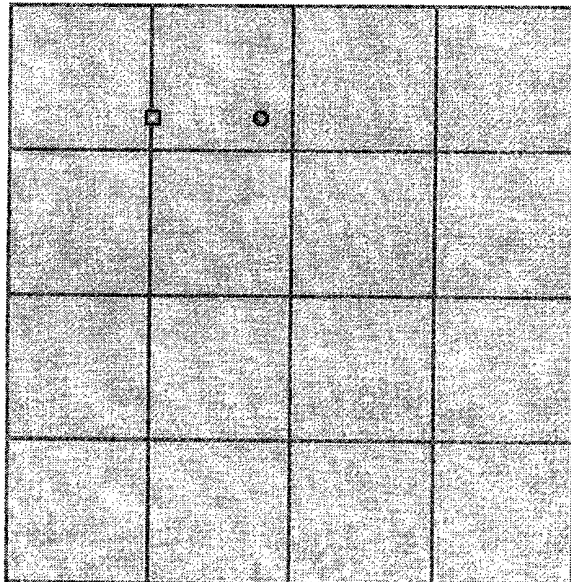
API Number 30-015-33245	Pool Name WHITE CITY;PENN (GAS)	Pool Code 87280
Property Code 33443	Property Name White City Penn 29 Gas Com Unit 1	Well No. 004
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3410

Surface Location

UL or Lot C	Section 29	Township 24S	Range 26E	Lot Idn C	Feet From 1020	N/S Line N	Feet From 2340	E/W Line W	County Eddy
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Bottom Hole Location If Different From Surface

UL or Lot C	Section 29	Township 24S	Range 26E	Lot Idn C	Feet From 1020	N/S Line N	Feet From 1340	E/W Line W	County Eddy
Dedicated Acres 640		Joint or Infill		Consolidation Code		Order No.			

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Electronically Signed By: Zeno Farris

Title: Manager Operations Administration

Date: 02/13/2004

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.

Surveyed By: Gary Eidson

Date of Survey: 02/05/2004

Certificate Number: 12641

Permit Comments

Operator: GRUY PETROLEUM MANAGEMENT CO. , 162683

Well: White City Penn 29 Gas Com Unit 1 #004

User Name	Comment	Comment Date
ZFARRIS	Gruy Petroleum Management Co. has a contractual arrangement with Chevron to drill and test the Penn interval. Operations will be turned over to Chevron upon completion. 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 4000 PSI, estimated BHT 190 .	2/12/2004
ZFARRIS	A preliminary directional survey will be under sepearte cover.	2/12/2004

Permit Conditions Of Approval

Operator: GRUY PETROLEUM MANAGEMENT CO. , 162683

Well: White City Penn 29 Gas Com Unit 1 #004

OCD Reviewer	Condition
BARRANT	Cement to cover ALL oil, gas and water bearing zones.
BARRANT	Fresh water mud to intermediate casing setting depth of @ 1600 feet. Notify OCD if chloride levels prior to drilling intermediate hole becomes severe.
BARRANT	Notify OCD time of spud and time to witness the cementing of the surface and intermediate casings.



**Gruy Petroleum Management Co.
New Mexico
Eddy County
Sec. 29-T24S-R26E
White City Penn Gas Com "29" Unit 1 # 4
Plan 02/13/04**

Sperry-Sun

Proposal Report

13 February, 2004

Data Source: Information from Wade Wiley

Proposal Ref: pro7341

HALLIBURTON

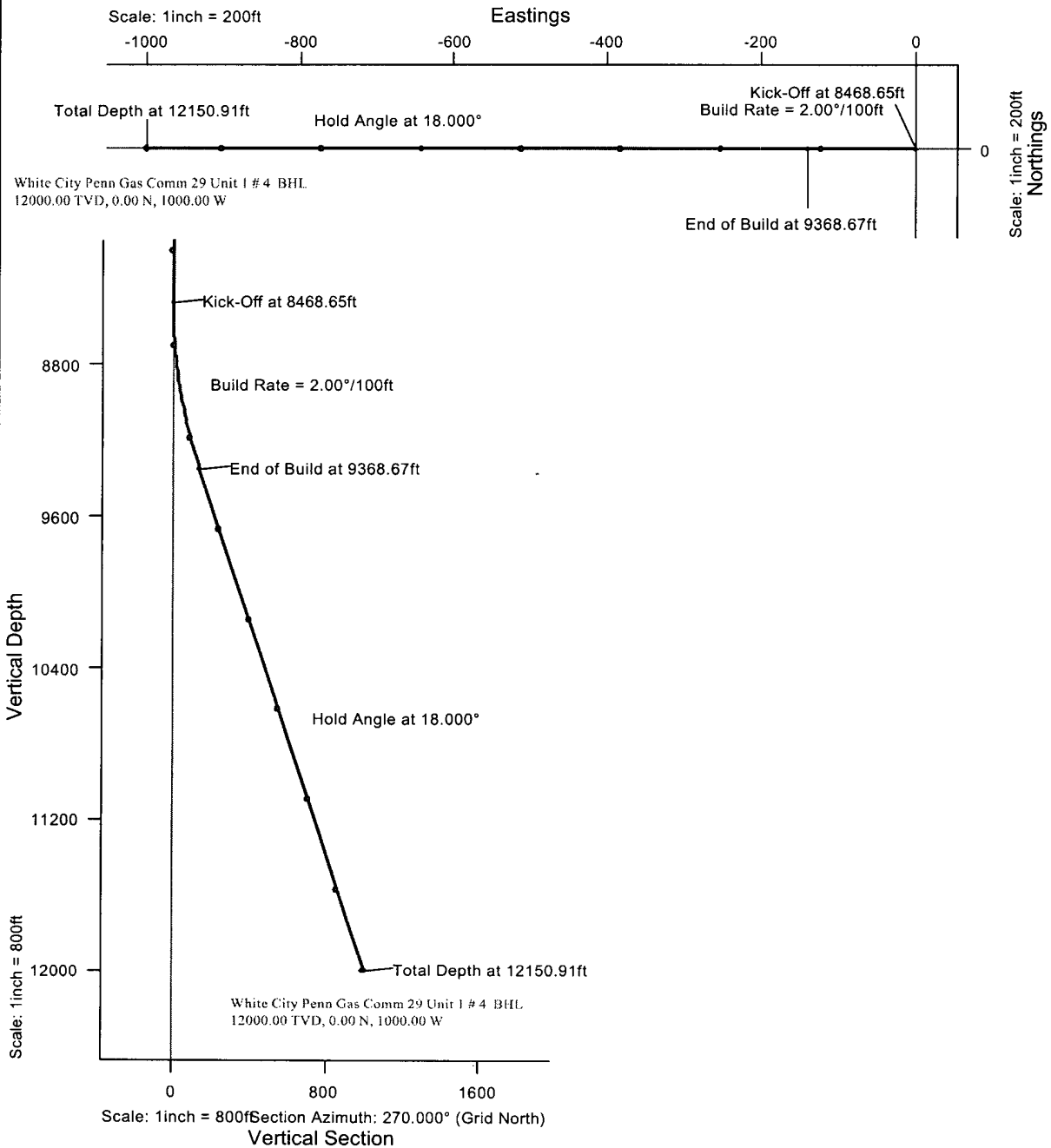
HALLIBURTON

Gruy Petroleum Management Co.

DrillQuest™

Sperry-Sun

New Mexico
Eddy County
Sec. 29-T24S-R26E
White City Penn Gas Com "29" Unit 1 # 4
Plan 02/13/04

Prepared by:
AdminDate/Time:
13 February, 2004 - 8:47

Checked:

Approved:

Proposal Report for Sec. 29-T24S-R26E - White City Penn Gas Com "29" Unit 1 # 4 - Plan 02/13/04

Data Source: Information from Wade Wiley

Measured Depth (ft)	Incl.	Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates		Global Coordinates		Dogleg Rate (°/100ft)	Vertical Section	Comment
					Northings (ft)	Eastings (ft)	Northings (ft)	Eastings (ft)			
0.00	0.000	0.000	-3410.00	0.00	0.00 N	0.00 E	433809.90 N	505399.80 E		0.00	
8468.65	0.000	0.000	5058.65	8468.65	0.00 N	0.00 E	433809.90 N	505399.80 E	0.00	0.00	Kick-Off at 8468.65ft
8500.00	0.627	270.000	5090.00	8500.00	0.00 N	0.17 W	433809.90 N	505399.63 E	2.00	0.17	
8600.00	2.627	270.000	5189.95	8599.95	0.00 N	3.01 W	433809.90 N	505396.79 E	2.00	3.01	
8700.00	4.627	270.000	5289.75	8699.75	0.00 N	9.34 W	433809.90 N	505390.46 E	2.00	9.34	
8800.00	6.627	270.000	5389.26	8799.26	0.00 N	19.14 W	433809.90 N	505380.66 E	2.00	19.14	
8900.00	8.627	270.000	5488.37	8898.37	0.00 N	32.41 W	433809.90 N	505367.39 E	2.00	32.41	
8918.66	9.000	270.000	5506.81	8916.81	0.00 N	35.27 W	433809.90 N	505364.53 E	2.00	35.27	Build Rate = 2.00°/100ft
9000.00	10.627	270.000	5586.96	8996.96	0.00 N	49.14 W	433809.90 N	505350.66 E	2.00	49.14	
9100.00	12.627	270.000	5684.90	9094.90	0.00 N	69.29 W	433809.90 N	505330.51 E	2.00	69.29	
9200.00	14.627	270.000	5782.08	9192.08	0.00 N	92.85 W	433809.90 N	505306.95 E	2.00	92.85	
9300.00	16.627	270.000	5878.38	9288.38	0.00 N	119.78 W	433809.90 N	505280.02 E	2.00	119.78	
9368.67	18.000	270.000	5943.94	9353.94	0.00 N	140.22 W	433809.90 N	505259.58 E	2.00	140.22	End of Build at 9368.67ft
9400.00	18.000	270.000	5973.73	9383.73	0.00 N	149.90 W	433809.90 N	505249.90 E	0.00	149.90	
9500.00	18.000	270.000	6068.84	9478.84	0.00 N	180.80 W	433809.90 N	505219.00 E	0.00	180.80	
9600.00	18.000	270.000	6163.94	9573.94	0.00 N	211.71 W	433809.90 N	505188.09 E	0.00	211.71	
9700.00	18.000	270.000	6259.05	9669.05	0.00 N	242.61 W	433809.90 N	505157.19 E	0.00	242.61	
9800.00	18.000	270.000	6354.16	9764.16	0.00 N	273.51 W	433809.90 N	505126.29 E	0.00	273.51	
9900.00	18.000	270.000	6449.26	9859.26	0.00 N	304.41 W	433809.90 N	505095.39 E	0.00	304.41	
10000.00	18.000	270.000	6544.37	9954.37	0.00 N	335.32 W	433809.90 N	505064.48 E	0.00	335.32	
10100.00	18.000	270.000	6639.47	10049.47	0.00 N	366.22 W	433809.90 N	505033.58 E	0.00	366.22	
10200.00	18.000	270.000	6734.58	10144.58	0.00 N	397.12 W	433809.90 N	505002.68 E	0.00	397.12	
10300.00	18.000	270.000	6829.68	10239.68	0.00 N	428.02 W	433809.90 N	504971.78 E	0.00	428.02	
10400.00	18.000	270.000	6924.79	10334.79	0.00 N	458.93 W	433809.90 N	504940.87 E	0.00	458.93	
10500.00	18.000	270.000	7019.89	10429.89	0.00 N	489.83 W	433809.90 N	504909.97 E	0.00	489.83	
10600.00	18.000	270.000	7115.00	10525.00	0.00 N	520.73 W	433809.90 N	504879.07 E	0.00	520.73	
10700.00	18.000	270.000	7210.10	10620.10	0.00 N	551.63 W	433809.90 N	504848.17 E	0.00	551.63	
10759.79	18.000	270.000	7266.97	10676.97	0.00 N	570.11 W	433809.90 N	504829.69 E	0.00	570.11	Hold Angle at 18.000°
10800.00	18.000	270.000	7305.21	10715.21	0.00 N	582.54 W	433809.90 N	504817.26 E	0.00	582.54	
10900.00	18.000	270.000	7400.32	10810.32	0.00 N	613.44 W	433809.90 N	504786.36 E	0.00	613.44	

Proposal Report for Sec. 29-T24S-R26E - White City Penn Gas Com "29" Unit 1 # 4 - Plan 02/13/04

Data Source: Information from Wade Wiley

Measured Depth (ft)	Incl.	Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates		Global Coordinates		Dogleg Rate (°/100ft)	Vertical Section	Comment
					Northings (ft)	Eastings (ft)	Northings (ft)	Eastings (ft)			
11000.00	18.000	270.000	7495.42	10905.42	0.00 N	644.34 W	433809.90 N	504755.46 E	0.00	644.34	
11100.00	18.000	270.000	7590.53	11000.53	0.00 N	675.24 W	433809.90 N	504724.56 E	0.00	675.24	
11200.00	18.000	270.000	7685.63	11095.63	0.00 N	706.14 W	433809.90 N	504693.66 E	0.00	706.14	
11300.00	18.000	270.000	7780.74	11190.74	0.00 N	737.05 W	433809.90 N	504662.75 E	0.00	737.05	
11400.00	18.000	270.000	7875.84	11285.84	0.00 N	767.95 W	433809.90 N	504631.85 E	0.00	767.95	
11500.00	18.000	270.000	7970.95	11380.95	0.00 N	798.85 W	433809.90 N	504600.95 E	0.00	798.85	
11600.00	18.000	270.000	8066.05	11476.05	0.00 N	829.75 W	433809.90 N	504570.05 E	0.00	829.75	
11700.00	18.000	270.000	8161.16	11571.16	0.00 N	860.66 W	433809.90 N	504539.14 E	0.00	860.66	
11800.00	18.000	270.000	8256.26	11666.26	0.00 N	891.56 W	433809.90 N	504508.24 E	0.00	891.56	
11900.00	18.000	270.000	8351.37	11761.37	0.00 N	922.46 W	433809.90 N	504477.34 E	0.00	922.46	
12000.00	18.000	270.000	8446.47	11856.47	0.00 N	953.36 W	433809.90 N	504446.44 E	0.00	953.36	
12100.00	18.000	270.000	8541.58	11951.58	0.00 N	984.27 W	433809.90 N	504415.53 E	0.00	984.27	
12150.91	18.000	270.000	8590.00	12000.00	0.00 N	1000.00 W	433809.90 N	504399.80 E	0.00	1000.00	Total Depth at 12150.91ft Target - White City Penn Gas Comn 29 Unit 1 # 4 BHL, Current Target

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North.
Vertical depths are relative to RKB. Northings and Eastings are relative to 1020' FNL/2340' FWL.
Global Northings and Eastings are relative to NAD27 New Mexico State Planes, Eastern Zone.

The Dogleg Severity is in Degrees per 100 feet.
Vertical Section is from 1020' FNL/2340' FWL and calculated along an Azimuth of 270.000° (Grid).

Coordinate System is NAD27 New Mexico State Planes, Eastern Zone.
Grid Convergence at Surface is 0.009°. Magnetic Convergence at Surface is -8.784° (13-Feb-04)

Based upon Minimum Curvature type calculations, at a Measured Depth of 12150.91ft.,
The Bottom Hole Displacement is 1000.00ft., in the Direction of 270.000° (Grid).

HALLIBURTON

Gruy Petroleum Management Co.
New Mexico
Eddy County

Proposal Report for Sec. 29-T24S-R26E - White City Penn Gas Com "29" Unit 1 # 4 - Plan 02/13/04

Data Source: Information from Wade Wiley

Comments

Measured Depth (ft)	Station Coordinates			Comment
	TVD (ft)	Northings (ft)	Eastings (ft)	
8468.65	8468.65	0.00 N	0.00 E	Kick-Off at 8468.65ft
8918.66	8916.81	0.00 N	35.27 W	Build Rate = 2.00°/100ft
9368.67	9353.94	0.00 N	140.22 W	End of Build at 9368.67ft
10759.79	10676.97	0.00 N	570.11 W	Hold Angle at 18.000°

Targets associated with this wellpath

Target Name	Target Entry Coordinates			Target Shape	Target Type
	TVD (ft)	Northings (ft)	Eastings (ft)		
White City Penn Gas Comm 29 Unit 1 # 4 BHL	12000.00	0.00 N	1000.00 W	Point	Current Target

FORMATION RECORD

FROM	TO	THICKNESS IN FEET	FORMATION
0	5	5	Surface soil
5	30	25	Caliche
30	50	20	Yellow Clay
50	107	57	Greenish Clay
107	126	19	Soft Lime
126	138	12	Gray Shale
138	1010	872	Anhydrite & Gyp
1010	1140	120	Salt
1140	1150	10	Gray Lime
1150	1410	260	Anhydrite
1410	1552	142	Anhydrite & Lime
1552	1598	46	Black Lime
1598	1620	22	Gray Lime
1620	1635	15	Hard Black Lime
1635	1652	17	Hard Grey Lime
1652	1671	19	Gray Lime & Sand
1671	1746	75	Sand
1746	1755	9	Hard Gray Lime
1755	1800	45	Dark Lime
1800	1833	33	Sandy Lime
1833	1875	42	Sand
			Hole full of salt water . abandoned.