

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE\*  
Hobbs, NM 88240  
(Other instructions on reverse side)

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b. TYPE OF WELL

OIL ☐ GAS ☒  
WELL WELL

SINGLE ☒ MULTIPLE ☐  
OTHER ZONE ZONE

2. NAME OF OPERATOR

Gruy Petroleum Management Co. 162683

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.)\*

660' FNL & 1977' FWL Section 10-26S-37E

"C"

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

Approximately 5 miles south of Jal, New Mexico

15. DISTANCE FROM PROPOSED\*  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, T.O.  
(Also to nearest drlg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE  
600

17. NO. OF ACRES ASSIGNED  
TO THIS WELL  
160

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.  
1864'

19. PROPOSED DEPTH  
4000'

20. ROTARY OR CABLE TOOLS  
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
2987' GR

22. APPROX. DATE WORK WILL START\*  
6-30-05

PROPOSED CASING AND CEMENTING PROGRAM

Carbon Controlled Water Basin

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	J-55 8 5/8"	24#	550' 1010'	650 sx circ to surf
7 7/8"	J-55 5 1/2"	15.5#	4000'	1150' sx circ to surf

The proposed well will be drilled to a depth of 4000' and completed as a Rhodes; Yates-7 Rivers (Gas) producer.

From the base of the surface pipe through the running of production casing, the well will be equipped with a 3000 psi BOP system.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

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.

SIGNED

Zane Farris

TITLE

Mgr. Ops. Admin.

DATE

05-23-05

(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/ Tony J. Herrell

TITLE

FIELD MANAGER

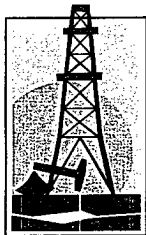
DATE

JUN 2 8 2005

\*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.



## **Gruy Petroleum Management Co.**

600 East Las Colinas Blvd. • Suite 1100 • Irving, TX 75039 • (972) 401-3111 • Fax (972) 443-6450  
Mailing Address: P.O. Box 140907 • Irving, TX 75014-0907

*A wholly-owned subsidiary of Magnum Hunter Resources, Inc., an American Stock Exchange company*

### **STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS**

Bureau of Land Management  
2909 West 2<sup>nd</sup> Street  
Roswell New Mexico 88201-2019  
Attn: Ms. Linda Askwig

Gruy Petroleum Management Co. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: LC-030176B

Legal Description: NW/4 Sec 10, T26S-R37E  
Containing 160.00 acres, Lea County New Mexico

Formation (S): Rhodes Yates Seven Rivers

Bond Coverage: Nationwide BLM Bond

BLM Bond File No.: NM 2575

Authorized Signature: Zeno Farris  
Representing Gruy Petroleum Management Co.

Name: Zeno Farris

Title: Manager, Operations Administration

Date: 05/24/05

## Application to Drill

Gruy Petroleum Management Co.  
Cagle C Federal Com No. 6  
Unit C - Section 10-T26S-R37E; 660' FNL & 1977' FWL  
Lea 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: 660' FNL & 1977' FWL; Section 10-T26S-R37E; Lea County, NM
- 2 Elevation above sea level: 2987' GR
- 3 Geologic name of surface formation: Quaternary Aeolian Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5 Proposed drilling depth: 4000'
- 6 Estimated tops of geological markers:

Rustler Anhydrite	1030'	Yates	2700'
Salado Salt	1330'	7 Rivers	3050'
Tansil	2535'		
- 7 Possible mineral bearing formation:

Tansil	Gas
Yates	Gas
7 Rivers	Gas
- 8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
12 1/4"	0-1150'	8 5/8"	24	8-R	ST&C	J-55
7 7/8"	0-4000'	5 1/2"	15.5	8-R	ST&C	J-55

## Application to Drill

Gruy Petroleum Management Co.  
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Lea County, NM

### 9 Cementing & Setting Depth:

8 5/8" Surface

Set <sup>1010'</sup>~~1450'~~ of 8 5/8" J-55 24# ST&C casing. Cement with 650 Sx. Of Class "C" cement + additives, circulate cement to surface.

5 1/2" Production

Set 4000' of 5 1/2" J-55 15.5# ST&C casing. Cement in two stages, first stage cement with 400 Sx. Of Class "C" Cement + additives, second stage cement with 600 Sx. Of Class "C" Halco Light + additives, circulate cement to surface.

### 10 Pressure control Equipment:

Exhibit "E". A series 900 3000PSI working pressure B.O.P. consisting of a double ram type preventor with a bag type annular preventor. BOP unit will be hydraulically operated. Exhibit "E-1" is a Choke manifold and closing unit. BOP will be nipped up on the 8 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. Flo sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized. No abnormal pressure or temperature is expected while drilling.

### 11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 1150'	8.6 - 8.9	29 - 36	NC	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
1150 - 4000'	10 - 10 - 3	29 - 38	NC	Brine water add paper as needed to control seepage and add lime to control pH, Use high viscosity sweeps 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 open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs

## **Application to Drill**

Gruy Petroleum Management Co.  
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Unit C - Section 10-T26S-R37E; 660' FNL & 1977' FWL  
Lea County, NM

### **12 Testing, Logging and Coring Program:**

- A. Open hole logs: Dual Laterolog, Side Wall Neutron, Density Gamma Ray Caliper from TD to 1150'
- B. Run Gamma Ray, Neutron from 1150' to surface.
- C. No DSTs, cores or Mud Logger are planned at this time.

### **13 Potential Hazards:**

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H2S detectors will be in place to detect any presence. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 750 PSI, estimated BHT 120 .

### **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 10 - 15 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 Tansil-Yates; 7 Rivers pay will be perforated and stimulated. The well will be swab 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.
- 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 emergency help is required. In most cases cellular telephoned will be available at most drilling foremen's trailers or living quarters.
- 7 No Drillstem Testing Anticipated.

## **Hydrogen Sulfide Drilling Operations Plan**

- 8 Drilling contractor supervisor will be required to be familiar with the effects H<sub>2</sub>S has on tubular goods and other mechanical equipment.
- 9 If H<sub>2</sub>S 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 H<sub>2</sub>S scavengers if

## Surface Use Plan

Gruy Petroleum Management Co.  
Cagle C Federal Com No. 6  
Unit C - Section 10-T26S-R37E; 660' FNL & 1977' FWL  
Lea County, NM

- 1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Lea Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

- A. Exhibit "A" shows the proposed well site as staked.
- B. From the intersection of St Hwy #18 and St Hwy #128 in Jal, go South-Southeast on St Hwy #18 approx 3.4 miles. Turn left at Mile Marker 5.5. Go East approx 0.4 miles to a "Y" intersection. Go Northeast approx 0.5 miles. Road bends right and goes South-Southeast approx 0.95 miles to a dry hole marker. Road continues Southwest approx 2000' to this location
- C. Construct power lines and lay pipelines that will be necessary to produce this lease along road R-O-W.

- 2 NO ACCESS ROADS ARE PLANNED.

- 3 LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A-1"

- |                      |                           |
|----------------------|---------------------------|
| A. Water wells -     | None known                |
| B. Disposal wells -  | None known                |
| C. Drilling wells -  | None known                |
| D. Producing wells - | As shown on Exhibit "A-1" |
| E. Abandoned wells - | As shown on Exhibit "A-1" |

## **Surface Use Plan**

Gruy Petroleum Management Co.  
Cagle C Federal Com No. 6  
Unit C - Section 10-T26S-R37E; 660' FNL & 1977' FWL  
Lea County, NM

- 4 If, on completion, this well is a producer Gruy Petroleum Management Co. will furnish maps and/or plats showing on-site facilities or off-site facilities if needed. This will be accompanied by a Sundry Notice.

### **5 LOCATION AND TYPE OF WATER SUPPLY:**

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

### **6 SOURCE OF CONSTRUCTION MATERIAL:**

If possible, construction will be obtained from the excavation of the drill site; if additional material is needed, it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

### **7 METHODS OF HANDLING WASTE MATERIAL:**

- A. Drill cuttings will be disposed of in the reserve pit.
- B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
- D. Sewage from living quarters will drain into holes with a minimum depth of 10'. These holes will be covered during drilling and will be back filled upon completion. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time, they will be hauled off by transports and be disposed of at a state-approved disposal facility. Later, pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

### **8 ANCILLARY FACILITIES:**

- A. No camps or airstrips to be constructed.

## Surface Use Plan

Gruy Petroleum Management Co.  
Cagle C Federal Com No. 6  
Unit C - Section 10-T26S-R37E; 660' FNL & 1977' FWL  
Lea County, NM

### 9 WELL SITE LAYOUT

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of reserve pits, trash pits, and living .....
- C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface condition encountered during pit construction indicates that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with PVC or polyethylene line. The pit liner will be 12 mils thick. Pit liner will extend a minimum, 2'00" over the reserve pits' dykes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

### 10 PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountered to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

## Surface Use Plan

Gruy Petroleum Management Co.  
Cagle C Federal Com No. 6  
Unit C - Section 10-T26S-R37E; 660' FNL & 1977' FWL  
Lea County, NM

### 11 OTHER INFORMATION:

- A. Topography consists of sand dunes with a slight dip in the southwesterly direction. Vegetation is mainly native grasses and Mesquite trees with Shinnery Oak.
- B. Surface and minerals are owned by The Bureau of Land Management, the US Department of the Interior. The surface is used mainly for the grazing of livestock and the production of oil and gas.
- C. An Archaeological survey will be conducted of the location and proposed roads, then this report will be filed with the Bureau of Land Management in the Carlsbad BLM office.
- D. There are no known dwellings within 1 1/2 mile of this location.

### 12 OPERATORS REPRESENTATIVE:

Gruy Petroleum Management Company  
P.O. Box 14097  
Irving, TX 75014  
Office Phone: (972) 443-6489  
Zeno Farris

- 13 CERTIFICATION: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exists; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Gruy Petroleum Management Co. contractors/subcontractors and is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME: Zeno Farris

DATE: 5/23/2005

TITLE: Manager, Operations Administration

# State of New Mexico

Energy, Minerals and Natural Resources Department

## 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

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-37342</b>	Pool Code <b>83810</b>	Pool Name <b>Rhodes; Yates-7 Rivers (Gas)</b>
Property Code <b>34913</b>	Property Name <b>CAGLE C FEDERAL COM</b>	Well Number <b>6</b>
GRID No. <b>162683</b>	Operator Name <b>GRUY PETROLEUM MANAGEMENT COMPANY</b>	Elevation <b>2987'</b>

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	10	26-S	37-E		660	NORTH	1977	WEST	LEA

### Bottom Hole Location If Different From Surface

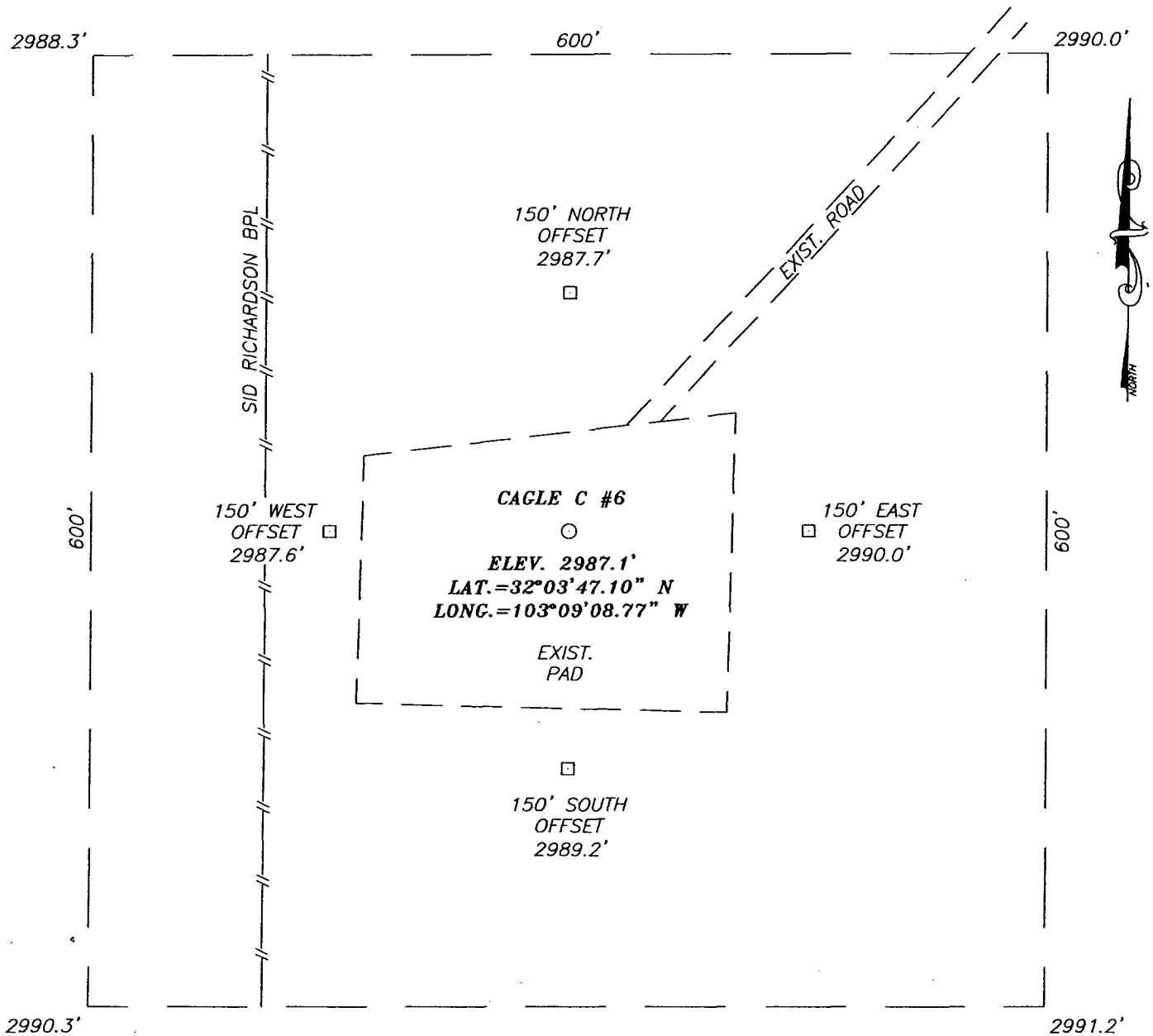
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>160</b>	Joint or Infill <b>Y</b>	Consolidation Code <b>C</b>	Order No.
-------------------------------	-----------------------------	--------------------------------	-----------

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

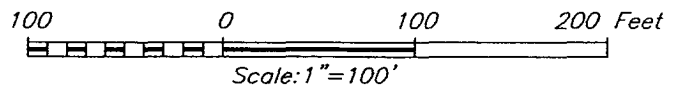
<p>2988.3' 660' 2990.0'</p> <p>1977'</p> <p>2990.3' 600' 2991.2'</p> <p>Cagle C Fed Com #6</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=388675.9 N X=865832.5 E</p> <p>LAT.=32°03'47.10" N LONG.=103°09'08.77" W</p> <p>Rhodes Fed Unit #102</p>	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>Zeno Farris</b> Printed Name <b>Manager Operations Admin</b> Title <b>May 24, 2005</b> Date
	<b>SURVEYOR CERTIFICATION</b>  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.  <b>MAY 5, 2005</b> Date Surveyed Signature & Seal  Professional Surveyor <b>GARY E. EDSON</b> Certificate No. <b>GARY E. EDSON</b> 12641

**SECTION 10, TOWNSHIP 26 SOUTH, RANGE 37 EAST, N.M.P.M.,**  
 LEA COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF ST. HWY. #18 AND ST. HWY. #128 IN JAL, GO SOUTH-SOUTHEAST ON ST. HWY. #18 APPROX. 3.4 MILES. TURN LEFT AT MILE MARKER 5.5. GO EAST APPROX. 0.4 MILES TO A "Y" INTERSECTION. GO NORTHEAST APPROX. 0.5 MILES. ROAD BENDS RIGHT AND GOES SOUTH-SOUTHEAST APPROX. 0.95 MILES TO A DRY HOLE MARKER. ROAD CONTINUES SOUTHWEST APPROX. 2000' TO THIS LOCATION.



**GRUY PETROLEUM MANAGEMENT COMPANY**

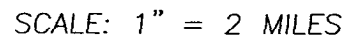
CAGLE C #6 WELL  
 LOCATED 660 FEET FROM THE NORTH LINE  
 AND 1977 FEET FROM THE WEST LINE OF SECTION 10,  
 TOWNSHIP 26 SOUTH, RANGE 37 EAST, N.M.P.M.,  
 LEA COUNTY, NEW MEXICO.

Survey Date: 5/5/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.0692	Dr By: LA
Date: 5/10/05	Rev 1: N/A
Disk: CD#4	05110692
	Scale: 1\"=100'



PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 393-3117





LEASE \_\_\_\_\_ CAGLE C

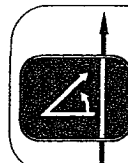
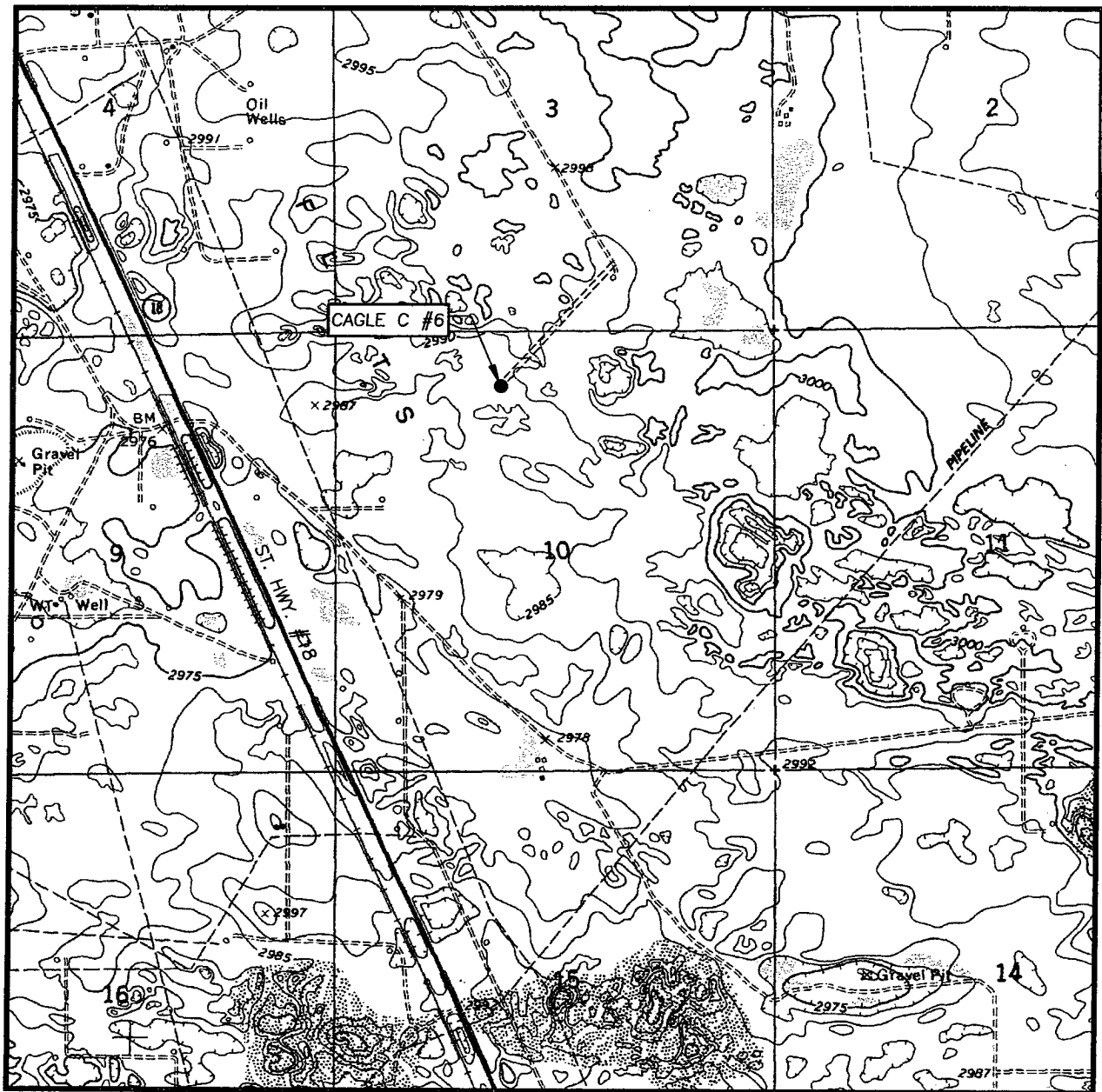


Exhibit B

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
JAL, N.M. - 5'

SEC. 10 TWP. 26-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FNL & 1977' FWL

ELEVATION 2987'

OPERATOR GRUY PETROLEUM  
MANAGEMENT COMPANY

LEASE CAGLE C

U.S.G.S. TOPOGRAPHIC MAP  
JAL, N.M.

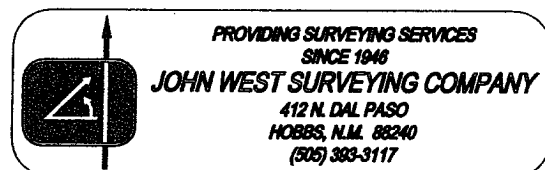
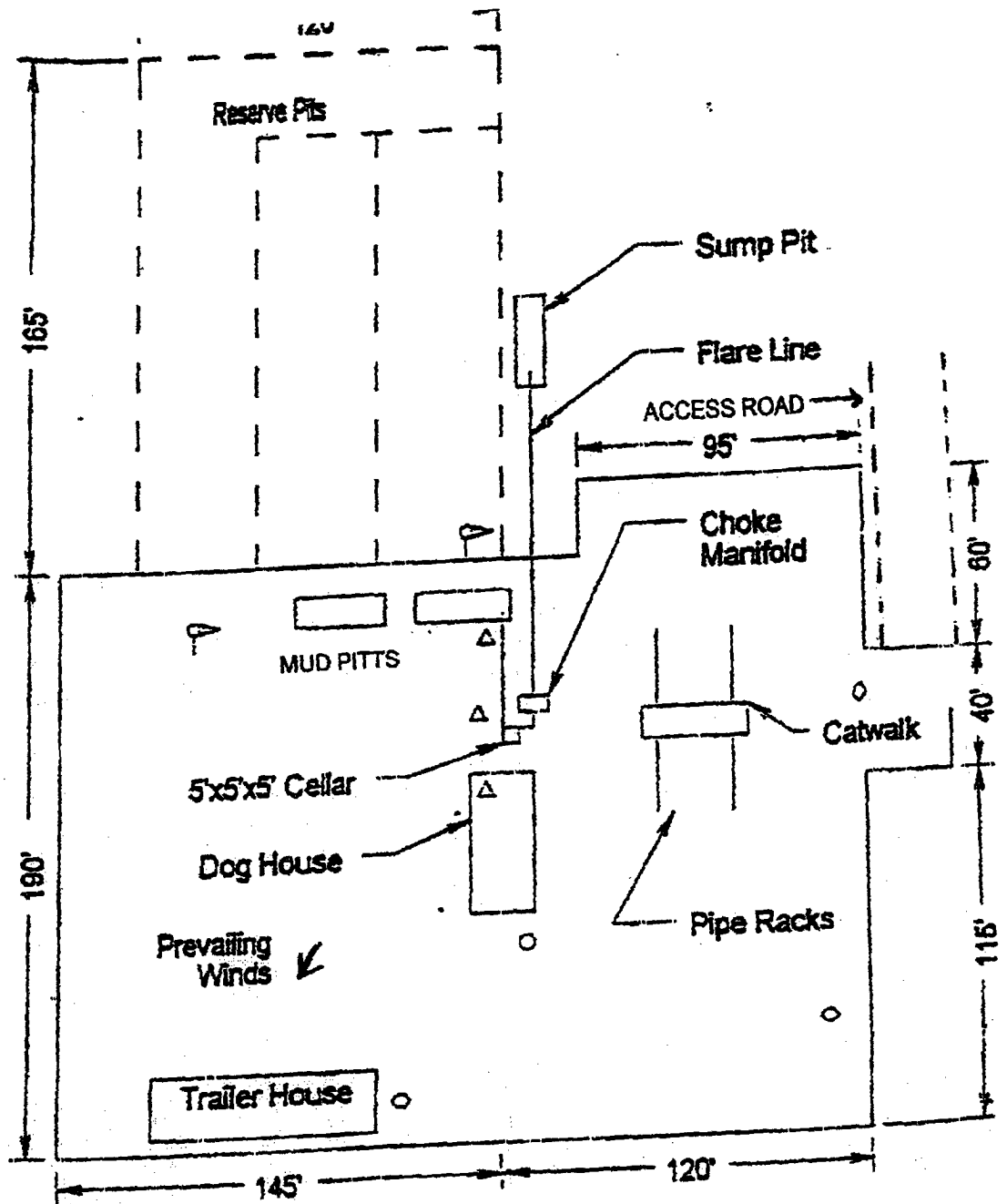
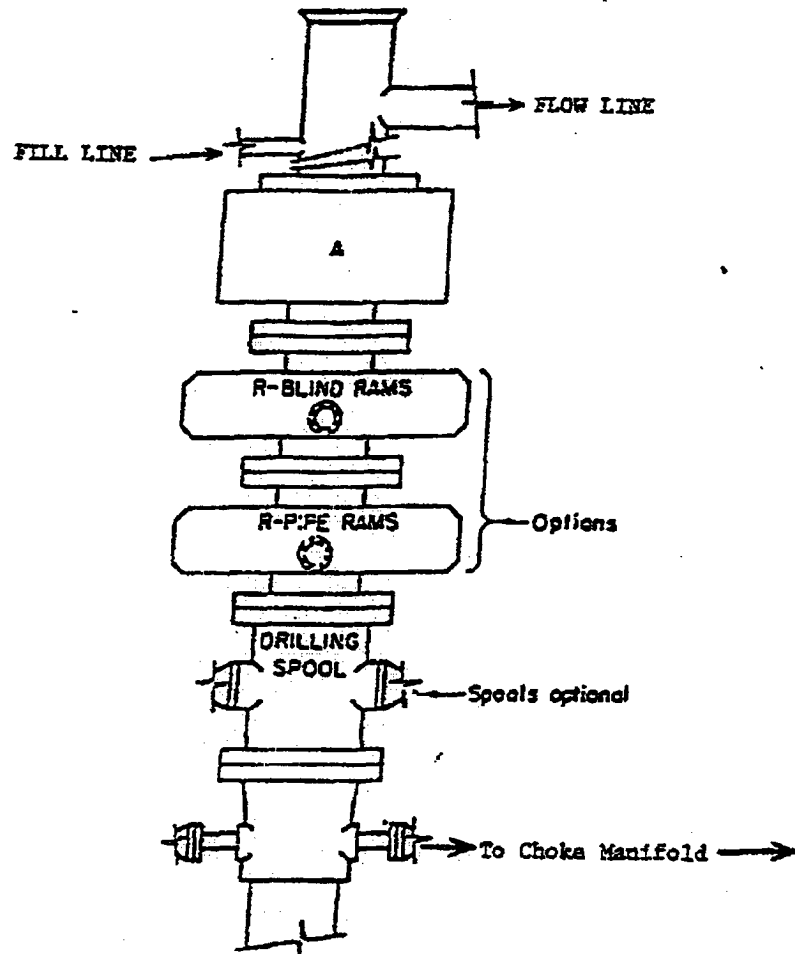


Exhibit C



- △ Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

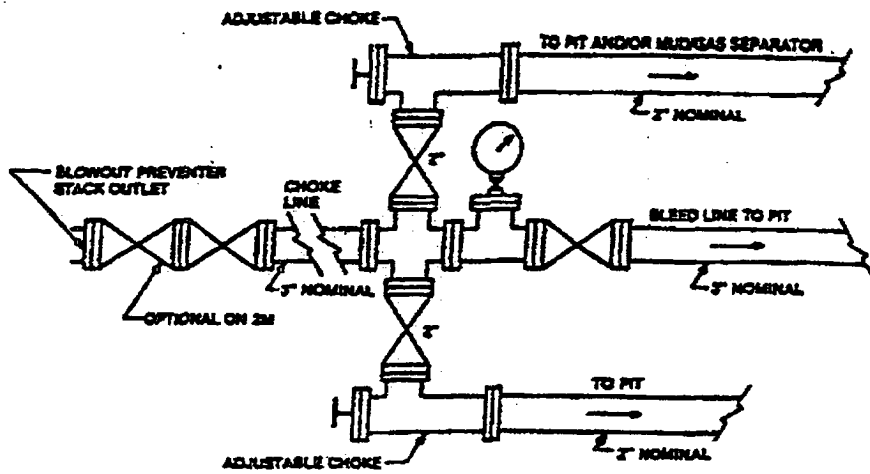
Exhibit D - Rig Layout Plan  
 Gruy Petroleum Management Co.  
 Cagle C Federal Com No. 6  
 Unit C-Section 10-T26S-R37E 660' FNL & 1977' FWL  
 Lea County, NM



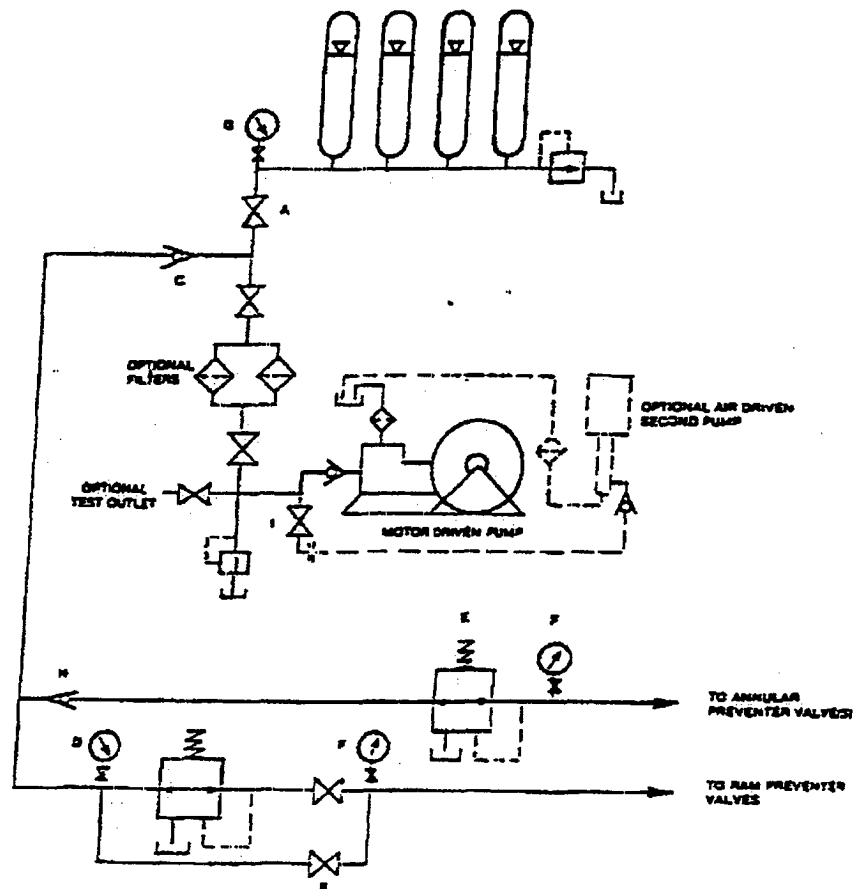
**ARRANGEMENT SBRA**

900 Series  
3000 PSI WP

**Exhibit E - Blowout Preventor**  
Gruy Petroleum Management Co.  
Cagle C Federal Com No. 6  
Unit C-Section 10-T26S-R37E  
660' FNL & 1977' FWL  
Lea County, NM



Typical choke manifold assembly for 3M WP system



**Exhibit E1 – Choke Manifold**  
 Gruy Petroleum Management Co.  
 Cagle C Federal Com No. 6

Unit C-Section 10-T26S-R37E 660' FNL & 1977' FWL  
 Lea County, NM

District I  
1625 N. French Dr. Hobbs NM 88240  
District II  
1301 W. Grand Avenue Artesia NM 88210  
District III  
1000 Rio Brazos Road 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 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144  
March 12, 2004

For drilling and production facilities, submit to  
appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe  
office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Gruy Petroleum Management Co. Telephone: 972-443-6489 e-mail address: zfarris@magnumhunter.com

Address: P.O. Box 140907, Irving, Tx 75014-0907

Facility or well name: Cagle C Federal Com No. 6 API #: 30-025 U/I or Qtr/Qtr C Sec. 10 T26S R37E

County: Lea Latitude 320347.10N Longitude 1030908.77W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/> Volume bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled with leak detection? Yes <input type="checkbox"/> If not explain why not: _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source or less than 1000 feet from all other water sources)	Yes (20 points) No (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points)
	Ranking Score (Total Points) -0-

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite name of facility: \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and end date (4) Groundwater encountered: No ☐ Yes ☐ If yes show depth below ground surface \_\_\_\_\_ ft. and attach sample results (5) Attach soil sample results and a diagram of sample locations and excavations

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 07-01-05

Printed Name/Title Zeno Farris Manager Operations Administration

Signature

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations

Approval:

JUL 01 2005

Printed Name/Title

PETROLEUM ENGINEER

Signature