

AMEND SWD-804

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
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SUITE 1
110 NORTH GUADALUPE
SANTA FE NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

July 27, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

(30-015-22878)

***Re: Application of Gruy Management Company for Amendment of Division
Order SWD-804, Eddy County, New Mexico.***

Dear Ms. Wrotenbery:

By Administrative Order SWD-804, dated June 11, 2001, the Division approved the Application of Gruy Management Company for Authorization to Inject in its Aid "24" State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 24, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. Gruy has discovered that the application incorrectly identified the injection interval in the proposed injection well and, therefore, with this letter seeks to amend Administrative Order SWD-804 to increase the injection interval in this well to 8,514 feet to 8,950 feet (the previously approved interval was from 8,514 feet to 8,804 feet). Gruy also seeks to increase the maximum surface injection rate to 3000 barrels of water per day.

This amended application is made pursuant to Division Rule 701C for administrative approval of salt water disposal. As approved by Administrative Order SWD-804, the injection will be into the Cisco formation of the Pennsylvanian system and the waters to be disposed will be produced water from the Yeso formation wells in the S/2 of Section 24, Township 17 South, Range 28 East

Publication of the amended application of Gruy Management has been made in the Artesia Daily Press on July 26, 2001. A copy of this request for amendment of Administrative Order SWD-804 has been provided to the owner of the surface of the

Ms. Lori Wrotenbery, Director

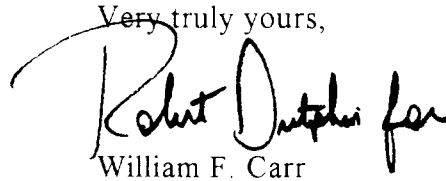
July 27, 2001

Page 2

land upon which this well is located and to all lease hold operators within one-half mile of the well location. All return receipts and the Proof of Publication will be provided to the Division as soon as they are received by Gruy.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert D. Carr for". The signature is fluid and cursive, with a large initial "R".

William F. Carr

WFC:keh

Enclosures

cc: Zeno Farris

C-108 ATTACHMENT

A. Section VII -- Data on Proposed Operation

1. Proposed Average & Maximum Daily Rate and Volume of Fluids to be injected:

Average Daily Rate: 1000 B.W./D.
Maximum Daily Rate: 1500 B.W./D.

2. Open or Closed System:

Injection System is a closed system

3. Proposed Average & Maximum Injection Pressures*

Average Injection Pressure: 800
Maximum Injection Pressure: 1600

*Until a fracture gradient is determined, maximum injection pressure will be based on .2 PSI/foot gradient.

4. Sources or Appropriate Analysis of Injection Fluid:

The source of the injection water will be from Yeso formation wells in the S/2 of Section 24, Township 17 South, Range 28 East, NMPM.

B. Section VIII -- Geologic Data on Injection Zone

1. The injection interval of 8514' -- 8950' is the Cisco formation of the Pennsylvanian System, Virginian series with Limestone Lithology. The top of the Cisco Formation occurs at 8504' and the bottom at 9154', for a gross thickness of 650'.

2. The only information on underground water in this area is from the New Mexico State Engineer file on a water well located at approximately 660' from the South line and 330 feet from the East line of Section 22, Township 22 South, Range 28. This data shows water overlying the proposed injection zone at a depth of 77.88 feet and identifies the aquifer as "PRC."

C. Section IX -- Proposed Stimulation Program:

1. Aid 24 State Com No. 1 SWD

Acidize w/2000 gal. 15%NEFE acid.

ARTESIA DAILY PRESS
LEGAL NOTICE

Gruy Petroleum Management Co., Post Office Box 140907, Irving, Texas 75014, has filed an Application with the New Mexico Oil Conservation Division seeking amendment of Order SWD-804 which authorized the injection of produced salt water in the Aid 24 State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 24, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The source of the disposed water will be from wells in the area which produce from the Seven Rivers, Grayburg, San Andres and Yeso formations. The disposal water will be injected into the Cisco formation of the Pennsylvanian system at an amended disposal depth of 8514 feet to 8950 feet. A maximum surface injection pressure of 1600 pounds (subject to subsequent increase after Division approved testing) and an amended maximum injection rate of 3000 BWPD. Any interested party with questions or comments may contact Zeno Farris at Gruy Management Co., Post Office Box 140907, Irving, Texas 75014 or call (972) 443-6489. Objections to this application or requests for hearing must be filed with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within fifteen days of the date of the publication of this notice.

Published in the Artesia Daily Press, Artesia, New Mexico, Thursday, July 26, 2001.

LEGAL NOTICE**NOTICE OF PUBLICATION
STATE OF NEW MEXICO
ENERGY, MINERALS AND
NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION****SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on August 9, 2001, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 30, 2001. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO
TO**

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 12706 Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the upper 200 feet of the Mississippian formation underlying the following described acreage in Section 17, Township 19 South, Range 24 East, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent including but not limited to the Undesignated Hoag Tank-Wolfcamp Gas Pool, Undesignated Antelope Sink-Upper Pennsylvanian Gas Pool, Undesignated Hoag Tank-Strawn Gas Pool, and Hoag Tank-Morrow Gas Pool, and

well. The units are located approximately 11 1/4 miles northwest of Seven Rivers, New Mexico.

CASE 12709: Application of Melrose Operating Company to expand its Artesia Unit Waterflood project and amend Division Administrative Order WFX-768, Eddy County, New Mexico. Applicant seeks approval to inject water into the Queen, Grayburg and San Andres formations of the Artesia Queen-Grayburg-San Andres Pool in the following injection wells:

Unit Well No. 2, 330 feet FSL & 330 feet FWL, Section 26, T17S, R26E
Unit Well No. 3, 330 feet FSL & 1750 feet FWL, Section 26, T17S, R26E
Unit Well No. 10, 330 feet FNL & 1950 feet FWL, Section 35, T17S, R28E
Unit Well No. 11, 360 feet FNL & 360 feet FWL, Section 35, T17S, R28E
Unit Well No. 12, 1980 feet FNL & 660 feet FWL, Section 35, T17S, R28E
Unit Well No. 13, 1980 feet FNL & 1980 feet FWL, Section 35, T17S, R28E
Unit Well No. 16, 1980 feet FNL & 660 feet FWL, Section 36, T17S, R28E
Unit Well No. 18, 1980 feet FSL & 1980 feet FWL, Section 36, T17S, R28E
Unit Well No. 19, 1980 feet FSL & 660 feet FWL, Section 36, T17S, R28E
Unit Well No. 22, 1980 feet FSL & 1980 feet FWL, Section 35, T17S, R28E
Unit Well No. 23, 1980 feet FSL & 660 feet FWL, Section 35, T17S, R28E
Unit Well No. 28, 990 feet FEL & 330 feet FSL, Section 35, T17S, R28E
Unit Well No. 44, 1980 feet FNL & 1070 feet FWL, Section 3, T17S, R26E
Unit Well No. 46, 2310 feet FNL & 2267 feet FWL, Section 3, T18S, R28E
Unit Well No. 54, 1654 feet FSL & 2272 feet FWL, Section 3, T18S, R28E
Unit Well No. 57, 1570 feet FSL & 1070 feet FWL, Section 3, T18S, R28E
Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 18th day of July 2001.

**STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION**

s-Lori Wrotenbery

Lori Wrotenbery Director
Published in the Artesia Daily Press, Artesia, N.M.
July 26, 2001.

Legal 17412

Rivers, Grayburg, San Andres and Yaso formation. The disposal water will be injected into the Cisco formation of the Pennsylvanian system at an amended disposal depth of 8514 feet to 8950 feet. A maximum surface injection pressure of 1600 pounds (subject to subsequent increase after Division approved testing) and an amended maximum injection rate of 3000 BWPD. Any interested party with questions or comments may contact Zeno Farris at Gruy Management Co., Post Office Box 140907, Irving, Texas 75014 or call (972) 443-6489. Objections to this application or requests for hearing must be filed with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within fifteen days of the date of the publication of this notice. Published in the Artesia Daily Press, Artesia, N.M. July 26, 2001.

Legal 17416

LEGAL NOTICE**NEW MEXICO
ENVIRONMENT
DEPARTMENT**

Notice is hereby given that, pursuant to New Mexico Water Quality Control Commission Regulations, the following proposed ground water discharge plan(s) have been submitted for approval to the New Mexico Environment Department. The information in this notice generally has been supplied by the applicant and may or may not have been confirmed by the NM Environment Department.

DP-734 COTTONWOOD SPRINGS DAIRY, Phillip Troost, Owner, proposes to modify and renew the discharge permit for the discharge of 84,000 gallons per day of dairy parlor wastewater. The facility is located 12 miles northwest of Artesia in Section 6, T16S, R26E, Eddy County. Up to 84,000 gallons per day of dairy parlor wastewater will be pumped to a manure separator and collected in a synthetically lined lagoon. Wastewater will then be applied to 297 acres of cropland by pivot and sideroll sprinkler systems. The modifications consist of decreasing the discharge level from 90,000 to 84,000 gallons per day, using a separator and lagoon system rather than the original direct land application system, and increasing land application area from 140 to 297 acres.

NM Environment Department will allow thirty (30) days after the date of publication of this notice to receive written comments and during which a public hearing may be requested by any interested person. Requests for public hearing shall set forth the reasons why the hearing should be held. A hearing will be held if the NM Environment Department determines that there is significant public interest.

Published in the Artesia Daily Press, Artesia, N.M.
July 26, 2001.

Legal 17417

LEGAL NOTICE**PUBLIC NOTICE**

The Artesia Domestic Water System (WSS# 203-08) wishes to advise its consumers that the maximum contaminant level for total coliforms in drinking water was exceeded during the most recent reporting period of July, 2001.

The New Mexico Environment Department and the United States Environmental Protection Agency (EPA) set drinking water standards and have determined that the presence of total coliforms is a possible health concern. Total coliforms are common in the environment and generally are not harmful themselves. The presence of these bacteria in drinking water, however, generally is a result of a problem with water treatment or the pipes that distribute the water, and indicates that the water may be contaminated with organisms that can cause disease. Disease symptoms may include diarrhea, cramps, nausea, and possibly jaundice, and any associated headaches and fatigue. These symptoms, however, are not just associated with disease-causing organisms in drinking water, but also may be caused by a number of factors other than your drinking water. EPA has set an enforceable drinking water standard for total coliforms to reduce the risk of these adverse health effects. Under this standard, no more than 5.0 percent of the samples collected during a month can contain these bacteria, except that systems collecting fewer than 40 samples/month that have one total coliform-positive sample per month are not violating the standard. Drinking water that meets this standard is usually not associated with

Strawn Gas Pool and New Tank-Morrow Gas Pool, and the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Ancestral Well No. 1, to be drilled at an orthodox location in the SE/4 of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the

LEGAL NOTICE

Gruy Petroleum Management Co., Post Office Box 140907, Irving, Texas 75014, has filed an Application with the New Mexico Oil Conservation Division seeking amendment of Order SWD-804 which authorized the injection of produced salt water in the A-24 State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 24, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The source of the disposed water will be from wells in the area which produce from the Seven

increasing the application area from 140 to 297 acres. Ground water below the site is at a depth of approximately 25 feet and has a total dissolved solids concentration of approximately 900 milligrams per liter. Any interested person may obtain further information from the Ground Water Pollution Prevention Section of the NM Environment Department, telephone (505) 827-2900, and may submit written comments to the Ground Water Pollution Prevention Section, NM Environment Department, P.O. Box 26110, Santa Fe, NM 87502. Prior to ruling on any proposed discharge plan or its modification, the

that meets this standard is usually not associated with a health risk from disease-causing bacteria and should be considered safe. We suspect that the sample may have been contaminated during the sampling process. We have flushed lines in the area and resampled as a precautionary measure. Don Adams 505-746-9821 Operator/Manager & Phone Number

Becky Crown
505-258-3272(Ruidoso)

NMED Representative &
Phone Number

Published in the Artesia
Daily Press, Artesia, N.M.
July 26, 2001

Legal 17415

EXHIBIT A

Bogle Farms
P. O. Box 460
Dexter, New Mexico 88230-0460

Mack Energy Corporation
P. O. Box 960
Artesia, NM 88210

MARBOB Energy Corporation
324 W. Main Street #103
Artesia, New Mexico 88210

SDX Resources Corporation
511 W Ohio Avenue #601
Midland, Texas 79701

Doyle Hartman, Oil Operator
500 North Main
Midland, Texas 79702

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
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July 27, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bogle Farms
P. O. Box 460
Dexter, New Mexico 88230-0460

Re: Gruy Management Company's Application to amend Administrative
Order SWD-804, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Gruy Management Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking amendment of Oil Conservation Division Order SWD-804 which was entered on June 11, 2001, authorizing Gruy Management Company to dispose of produced water in its Aid State Com Well No. 1 located 1980 feet from the West line and 660 feet from the South line of Section 4, Township 17 South, Range 28 East, NMPM, Lea County, New Mexico. Gruy seeks to amend Order SWD-804 to increase the injection interval in the Cisco formation of the Pennsylvanian system. The proposed new injection is from 8,514 feet to 8,950 feet. Gruy also proposes to increase the maximum surface injection rate to 3000 barrels of water per day.

If you have questions concerning this application, you may contact Zeno Farris at Gruy Petroleum Management Company, Post Office Box 140907, Irving, Texas 75014, telephone number (972) 443-6489.

Notice Letter
July 27, 2001
Page 2

Objections to this application or requests for hearing must be filed with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within 15 days of the date of this letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a large, sweeping flourish extending from the left side of the signature.

William F. Carr

Attorney for Gruy Management Company

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
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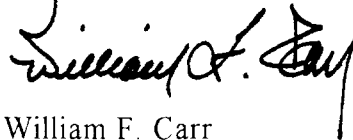
Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

***Re: Application of Gruy Management Company for Amendment of Division
Order SWD-804, Eddy County, New Mexico.***

Dear Ms. Wrotenbery:

Enclosed please find the "Affidavit of Publication" of the referenced application. This Ad ran on July 26, 2001.

Very truly yours,



William F. Carr

WFC:keh

Enclosure

cc: Zeno Farris

Affidavit of Publication

NO. 17416

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The
Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 consecutive weeks/days on the same
day as follows:

First Publication July 26 2001

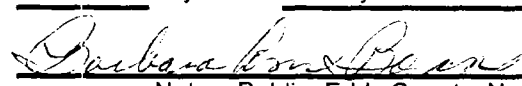
Seccond Publication

Third Publication

Fourth Publication


Subscribed and sworn to before me this

26th day of July 2001


Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2003

Copy of Publication:

LEGAL NOTICE

Gruy Petroleum Management Co., Post Office Box 140907, Irving, Texas 75014, has filed an Application with the New Mexico Oil Conservation Division seeking amendment of Order SWD-804 which authorized the injection of produced salt water in the Aid 24 State Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 24, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The source of the disposed water will be from wells in the area which produce from the Seven Rivers, Grayburg, San Andres and Yeso formation. The disposal water will be injected into the Cisco formation of the Pennsylvanian system at an amended disposal depth of 8514 feet to 8950 feet. A maximum surface injection pressure of 1600 pounds (subject to subsequent increase after Division approved testing) and an amended maximum injection rate of 3000 BWPD. Any interested party with questions or comments may contact Zeno Farris at Gruy Management Co., Post Office Box 140907, Irving, Texas 75014 or call (972) 443-6489. Objections to this application or requests for hearing must be filed with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within fifteen days of the date of the publication of this notice. Published in the Artesia Daily Press, Artesia, N.M. July 26, 2001.

Legal 17416

(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)