

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

3b. Phone No. (include area code)
972.401.3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650' FNL & 1200' FWL

RECEIVED

MAR - 4 2004

OCD ARTESIA

5. Lease Serial No.

NMNM-26105

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

Pending

8. Well Name and No.

Liberty 24 Federal Com 1

9. API Well No.

30-015-33094

10. Field and Pool, or Exploratory Area

White City Penn; (Undesg)

11. County or Parish, State

Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

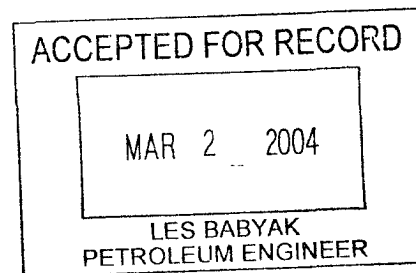
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Set surface & intermediate casing
	<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.)

01-29-04 Spud well at 5AM. Ran 10 jts of 13.375"/54.5/J55/STC casing to 440.' Cement with 340 sx Premium Plus lead and 150 sx Premium Plus tail. Bumped plug with 400 psi and circulated 150 sx cement to pit. WOC 25 hours.

02-17-04 Ran 132 jts NS-110/9-5/8"/40#/LTC casing to 5750.' Cement with 1500 sx Interfill "C" and 200 sx Premium Plus with 1% CaCl2. Circulated 80 sx cement to pit. WOC 19.5 hours.

Please see attached drilling report.



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

Natalie Krueger

Signature

Natalie Krueger

Title

Production Assistant

Date

February 24, 2004

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.

(Instructions on reverse)

Gruy Petroleum Management Co.

Magnum Hunter Production, Inc.

Well History

January 29, 2004 Thru February 17, 2004

OPERATED

CARLSBAD SOUTH

GRUY PETROLEUM MANAGEMENT CO

77163 LIBERTY 24 FEDERAL COM 1

EDDY, NM

Sec 24, T25S, R26E 1650'FNL & 1200'F

W.I. Pct BCP 100.00 %

W.I. Pct ACP 100.00 %

Morrow / 12,000'

01/29/2004 Depth 440
Progress 440
AFE: 23420 Present Operation: WOC

Spud well at 0500 hrs and drill to 225'. Wireline Survey at 190' - .75 degrees. Drilling from 225' to 440' with ALL WOB and 100 RPM. Circulate sweep around and drop survey tool. Trip out of hole for casing and laydown RMR. Rig up casing crew and make up float equipment. Tong unit broke down. Wait on casing tongs. Run 10 joints of 13.375" / 54.5 / J55 / STC casing to 440'. Circulate casing on bottom. Cement with 340 sx of Premium Plus lead and 150 sx of Premium Plus tail. Displace with 62.4 bbls of FW and bumped plug with 400 psi. Float held. Circulated 150 sx to reserve pit.

01/30/2004 Depth 497
Progress 57
AFE: 23420 Present Operation: Drlg

Wait on Cement. Cut conductor and casing. Weld on 13.375" head. Test wellhead to 1000 psi. Nipple up BOP stack. Test Blind rams, annular, choke manifold, and kill line to 500 psi. Pick up BHA and trip in hole to 390'. Drill cement and float collar at 396'. Test casing and pipe rams to 500 psi. Drill cement and shoe at 440'. Drilling new formation from 440' - 497' with 25K WOB and 70 RPM. Will add more weight once 8" DC are in open hole.

01/31/2004 Depth 1,015
Progress 518
AFE: 23420 Present Operation: Drlg

Drilling from 487' - 525' with 35K WOB and 65 RPM. Rig Service. Drilling from 525' - 762' with 35K WOB and 65 RPM. Lost prime in centrifugal pump to pits. Found rubber pieces in intake of pump. Drilling from 762' - 767' with 35K WOB and 65 RPM. Wireline Survey at 712' - one degree. Drilling from 767' - 861' with 35K WOB and 65 RPM. Work on drawworks oiler pump. Drilling from 861' - 1015' with 35K WOB and 65 RPM.

02/01/2004 Depth 1,801
Progress 786
AFE: 23420 Present Operation: Drlg

Drilling from 1015' - 1083' with 35K WOB and 65 RPM. Rig Service. Drilling from 1083' - 1274' with 35K WOB and 65 RPM. Wireline Survey at 1224' - 1.5 degrees. Drilling from 1274' - 1496' with 35K WOB and 65 RPM. Wireline Survey at 1440' - 1.5 degrees. Drilling from 1496' - 1801' with 35K WOB and 65 RPM. Daily ROP - 34.17'/hr

02/02/2004 Depth 2,290
Progress 489
AFE: 23420 Present Operation: Drlg

Tuesday, 24 February, 2004

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Drilling from 1801' - 1877' with 35K WOB and 65 RPM. Wireline Survey at 1830' - 2.75 degrees. Rig Service. Drilling from 1877' - 2067' with 25K WOB and 65 RPM. Wireline Survey at 2017' - 1.75 degrees. Drilling from 2067' - 2258' with 30K WOB and 65 RPM. Wireline Survey at 2208' - 2.25 degrees. Drilling from 2258' - 2290' with 15K WOB in Salt and 25K WOB in Anhydrite. Daily ROP - 21.5'/hr.

02/03/2004 Depth 2,590
 Progress 300
 AFE: 23420 Present Operation: Drlg

Drilling from 2290' - 2449' with 25K WOB and 65 RPM. Wireline Survey at 2399' - 2.25 degrees. Drilling from 2449' - 2576' with 25 - 30K WOB and 70 RPM. Wireline Survey at 2526' - Misrun. Drilling from 2576' - 2590' with 25K WOB and 70 RPM. Daily ROP - 12.8'/hr / Cum ROP - 23'/hr.

02/04/2004 Depth 3,065
 Progress 475
 AFE: 23420 Present Operation: Drlg

DRILL F/ 2590' - 2608'. AVG. ROP - 6 FPH. WOB - 25, RPM - 70. WLS @ 2538' - 1 DEG. DRILL F/ 2608' - 2861'. AVG. ROP - 24.1 FPH. WOB - 45, RPM - 70. WLS @ 2811' - 1 DEG. DRILL F/ 2861' - 3065'. AVG. ROP - 21.5 FPH. WOB - 45, RPM - 70.

02/05/2004 Depth 3,565
 Progress 500
 AFE: 23420 Present Operation: Drlg

DRILL F/ 3065' - 3084'. AVG. ROP - 9.5 FPH. WOB - 45, RPM - 70. SERVICE RIG. DRILL F/ 3084' - 3179'. AVG. ROP - 31.2 FPH. WOB - 45, RPM - 70. WLS @ 3109' - 1 DEG. DRILL F/ 3179' - 3433'. AVG. ROP - 19.6 FPH. WOB - 45, RPM - 70. WLS @ 3383' - 1 1/2 DEG. DRILL F/ 3433' - 3565'. AVG. ROP - 26.4 FPH. WOB - 30, RPM - 70.

02/06/2004 Depth 3,904
 Progress 339
 AFE: 23420 Present Operation: Drlg

CIRC., SERVICE RIG AND RUN WLS. TOH FOR NEW BIT # 3. LD BIT #2 AND MOTOR. PU BIT #3 AND MOTOR. REPAIR LOW INPUT CHAIN. TIH. WASH AND REAM 60' TO BOTTOM. DRILL F/ 3565' - 3815'. AVG. ROP - 23.3 FPH. WOB - 20/40, RPM - 70. WLS @ 3741' - 1 DEG. DRILL F/ 3815' - 3904'. AVG. ROP - 20.9 FPH. WOB - 40, RPM - 70.

02/07/2004 Depth 4,231
 Progress 327
 AFE: 23420 Present Operation: Drlg

DRILL F/ 3904' - 4006'. AVG. ROP - 11.7 FPH. WOB - 40, RPM - 70. SERVICE RIG. DRILL F/ 4006' - 4070'. AVG. ROP - 18.3 FPH. WOB - 40, RPM - 70. WLS @ 4020' - 1 DEG. DRILL F/ 4070' - 4231'. AVG. ROP - 14.6 FPH. WOB - 40, RPM - 60.

02/08/2004 Depth 4,514
 Progress 283
 AFE: 23420 Present Operation: Drlg

DRILL F/ 4231' - 4293'. AVG. ROP - 9 FPH. WOB - 40, RPM - 60. SERVICE RIG. DRILL F/ 4293' - 4420'. AVG. ROP - 15.9 FPH. WOB - 40, RPM - 60. WLS @ 4370' - MISRUN. DRILL F/ 4420' - 4452'. AVG. ROP - 14.2 FPH. WOB - 40, RPM - 60. WLS @ 4402' - 1 1/2 DEG. DRILL F/ 4452' - 4514'. AVG. ROP - 12.4 FPH. WOB - 35, RPM - 60.

02/09/2004 Depth 4,659
 Progress 145
 AFE: 23420 Present Operation: TOH with Fish

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DRILL F/ 4514' - 4611'. AVG. ROP - 10.8 FPH. WOB - 35, RPM - 60. SERVICE RIG. DRILL F/ 4514' - 4569'. AVG. ROP - 15.7 FPH. WOB - 35, RPM - 60. DRLG AT 4659' - TWIST OFF. TOH. 6 TH - 6" DC (ON TOP OF XO). TWISTED OFF 3" BELOW TOP OF BOX. FISH CONSISTS OF - BIT, MOTOR, 3 PT, 1-8" DC, IBS, SS, 10-8" DC'S, XO, 1 -6" DC. WO WEATHERFORD FISHERMAN AND TOOLS. MU FISHING TOOLS (OS, XO, BS, JARS, XO, 6 - 6" DC'S, XO, BOOSTER, XO - 143.21' - FISHING BHA.) TIH. WORK OVER FISH. TOH W/ FISH. CHAIN OUT.

02/10/2004 Depth 4,803
 Progress 143
 AFE: 23420 Present Operation: Drlg

FINISH TOH, LD SS, CHANGE BIT AND MOTOR. TIH. INSPECT DC'S. LD 1 - 8" DC AND 3 - 6" DC'S. PU 1 6" DC. WO FORKLIFT TO MOVE DC'S FROM RACK TO CATWALK. PU 7 - 6" DC'S. TIH. INSPECT DC'S. LD 1 - 8" DC AND 3 - 6" DC'S. PU 1 6" DC. WASH AND REAM 70' TO BOTTOM. DRILL F/ 4659' - 4677'. AVG. ROP - 12 FPH. WOB - 10/40, RPM - 60. REPAIR MASTER CLUTCH CONTROL. DRILL F/ 4677' - 4802'. AVG. ROP - 15.6 FPH. WOB - 40, RPM - 60.

02/11/2004 Depth 5,135
 Progress 333
 AFE: 23420 Present Operation: Drlg

DRILL F/ 4802' - 4851'. AVG. ROP - 19.6 FPH. WOB - 40, RPM - 60. WLS @ 4780' - 1 DEG. DRILL F/ 4851' - 5103'. AVG. ROP - 13.6 FPH. WOB - 40, RPM - 50. WLS @ 5026' - 1 DEG. DRILL F/ 5103' - 5135'. AVG. ROP - 16 FPH. WOB - 40, RPM - 50.

02/12/2004 Depth 5,245
 Progress 110
 AFE: 23420 Present Operation: Drlg

DRILL F/ 5135' - 5150'. WOB - 40, RPM - 50. LOST 300 LBS. PP - CHECK SURF. EQUIP., PUMP SOFT LINE - NO HIT. CHAIN OUT OF HOLE - CHECKING CONN. ON DC'S - NO CRACK FOUND. LD MOTOR AND BIT. MOTOR HAD SEAL OUT- ACCOUNTING FOR PRESS. LOSS. WASH AND REAM 93' TO BOTTOM. DRILL F/ 5135' - 5245'. AVG. ROP - 12.6 FPH. WOB - 40, RPM - 60.

02/13/2004 Depth 5,436
 Progress 191
 AFE: 23420 Present Operation: Drlg

DRILL F/ 5245' - 5265'. AVG. ROP - 6 FPH. WOB - 40, RPM - 60. SERVICE RIG. DRILL F/ 5265' - 5360'. AVG. ROP - 9 FPH. WOB - 45, RPM - 60. WLS @ 5310' - 1 1/4 DEG. DRILL F/ 5360' - 5436'. AVG. ROP - 8.5 FPH.

02/14/2004 Depth 5,623
 Progress 187
 AFE: 23420 Present Operation: Running WLS

DRILL F/ 5436' - 5491'. AVG. ROP - 7.1 FPH. WOB - 45, RPM - 50. SERVICE RIG. DRILL F/ 5491' - 5623'. AVG. ROP - 8.3 FPH. WOB - 45, RPM - 50.

02/15/2004 Depth 5,808
 Progress 185
 AFE: 23420 Present Operation: CIRC to TOH for Logs

WLS @ 5568' - 1 DEG. DRILL F/ 5623' - 5808'. AVG. ROP - 8.4 FPH. WOB - 45, RPM - 60. CIRC. AND PUMP SWEEP FOR LOGS.

02/16/2004 Depth 5,808
 Progress 0
 AFE: 23420 Present Operation: Running Casing

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CIRC. WLS @ 5758' - 3/4 DEG. TOH, LD 3 PT. AND IBS. SLM - 5808'. SAFETY MEETING AND RU HALLIBURTON LOGGERS. RUN ELOGS - LOGGERS SET DOWN AT 5750'. (ALSO SLOW, DRLG. HERE - FRAC. FORM.) DLL, MSFL, GR, DSN, FDL AND SONIC - 5750' - SURFACE. RD HALLIBURTON. TIH. CIRC. TOH. LD 8" DC'S. RU BULL ROGERS CASERS, SAFETY MEETING. PU AND RUN TP SHOE, 2 JTS. CSG., FC, 132 JTS. NS110 9 5/8" 40 # LTC CASING. CENTRALIZERS - MIDDLE OF FLT. JTS., EVERY OTHER COLLAR AFTER - TOTAL - 14 CENT. 1 CENT. - LAST COLLAR IN HOLE.

02/17/2004

Depth 5,808
Progress 0
Present Operation: LD 12 Jts DP

AFE: 23420

Ran 9.625" casing to 5808' and tag bottom. Work pipe on bottom untill getting full returns and pipe was free. Circulate bottoms up. Rig up Halliburton and cement with 1500 sx Interfill "C" and 200 sx of Premium Plus with 1% CaCl2. Displace with 435 bbls of FW, bumped plug and floats held. Circulated 80 sx of cement to reserve. Nipple down BOP stack. Set slips, cutoff casing, and nipple up "B" section. Test to 1500 psi. Nipple up BOP stack and test all equipment to 250 low and 5000 psi high except for annular which was tested to 2500 psi. Pickup BHA and drill collars. Trip in hole with DP to cement at 5750'. Drill cement and float collar at 5764'. Test casing to 1500 psi for 30 minutes. Good test. Laydown DP in hole to compensate for BHA picked up off rack. Will laydown 15 jts of DP.