

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address GRUY PETROLEUM MANAGEMENT CO. PO BOX 140907 IRVING , TX 750140907		2. OGRID Number 162683
		3. API Number 30-025-37758
4. Property Code 35522	5. Property Name WAPITI 32 STATE COM	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	32	18S	34E	N	990	S	1650	W	LEA

8. Pool Information

LA RICA, MORROW, WEST (GAS)	79830
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3871
14. Multiple N	15. Proposed Depth 14000	16. Formation Morrow	17. Contractor	18. Spud Date 4/15/2006
Depth to Ground water 100		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 12000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	425	490	0
Int1	12.25	9.625	40	3500	1050	0
Prod	8.75	5.5	17	14000	1620	2700

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Cameron

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
	Approved By: Paul Kautz
Printed Name: Electronically filed by Zeno Farris	Title: Geologist
Title: Manager Operations Administration	Approved Date: 3/20/2006 Expiration Date: 3/20/2007
Email Address: zfarris@magnumhunter.com	
Date: 3/17/2006 Phone: 972-443-6489	Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Santa Fe, NM 87505

Form C-102
 Permit 25415

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37758	2. Pool Code 79830	3. Pool Name LA RICA,MORROW, WEST (GAS)
4. Property Code 35522	5. Property Name WAPITI 32 STATE COM	6. Well No. 002
7. OGRID No. 162683	8. Operator Name GRUY PETROLEUM MANAGEMENT CO.	9. Elevation 3871

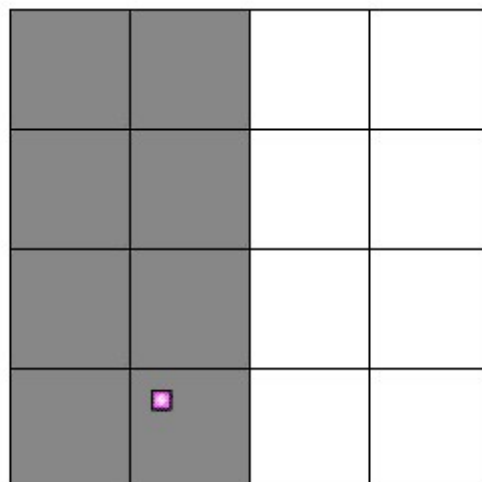
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	32	18S	34E		990	S	1650	W	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code Communitization		15. 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



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(s) or has a right to drill this well at this 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.

E-Signed By: Zeno Farris
 Title: Manager Operations Administration
 Date: 3/17/2006

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 Jones
 Date of Survey: 3/16/2006
 Certificate Number: 7977

Permit Comments

Operator: GRUY PETROLEUM MANAGEMENT CO. , 162683

Well: WAPITI 32 STATE COM #002

API: 30-025-37758

Created By	Comment	Comment Date
NKRUEGER	C-144 will be emailed to Donna Mull.	3/15/2006
NKRUEGER	H2S statement will be emailed to Donna Mull.	3/17/2006
ZFARRIS	Gruy's predecessors Tom Brown/Matador farmed out the Wapiti 32 State Com # 1 borehole only to Nearburg. Gruy has a contractual right to operate any further development in this spacing.	3/17/2006
DMULL	Form C-144, Pit refistration and letter on H2s submitted.	3/20/2006

Permit Conditions of Approval

Operator: GRUY PETROLEUM MANAGEMENT CO. , 162683

Well: WAPITI 32 STATE COM #002

API: 30-025-37758

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	prior to any pit construction notify Gary Wink at 505-393-6161 ext 114