

6-17-05 DATE IN	SUSPENSE	STOBNER ENGINEER	6-20-05 LOGGED IN	NSL TYPE	PSEM0517133960 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☒ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 Print or Type Name

James Bruce
 Signature

Attorney for Applicant
 Title

jamesbruc@aol.com
 e-mail Address

6/17/05
 Date

2005 JUN 17 PM 12 57

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

June 17, 2005

Hand delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.D(2), Gruy Petroleum Management Company applies for approval of an unorthodox gas well location for the following well:

<u>Well:</u>	Grayburg Deep Unit Well No. 20
<u>Location:</u>	1640 feet FSL & 2100 feet FEL
<u>Well unit:</u>	S½ §19-17S-30E, Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation (Sand Tank-Morrow Gas Pool). The Atoka formation is a secondary zone (Sand Tank-Atoka Gas Pool), and applicant requests unorthodox location approval in both formations. The pools are spaced on statewide rules, with 320 acre spacing and wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line. An APD, with a Form C-102 for each zone, is attached as Exhibit A.

(Applicant also intends to drill its Grayburg Deep Unit Well No. 17 in the NW¼SW¼ §19. A separate unorthodox location application will be filed for that well.)

The location is based on geologic and topographic reasons. Applicant initially proposed to drill the well at an orthodox location 1310 feet FSL and 1980 feet FEL. Attached as Exhibit B are isopach maps of the Middle Morrow and Lower Morrow zones. The well was initially placed in the SW¼SE¼ §19 to locate the well where it could adequately test both Morrow zones. Moving the well to the east will risk missing the Lower Morrow. As a result, applicant does not want to move the well to the E½SE¼.

The acreage is federal, and the Bureau of Land Management requested that the well be moved 330 feet north of the original location to avoid a dry playa area, and 120 feet west to avoid electric lines and pipelines. See Exhibit C.

The unorthodox location is internal to the well unit. Therefore, notice of this application is not required to be given to anyone, and applicant requests a waiver of the 20 day notice period.

Please contact me if you need any further information on this application.

Very truly yours,

A handwritten signature in black ink, appearing to read "James Bruce", with a stylized flourish at the end.

James Bruce

Attorney for Gruy Petroleum Management Company

OPERATOR'S COPY

Form 3180-3
(July 1992)

SUBMIT IN TRIPLICATE*

FORM APPROVED
OMB NO. 1004-0136

Expires: February 28, 1995

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

(Other instructions on
reverse side)

5. LEASE DESIGNATION AND SERIAL NO.

LC 028784-B 628793A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b. TYPE OF WELL

OIL ☐

GAS ☒

SINGLE ☒

MULTIPLE ☐

WELL

WELL

OTHER

ZONE

ZONE

2. NAME OF OPERATOR

Gruy Petroleum Management Co.

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.)

1640' FSL & 2100' FEL Sec. 19-17S-30E

7. UNIT AGREEMENT NAME

Grayburg Deep Unit 11M 70954X

8. FARM OR LEASE NAME, WELL NO.

Grayburg Deep Unit No. 20

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT

Sand Tank Morrow

11. SEC. T., R., M., BLOCK AND SURVEY

OR AREA

Sec. 19 T17S R30E

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

26 miles East of Artesia

12. COUNTY OR PARISH

Eddy

13. STATE

NM

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, T.O.
(Also to nearest drig. unit line, if any)

1640'

16. NO. OF ACRES IN LEASE

624.52

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

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

N/A

19. PROPOSED DEPTH

12500'

20. ROTARY OR CABLE TOOLS

Rotary

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

3619' GR

Known Controlled Water Basin

22. APPROX. DATE WORK WILL START*

06-30-05

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	J-55 13 3/8"	54.5 #	350' - 500' *	490 sx circulate
12-1/4"	P-110/N-80 9 5/8"	40 #	4000'	1200 sx circulate
7-7/8"	P-110 5 1/2"	17 #	12500'	1620 sx TOC 2700'

*Set surface casing 25' into the top of the Rustler, which is estimated to be between 350' and 500'.

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 - psi BOP system. We are requesting a variance for the 13 3/8" surface casing and BOP testing from Onshore Order No. 2, which states all casing strings below the conductor shall be pressure tested to .22 psi per foot or 1500#, whichever is greater, but not to exceed 70% of the manufacturer's stated maximum internal yield. During the running of the surface pipe and the drilling of the intermediate hole we do not anticipate any pressures greater than 1000#, and we are requesting a variance to test the 13 3/8" casing and BOP system to 1000# psi and use rig pumps instead of an independent service company.

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 Zeno Furry TITLE Mgr. Ops. Admin

DATE 05-05-05

(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 Lee J. Lane Acting TITLE FIELD MANAGER

DATE 5/26/05

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR



State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOBBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

1301 V. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
		Sand Tank; Atoka
Property Code	Property Name	Well Number
	GRAYBURG DEEP UNIT	20
OGRID No.	Operator Name	Elevation
162683	GRUY PETROLEUM MANAGEMENT COMPANY	3619'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	19	17-S	30-E		1640	SOUTH	2100	EAST	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	Joint or Infill	Consolidation Code	Order No.
320	Y		

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>LOT 1 37.43</p> <p>37.43 AC. LOT 2 37.43</p> <p>37.43 AC. LOT 3 660'</p> <p>445' SHL</p> <p>Grayburg Deep Unit #17</p> <p>37.41 AC. LOT 4 1990'</p> <p>37.41 AC.</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=661151.5 N X=599618.6 E</p> <p>LAT.=32°49'01.82" N LONG.=104°00'32.65" W</p> <p>Grayburg Deep Unit #20</p> <p>3624.2' 3621.3'</p> <p>800'</p> <p>2100'</p> <p>3617.7' 3619.2'</p> <p>1640'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Zeno Farris</i></p> <p>Signature</p> <p>Zeno Farris</p> <p>Printed Name</p> <p>Mgr Operations Admin</p> <p>Title</p> <p>June 15, 2005</p> <p>Date</p>
<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 4, 2005</p> <p>Date Surveyed LA</p> <p>Signature <i>GARY EDSON</i></p> <p>Professional Surveyor</p> <p><i>GARY EDSON</i></p> <p>NEW MEXICO</p> <p>05.11.05090</p> <p>4/8/05</p> <p>Certificate No. GARY EDSON 12841</p> <p>REGISTERED PROFESSIONAL SURVEYOR</p>		

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOHHS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name Sand Tank; Morrow
Property Code	Property Name GRAYBURG DEEP UNIT	Well Number 20
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3619'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	19	17-S	30-E		1640	SOUTH	2100	EAST	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	Joint or Infill	Consolidation Code	Order No.
320	Y		

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>LOT 1</p> <p>37.43 AC. LOT 2</p> <p>37.43 AC. LOT 3</p> <p>660'</p> <p>445'</p> <p>37.41 AC. LOT 4</p> <p>1990'</p> <p>37.41 AC.</p> <p>Grayburg Deep Unit #17</p> <p>Grayburg Deep Unit #20</p> <p>3624.2'</p> <p>3621.3'</p> <p>600'</p> <p>3617.7'</p> <p>3619.2'</p> <p>1840'</p> <p>2100'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Zeno Farris</i></p> <p>Signature</p> <p>Zeno Farris</p> <p>Printed Name</p> <p>Mgr Operations Admin</p> <p>Title</p> <p>June 15, 2005</p> <p>Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 4, 2005</p> <p>Date Surveyed</p> <p>LA</p> <p>Signature</p> <p>GARY EIDSON</p> <p>Professional Surveyor</p> <p>NEW MEXICO</p> <p>05.11.050905</p> <p>Certificate No. GARY EIDSON 12841</p>
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GRUY PETROLEUM MANAGEMENT CO.

COMBINED EDDY AND LEA COUNTIES, NM

HIGH LONESOME PROSPECT

ISOPACH MAP

NET MID. MORROW REFLEX SAND >4% PHI



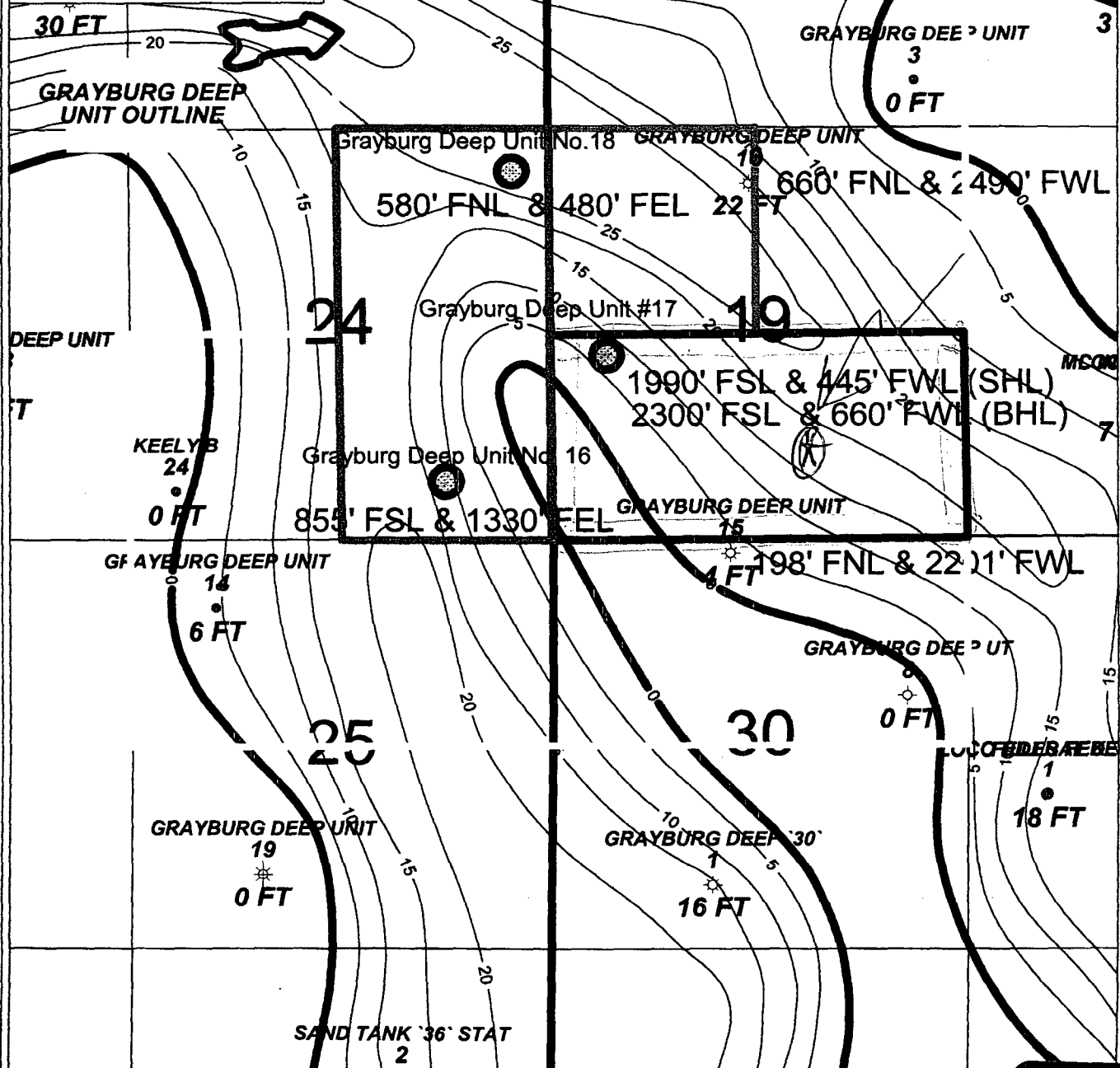
POSTED WELL DATA

Wall Name
Wall Number

REFLEX_SAND - NET_P

REMARKS
ISOPACH: C 1 = 5'
ONLY WELLS > 8000' SPOTTED ON MAP

June 15, 2005



GRUY PETROLEUM MANAGEMENT CO.

COMBINED EDDY AND LEA COUNTIES, NM

HIGH LONESOME PROSPECT

ISOPACH MAP

NET LW MORROW GREEN SAND >4% PHI

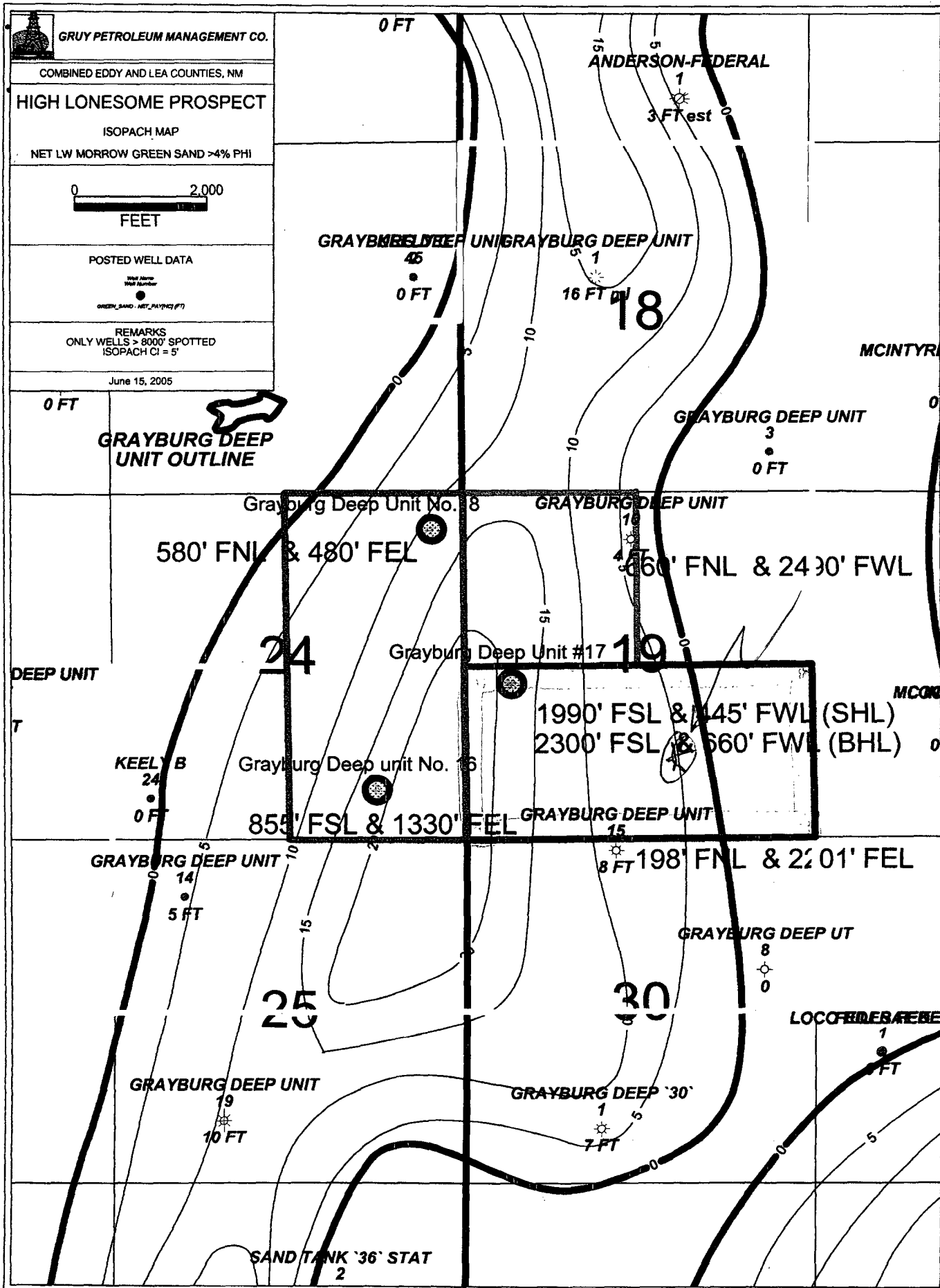


POSTED WELL DATA

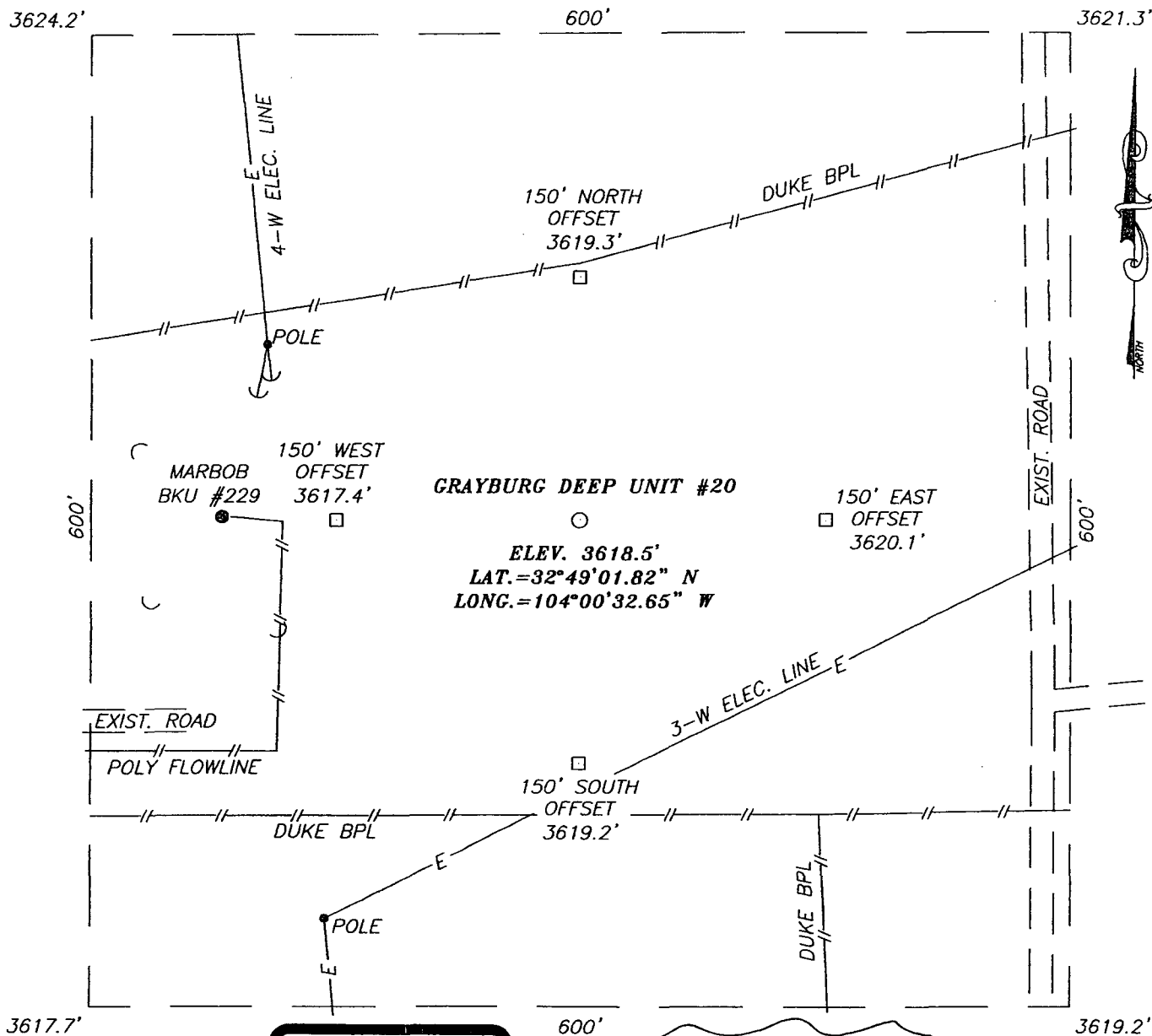
Well Name
Well Number
●
GREEN_SAND - NET_P

REMARKS
ONLY WELLS > 8000' SPOTTED
ISOPACH CI = 5'

June 15, 2005

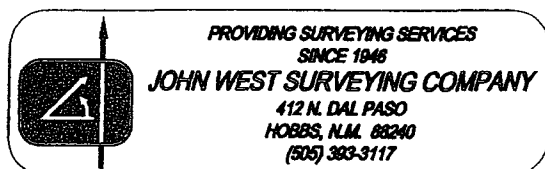


SECTION 19, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

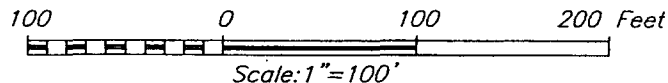


DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HIGHWAY #82
AND GENERAL AMERICAN ROAD WEST OF LOCO
HILLS GO EAST 0.5 MILES. TURN RIGHT AND GO
SOUTH 0.2 MILES. TURN LEFT AND GO EAST 0.1
MILES TO THE BKU #229 WELL. PROPOSED WELL
IS 200' EAST.



Original Well Spot • 1310 FSL
1980 FEL
Dry Playa Area



GRUY PETROLEUM MANAGEMENT COMPANY

GRAYBURG DEEP UNIT #20 WELL
LOCATED 1640 FEET FROM THE SOUTH LINE
AND 2100 FEET FROM THE EAST LINE OF SECTION 19,
TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 4/4/05		Sheet 1 of 1 Sheets	
W.O. Number: 05.11.0509		Dr By: LA	Rev 1:N/A
Date: 4/06/05	Disk: CD#4	05110509	Scale: 1"=100'