

DATE IN 7/28/06	SUSPENSE	ENGINEER MIKE STONER	LOGGED IN 7/28/06	TYPE NSL	APP NO. PTD50620956048
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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.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504
 Print or Type Name

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

Signature

Attorney for Applicant

Title

Date

jamesbruc@aol.com

e-mail Address

2006 JUL 28 PM 12 46

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

July 28, 2006

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

Re: Request to amend Division Administrative Order NSL-5288

Dear Mr. Stogner:

Cimarex Energy Co. of Colorado (formerly Gruy Petroleum Management Company) applied for approval of an unorthodox gas well location for the following well:

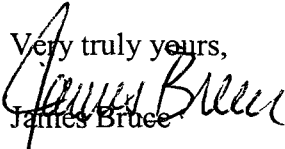
<u>Well:</u>	Pipeline Deep 6 Fed. Well No. 1
<u>Location:</u>	2300 feet FSL and 1750 feet FEL
<u>Well unit:</u>	S½ §6-19S-34E, Lea County, New Mexico

A copy of the original application and order NSL-5288 are enclosed. Applicant moved the location 100 feet to the east, so that the location is now 2300 feet FSL and 1650 feet FEL. The location was moved due to the size of the rig used to drill the well. See Exhibit A. The well has been completed as a marginal producer. Exhibit B.

Because the location was moved east-west, no additional notice has been given of this amended application. However, as noted in the original application, interest ownership in the N½ is common with ownership in the S½.

I THINK I FILED A SIMILAR REQUEST LAST DECEMBER, BUT CAN'T LOCATE AN AMENDED ORDER. See Exhibit C. Please contact me if you need any further information on this application.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co. of Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

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)
Section 6-T19S-R34E
2300' FSL & 1650' FEL

5. Lease Serial No.
NM 4313

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Pipeline Deep 6 Fed No. 1

9. API Well No.
30-025-

10. Field and Pool, or Exploratory Area
Quail Ridge; Morrow, North

11. County or Parish, State

Lea, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 type="checkbox"/> Other
	<input checked="" 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.)

In order to accomodate the size of the newly approved Cactus Rig 122, Gruy must move its location for this well 100' East.

The well's new location is still within the guidelines of its approved POD

Please see the attached plats showing the new location.

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

Natalie Krueger

Title
Reg Tech

Signature

Date
November 14, 2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Acting FIELD MANAGER

Date

11/23/05

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.

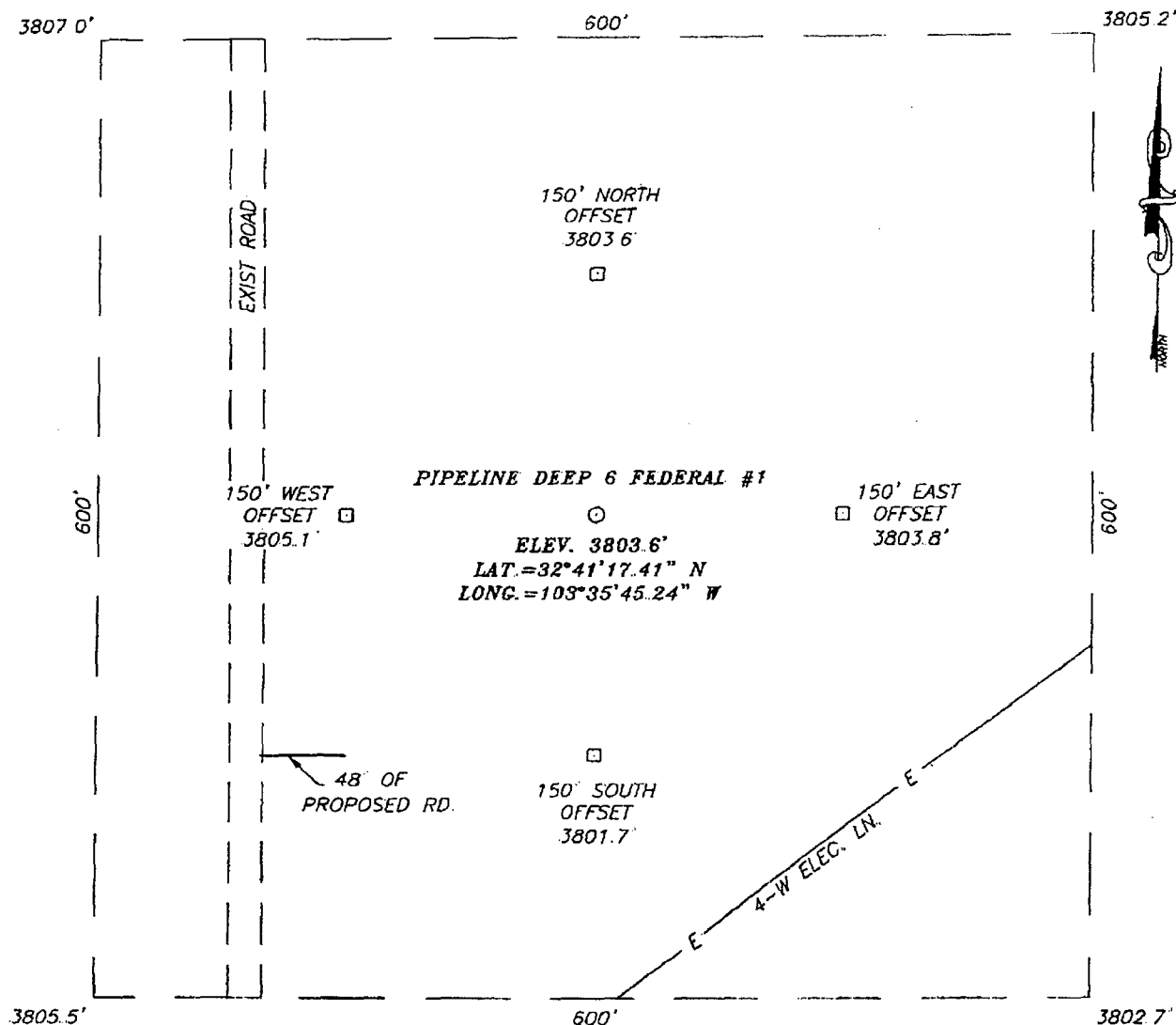
Office
CARLSBAD FIELD OFFICE

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)

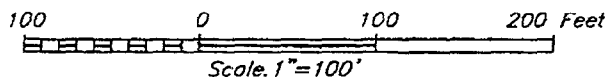
EXHIBIT A

SECTION 6, TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

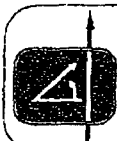
FROM THE INTERSECTION OF U.S. HWY. #62-180 AND CO. RD. H-27 (MARATHON RD.) GO WEST ON U.S. HWY. #62-180 FOR APPROX. 3.8 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT AND FOLLOW ROAD APPROX. 3.6 MILES TO A "T" INTERSECTION. TURN LEFT (WEST) AND GO APPROX. 0.2 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 3.2 MILES. THIS LOCATION IS APPROX. 200' EAST OF ROAD.



GRUY PETROLEUM MANAGEMENT COMPANY

PIPELINE DEEP 6 FEDERAL #1 WELL
LOCATED 2300 FEET FROM THE SOUTH LINE
AND 1650 FEET FROM THE EAST LINE OF SECTION 6,
TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 11/09/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1753	Dr By: J.R.
Date: 11/11/05	Disk: CD#5
05111753	Scale: 1"=100'



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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

FOR APPROVED
OMB NO. 1004-0137
Expires: December 31, 1991

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other _____				5. LEASE DESIGNATION AND SERIAL NO. NM-4313	
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> PERFORATION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. REMOVAL <input type="checkbox"/> Other _____				6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Cimarex Energy Co. of Colorado				7. UNIT AGREEMENT NAME Pipeline Deep Unit	
3. ADDRESS AND TELEPHONE NO. P O Box 140907 Irving Tx. 75014-0907				8. FARM OR LEASE NAME, WELL NO. Pipeline Deep 6 Federal No. 1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 2300' FSL & 1650' FEL At top prod. interval reported below 2300' FSL & 1650' FEL At total depth 2300' FSL & 1650' FEL				9. API WELL NO. 30-025-37547	
14. PERMIT NO. _____ DATE ISSUED _____				10. FIELD AND POOL, OR WILDCAT Quail Ridge; Morrow, North (Gas)	
15. DATE SPUDDED 01-09-06				11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA J-6-19S-34E	
16. DATE T.D. REACHED 02-21-06				12. COUNTY OR PARISH Lea	
17. DATE COMPL. (Ready to prod.) 05-17-06				13. STATE NM	
18. ELEVATIONS (DF, RHB, RT, GR, ETC.)* 3606' GR				19. ELEV. CASINGHEAD	
20. TOTAL DEPTH, MD & TVD 13576'		21. PLUG, BACK T.D., MD & TVD 13446'		22. IF MULTIPLE COMPL., HOW MANY*	
23. INTERVALS DRILLED BY All				24. ROTARY TOOLS	
25. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* Quail Ridge; Morrow, North (Gas) 13039' - 13263'				26. CABLE TOOLS	
27. TYPE ELECTRIC AND OTHER LOGS RUN Dual Spaced Neutron GRL, Dual Laterlog Micro Guard, Cement Bond Log				28. WAS DIRECTIONAL SURVEY MADE Yes	
29. WAS WELL CORED No				30. WAS WELL Cased	
29. CASING RECORD (Report all strings set in well)					
CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
13-3/8" H-40	48#	434'	17-1/2"	410 sx circ 134 sx	
9-5/8" J-55	40#	3431'	12-1/4"	1700 sx circ 302 sx	
5-1/2" P-110	17#	13576'	8-3/4"	2240 sx TOC 4150'	
30. LINER RECORD					
SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)	
31. TUBING RECORD					
SIZE	DEPTH SET (MD)	PACKER SET (MD)			
2-3/8"	12295'	12295'			
32. PERFORATION RECORD (Interval, size and number)					
13039' - 13044' 2 SPF 10 holes					
13051' - 13057' 1 SPF 6 holes					
13160' - 13163' 3 SPF 9 SPF					
13250' - 13252' 4 SPF 8 holes					
13261' - 13263' 4 SPF 8 holes					
33. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.					
DEPTH INTERVAL (MD)			AMOUNT AND KIND OF MATERIAL USED		
13039' - 13263'			65000 gal 65-61Q 45# Water Frac CMHPG w/ 48500# Ultraprop		
34. PRODUCTION					
DATE FIRST PRODUCTION 05-17-06		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing		WELL STATUS (Producing or shut-in) Producing	
DATE OF TEST 06-02-06	HOURS TESTED 24	CHOKE SIZE WO	PROD'N. FOR TEST PERIOD Oil—BBL 3	GAS—MCF 62	WATER—BBL 3
FLOW. TUBING PRESS. 650	CASING PRESSURE 0	CALCULATED 24-HOUR RATE →	GAS—MCF →	WATER—BBL →	OIL GRAVITY-API (CORR.) 20667
35. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Sold					TEST WITNESSED BY
36. LIST OF ATTACHMENTS Electric logs and Inclination Summary					
37. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records					
SIGNED <u>Natalie Kneige</u>		TITLE <u>Reg Analyst 1</u>		DATE <u>06-21-06</u>	

*(See Instructions and Spaces for Additional Data on Reverse Side)

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.

EXHIBIT B

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);				38. GEOLOGIC MARKERS		
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TRUE VERT. DEPTH
Yates	3265'					
Queen	4430'					
Delaware	5760'					
Bone Spring	7825'					
Wolfcamp	10740'					
Strawn	12100'					
Atoka	12500'					
Morrow Clastics	13125'					



CACTUS DRILLING COMPANY, L.L.C.

REPORT OF PROOF OF APPARENT DEVIATION
NEW MEXICO

OPERATOR GRUY PETROLEUM MANAGEMENT CO.
800 EAST LAS COLINAS BLVD. STE 1100
IRVING, TX 75039

FIELD NAME _____

COUNTY/PARISH LEA _____

WELL NAME & NO. PIPELINE DEEP 6 FEDERAL #1

LEGAL SEC 6-19N-34W

MEASURED DEPTH (FT)	COURSE LENGTH (HUNDREDS OF FT)	ANGLE OF INCLINATION (DEGREES)	DISPLACEMENT PER HUNDRED FT (SINE OF ANGLE X 100)	COURSE DISPLACEMENT (FEET)	ACCUMULATIVE DISPLACEMENT (FEET)	REMARKS
122	1.22	1/5	0.3316	0.40	0.40	
246	1.24	3/7	0.7505	0.93	1.34	
402	1.56	1/6	0.2793	0.44	1.77	
603	2.01	1/4	0.4363	0.88	2.65	
712	1.09	1/2	0.8727	0.95	3.60	
871	1.59	1/4	0.4363	0.89	4.29	
1052	1.81	1/2	0.8727	1.58	5.87	
1203	1.51	1/2	0.8727	1.32	7.19	
1471	2.68	1/2	0.8727	2.34	9.53	
1766	2.95	1/2	0.8727	2.57	12.10	
2262	4.96	1/2	0.8727	4.33	16.43	
2747	4.85	1/4	0.4363	2.12	18.55	
3253	5.06	1/4	0.4363	2.21	20.76	
3400	1.47	1/4	0.4363	0.64	21.40	
3638	2.38	1	1.7452	4.15	25.55	
4227	5.89	1	1.7452	10.28	35.83	
4383	1.56	1	1.7452	2.72	38.55	
4614	2.31	1	1.7452	4.03	42.58	
5013	3.99	1	1.7452	6.96	49.55	
5405	3.92	1	1.7452	6.84	56.39	
5776	3.71	1	1.7452	6.47	62.86	
6157	3.81	1	1.7452	6.65	69.51	
6516	3.59	1	1.7452	6.27	75.78	
6918	4.02	1	1.7452	7.02	82.79	
7300	3.82	1	1.7452	6.67	89.46	
7698	3.98	1	1.7452	6.95	96.41	
8111	4.13	1	1.7452	7.21	103.62	
8487	3.76	1 1/2	2.6177	9.84	113.46	
8670	1.83	1	1.7452	3.19	116.65	
9045	3.75	1	1.7452	6.54	123.20	
9455	4.10	1	1.7452	7.16	130.35	
9801	3.46	1/2	0.8727	3.02	133.37	
9990	1.89	1	1.7452	3.30	136.67	
10146	1.56	1	1.7452	2.72	139.39	
10305	1.59	1	1.7452	2.77	142.17	
10717	4.12	1	1.7452	7.19	149.36	
10884	1.67	1	1.7452	2.91	152.27	
11223	3.39	1	1.7452	5.92	158.19	
11426	2.03	1	1.7452	3.54	161.73	
11634	2.08	1/2	0.8727	1.82	163.55	
11823	1.89	1	1.7452	3.30	166.84	
12216	3.93	1/2	0.8727	3.43	170.27	
12395	1.79	1/2	0.8727	1.56	171.84	
13145	7.50	0	0.0000	0.00	171.84	
13376	2.31	0	0.0000	0.00	171.84	

LESLIE N. KIDD
Oklahoma County
Notary Public in and for
State of Oklahoma
Commission # 03003457 Expires 2/27/07

Leslie N. Kidd
6-14-2006

6/13/2006

P.O. Box 270848 • Oklahoma City, OK 73137-0848
(405) 577-5347 • Fax (405) 577-9306

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1825 N. FRENCH DR., HOBBES, 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 30-025-37547	Pool Code	Pool Name Quail Ridge; Morrow, North (Gas)
Property Code	Property Name PIPELINE DEEP 6 FEDERAL	Well Number 1
OGRID No. 162683	Operator Name Cimarex Energy Co. of Colorado	Elevation 3804'

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	6	19-S	34-E		2300	SOUTH	1650	EAST	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 316	Joint or Infill Y	Consolidation Code U	Order No. NSL-5288						

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

LOT 4 43.27 AC LOT 5	LOT 3 45.30 AC GEODETIC COORDINATES NAD 27 NME Y=614855.3 N X=726879.3 E LAT.=32°41'17.41" N LONG.=103°35'45.24" W	LOT 2 45.16 AC	LOT 1 45.03 AC	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief <i>Zeno Farris</i> Signature Zeno Farris Printed Name Mgr Operations Admin Title June 21, 2006 Date
LOT 6 38.06 AC	3807.0' 3805.2' 600' 3805.5' 3802.7' 2300' Pipeline Deep 6 Fed #1			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 NOVEMBER 9, 2005 Date Surveyed JR Signature & Seal of Professional Surveyor Certificate No. GARY EDISON 12641 RONALD J. EDISON 3239
LOT 7 38.02 AC Pipeline Deep Unit Fed #4 1980'	37.98 AC			

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

December 18, 2005

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

Re: Request to amend Division Administrative Order NSL-_____

Dear Mr. Stogner:

Gruy Petroleum Management Company applied for approval of an unorthodox gas well location for the following well:

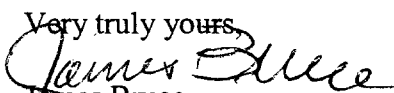
<u>Well:</u>	Pipeline Deep 6 Fed. Well No. 1
<u>Location:</u>	2300 feet FSL and 1750 feet FEL
<u>Well unit:</u>	S½ §6-19S-34E, Lea County, New Mexico

A copy of the original application is enclosed (I could not locate an order in my file, but I know that it was approved). Applicant requests approval to move the location 100 feet to the east, so that the location is now 2300 feet FSL and 1650 feet FEL. The location was moved due to the size of the rig used to drill the well. See Exhibit A.

Because the location is being moved east-west, no additional notice has been given of this amended application. However, as noted in the original application, interest ownership in the N½ is common with ownership in the S½.

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

Very truly yours,


James Bruce

Attorney for Gruy Petroleum Management Company

EXHIBIT C



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 20, 2005

Mark Fesmire

Director

Oil Conservation Division

Gruy Petroleum Management Company

c/o James Bruce

P. O. Box 1056

Santa Fe, New Mexico 87504

RECEIVED

OCT 31 2005

MAILROOM

Administrative Order NSL-5288

Dear Mr. Bruce:

Reference is made to the following: (i) your application filed on behalf of the operator, Gruy Petroleum Management Company of Irving, Texas ("Gruy"), and submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on September 28, 2005 (*pSEM0-527231336*); and (ii) the Division's records in Santa Fe: all concerning Gruy's request for an unorthodox Morrow gas well location for its proposed Pipeline Deep "6" Federal Well No. 1 to be drilled 2300 feet from the South line and 1750 feet from the East line (Unit J) of Section 6, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

Lots 6 and 7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 6 is to be dedicated to this well in order to form a standard 316 00-acre gas spacing unit within the North Quail Ridge-Morrow Gas Pool (83320).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location for Gruy's proposed Pipeline Deep "6" Federal Well No. 1 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs

U. S. Bureau of Land Management – Carlsbad

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

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

Signature

Attorney for applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

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

September 28, 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 Rule 104.F(2), Gruy Petroleum Management Company applies for approval of an unorthodox gas well location for the following well:

<u>Well:</u>	Pipeline Deep 6 Fed. Well No. 1
<u>Location:</u>	2300 feet FSL and 1750 feet FEL
<u>Well unit:</u>	S½ §6-19S-34E, Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation (North Quail Ridge-Morrow-Gas Pool). Under Order No. R-5378, the pool is spaced on statewide rules (320 acres, with 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, is attached as Exhibit A.

The location is based on topographic and engineering reasons. Applicant originally planned to drill the well at a location 1980 feet FSL, but a powerline runs east-west at that approximate location. Applicant prefers to move the well north of the powerline, rather than south, to move away from the existing Pipeline Deep Unit Well No. 4, located 660 feet FSL and 1980 feet FWL of Section 6, which is currently TA'd. See Exhibit A. In addition, there is a dry hole in Lot 2 of Section 6, and the proposed location will help prove up any potential location in the N½ of Section 6.

Attached as Exhibit B is a land plat. Section 6 is entirely Federal land, with separate leases covering the N½N½, and S½N½ and S½, of Section 6. Interest ownership is uniform in the two leases. However, the southern 480 acres is in the Pipeline Deep Unit, in which wells are drilled

on a drill block basis. Therefore, to be safe, notice of this application has been given to the interest owners other than Magnum Hunter Production, Inc. See Exhibit C.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in dark ink and is positioned above the printed name "James Bruce".

James Bruce

Attorney for Gruy Petroleum Management Company

OPERATOR'S COPY

Form 3180-3

(July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*

(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 ☒

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.)

2300' FSL & 1750' FEL

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

31 miles West of Hobbs NM

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

1750'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320 330.19

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

NA

19. PROPOSED DEPTH

14000

20. ROTARY OR CABLE TOOLS

Rotary

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

3606' GR

Capitan Controlled Water Basin

22. APPROX. DATE WORK WILL START*

12-15-04

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#	425'	490 sx Onshore
12 1/4"	NS-110 9 5/8"	40 #	3500'	1850 sx CIRC SURF
7 7/8"	P-110 5 1/2"	17 #	14000'	1620 sx TOC 2700

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 manufactures 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 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

Zero Farris

TITLE

Mgr. Ops. Admin

DATE

08-05-04

(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 D. Lara Acting

TITLE

FIELD MANAGER

DATE

2/25/05

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED



DISTRICT I
1825 E. French Dr. Hobbs NM 88240
DISTRICT II
811 South First Artesia NM 88210
DISTRICT III
1090 Rio Brazos Rd., Aztec NM 87410
DISTRICT IV
2040 South Pacheco Santa Fe NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 83320	Pool Name Quail Ridge; Morrow, North (Gas)
Property Code	Property Name PIPELINE DEEP "6" FEDERAL	Well Number 1
OGED No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3606'

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	6	19 S	34 E		2300	SOUTH	1750	EAST	LEA

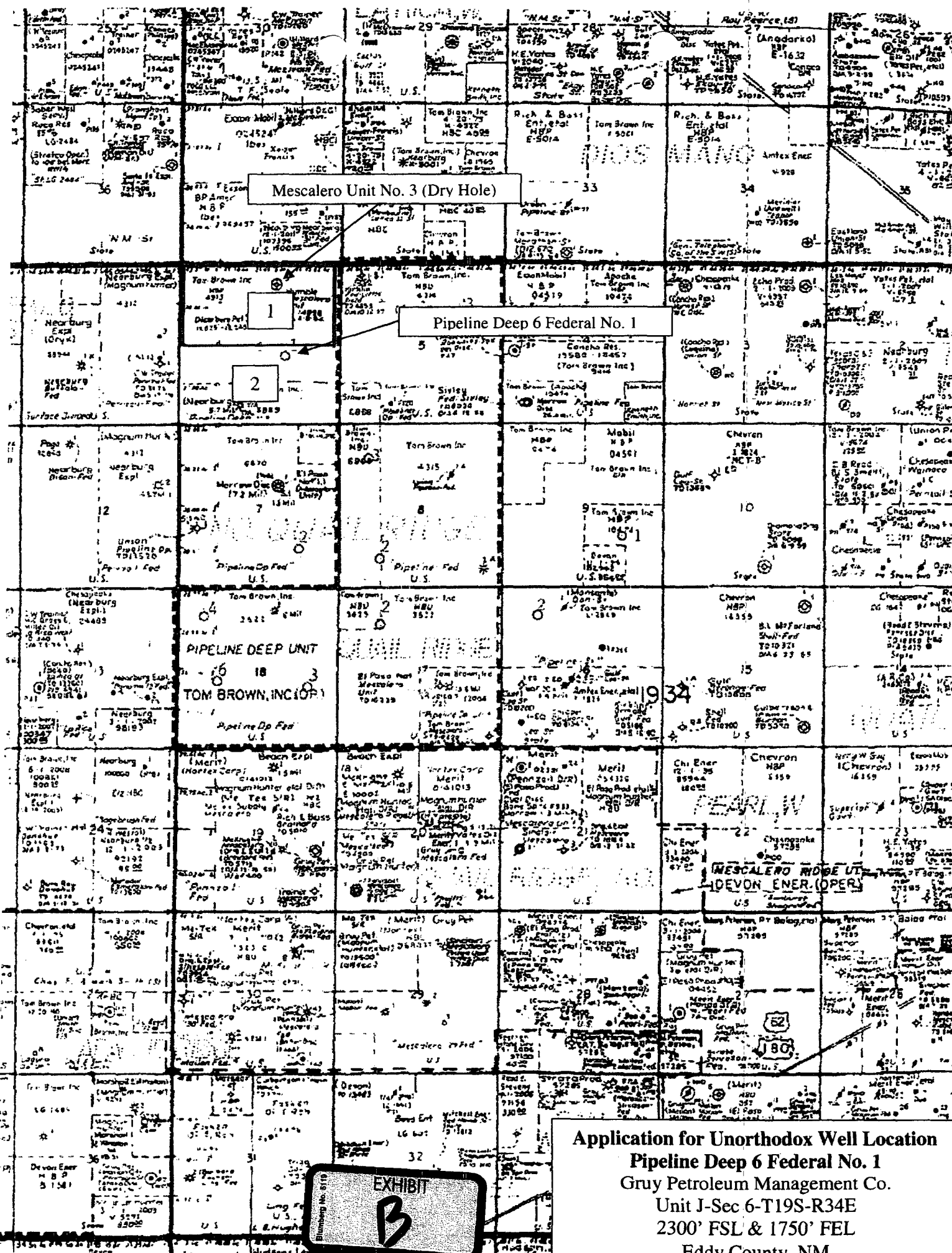
Bottom Hole Location if Different From Surface

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

Dedicated Acres 330.19	Joint or Infill Y	Consolidation Code U	Order No.
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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>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Zeno L. Farris</u> Signature Zeno L. Farris Printed Name Mgr Operations Admin Title August 25, 2005 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>JULY 27, 2004 Date Surveyed Signature of Gary L. Jones Professional Surveyor No. 4482 Certified by Gary L. Jones 7977 Professional Surveyor</p>



Application for Unorthodox Well Location
Pipeline Deep 6 Federal No. 1
Gruy Petroleum Management Co.
Unit J-Sec 6-T19S-R34E
2300' FSL & 1750' FEL
Eddy County, NM

List of Offset SPUs
Application for Unorthodox Well Location
 Gruy Petroleum Management Co.
 Pipeline Deep 6 Federal No. 1
 Quail Ridge; Morrow, North (Gas)

OFFSET SPU	COLOR CODE	Well Name	Location	OPERATOR	ACREAGE DESCRIPTION	ACRES
1	Red	No Quail Ridge Morrow Wells	B-6-19S-34E	Gruy Petroleum Management Co.	N/2 Sec 6-T19S-R34E	320
2	Yellow	Pipeline Deep 6 Federal No. 1	J-6-19S-34E	Gruy Petroleum Management Co.	S/2 Sec 6-T19S-R34E	320
		Pipeline Deep Unit No. 4 (TA)	N-6-19S-34E			

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

September 28, 2005

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit 1

Ladies and gentlemen:

Enclosed is a copy of an application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Gruy Petroleum Management Company, regarding a well in the S½ of Section 6, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. You are an offset interest owner to the proposed well. If you object to the application, you must notify the Division in writing by Wednesday, October 19, 2005 (1220 South St. Francis Drive, Santa Fe, New Mexico 87505).

Very truly yours,


James Bruce

Attorney for Gruy Petroleum Management Company



**S/2 Section 6; Township 19S, Range 34E
Pipeline Deep 6 Federal No. 1 – 2300' FSL & 1750' FEL
Lea County, New Mexico, Containing 320 acres**

RE: Pipeline Deep 6 Federal No. 1 Unorthodox Well Location

Leasehold Owners S/2 6-19S-34E:

Surface to 13,245':

Magnum Hunter Production, Inc.
P. O. Box 140907
Irving, TX 75014-0907

Frank O. Elliott Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

Edna Ione Hall Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

McKay Living Trust
1 McKay Place
Roswell, NM 88201
Attn: April McKay

McKay Petroleum Corporation
1 McKay Place
Roswell, NM 88201

McKay Oil Corporation
1 McKay Place
Roswell, NM 88201

Nearburg Producing Co.
1 Petroleum Centre
Midland, TX 79705
Attn: Duke Roush

Depths Below 13,245':

Magnum Hunter Production, Inc.
P.O. Box 140907
Irving, TX 75014-0907

Leasehold Owners N/2 6-19S-34E:

Surface to 13,245':

Magnum Hunter Production, Inc.
P.O. Box 140907
Irving, TX 75014-0907

Frank O. Elliott Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

Edna Ione Hall Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

McKay Living Trust
1 McKay Place
Roswell, NM 88201
Attn: April McKay

McKay Petroleum Corporation
1 McKay Place
Roswell, NM 88201

McKay Oil Corporation
1 McKay Place
Roswell, NM 88201

Nearburg Producing Co.
1 Petroleum Centre
Midland, TX 79705
Attn: Duke Roush

Depths Below 13,245':

Magnum Hunter Production, Inc.
P.O. Box 140907
Irving, TX 75014-0907

Gruy Petroleum Management Co. operates for Magnum Hunter Production, Inc.

Magnum Hunter Production, Inc. and Gruy Petroleum Management Co. are wholly owned subsidiaries of Cimarex Energy Co.

