

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Barry
N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

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

LEASE DESIGNATION AND SERIAL NO.

NM 15295

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

C K 7 Federal 1

9. API WELL NO.

30-015- 3342c

10. FIELD AND POOL, OR WILDCAT

White City; Penn Undesignated

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

OR AREA

Sec. 7 T24S R26E

12. COUNTY OR PARISH

Eddy

13. STATE

NM

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.

RECEIVED

3. ADDRESS AND TELEPHONE NO.

P.O. Box 140907 Irving TX 75014 972-401-3111

DEC 29 2003

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

OCD-ARTESIA
SUBJECT TO LIKE
APPROVAL BY STATE

SHL 2495' FNL & 1415' FEL BHL 1200' FNL & 900' FEL

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

17 miles South of Carlsbad

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

1415'

16. NO. OF ACRES IN LEASE

1833.3

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.

SHL 25' BHL 2597'

19. PROPOSED DEPTH

13000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3759 GR

CARLSBAD CONTROLLED WATER BASIN

22. APPROX. DATE WORK WILL START*
12-15-03

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2" WITNESS	H-40 13 3/8"	48 #	425' 400' 555'	490 sx circulate
12 1/4"	J-55 9 5/8"	36 #	3200' 1900' 912-403	1200 sx circulate
7 7/8"	N-80/S-95 5 1/2"	17 #	13000'	1620 sx TOC 2700'

The proposed well will be drilled to a depth of 13000' and completed as a White City Penn; producer.

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 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. Per onshore order 2 the 13 3/8" 48 # H-40 casing should be tested at 70% of its maximum internal yield of 1730 # or 1211 #. During the running of the surface pipe we do not anticipate any pressures greater than 500 #, and are requesting a variance to test the 13 3/8" casing to 500 #

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.

24 SIGNED *Zero Farris* TITLE Mgr. Ops. Admin DATE 09-12-03

(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 the rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Joe G. Lara

ACTING FIELD MANAGER

DATE 23 DEC 2003

*See Instructions 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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

*Steel
PITS*

APPROVAL FOR 1 YEAR

Additional Operator Remarks

Gruy Petroleum Management Co.
C K 7 Federal 1
Unit Letter G Section 7
T24S - R26E Eddy County, NM

1 Master Drilling and Surface Use Plan on file at the BLM Roswell office which includes:

- A. Lease Responsibility Statement and bonding information.
- B. Anticipated starting date and duration of operations.

2 Included in this attachment are:

- A. Well Location and acreage dedication plat.
- B. Supplemental Surface Use Plan. (Exhibits A, B, and C)
- C. Supplemental Drilling Data. (Exhibits D and E)

Surface Use Plan

Gruy Petroleum Management Co.
C K 7 Federal 1
Unit Letter G Section 7
T24S - R26E Eddy 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. Go South of Carlsbad on Highway 62-180 for approximately 14 miles to mile marker 22. Turn right onto access rd for about 1 1/4 miles then left to location.
- 2 PLANNED ACCESS ROADS: No planned access road. Existing road within well pad.
- 4 LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A"
 - A. Water wells - None known
 - B. Disposal wells - None known
 - C. Drilling wells - None known
 - D. Producing wells - As shown on Exhibit "A"
 - E. Abandoned wells - As shown on Exhibit "A"

Surface Use Plan

Gruy Petroleum Management Co.
C K 7 Federal 1
Unit Letter G Section 7
T24S - R26E Eddy County, NM

4 OTHER INFORMATION:

- A. Topography consists of a sloping plane with loose tan sands, and a few eroded areas. Vegetation is mainly yucca, mesquite and shin oak.
- B. The wellsite is on surface owned by The United States Department of the Interior, Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- C. An Archaeological survey will be conducted on the location and proposed roads, and 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 miles of this location.

5 OPERATORS REPRESENTATIVE:

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

- 6 **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 exist; 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 Company contractors/subcontractors 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: 9/12/03

TITLE: Manager, Operations Administration

State of New Mexico

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name White City; Penn (undesignated)
Property Code	Property Name CK 7 Federal	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3759'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	7	24-S	26-E		2495'	NORTH	1415'	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
A	7	24-S	26-E		1200'	NORTH	900'	EAST	EDDY
Dedicated Acres 320	Joint or Infill Y	Consolidation Code	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

LOT 1		LOT 2		LOT 3		LOT 4	
		GEODETIC COORDINATES NAD 27 NME Y= 448078.4 N X= 501632.0 E LAT.= 32°13'54.78"N LONG.= 104°19'41.00"W		CK 7 Federal No. 1		CK 7 Federal No. 2	
		1200' 2495' 900' 2597' 3764.3' 3757.4' 1415' 3743.7' 3739.9' 1200' 1500'		SHL BHL		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 Manager Operations Admin Title Sept. 16, 2003 Date	
						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. September 02, 2003 Date Surveyed Signature & Seal of Professional Surveyor <i>GARY EIDSON</i> NEW MEXICO 03.11.0936 Certificate No. GARY EIDSON 12841	

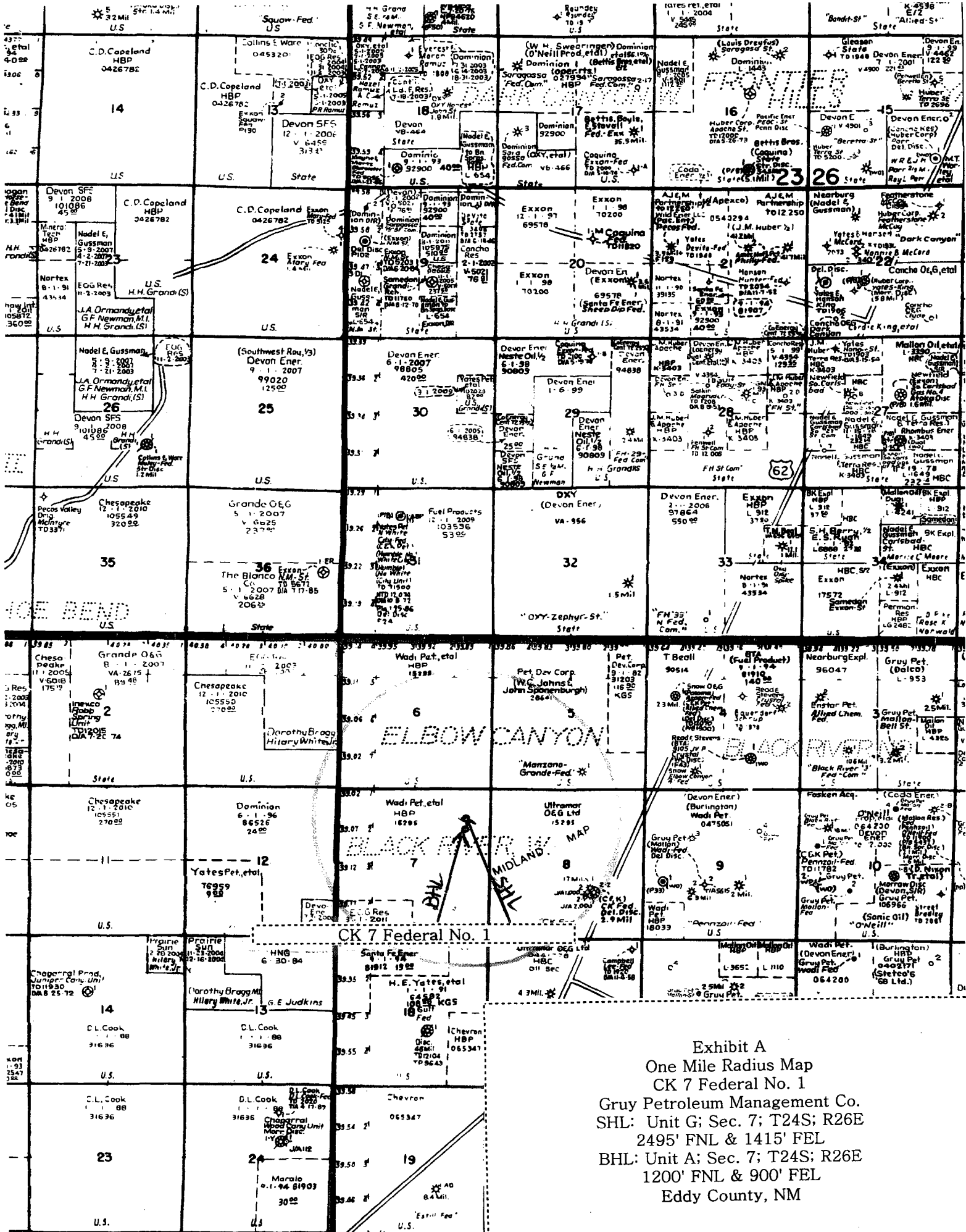
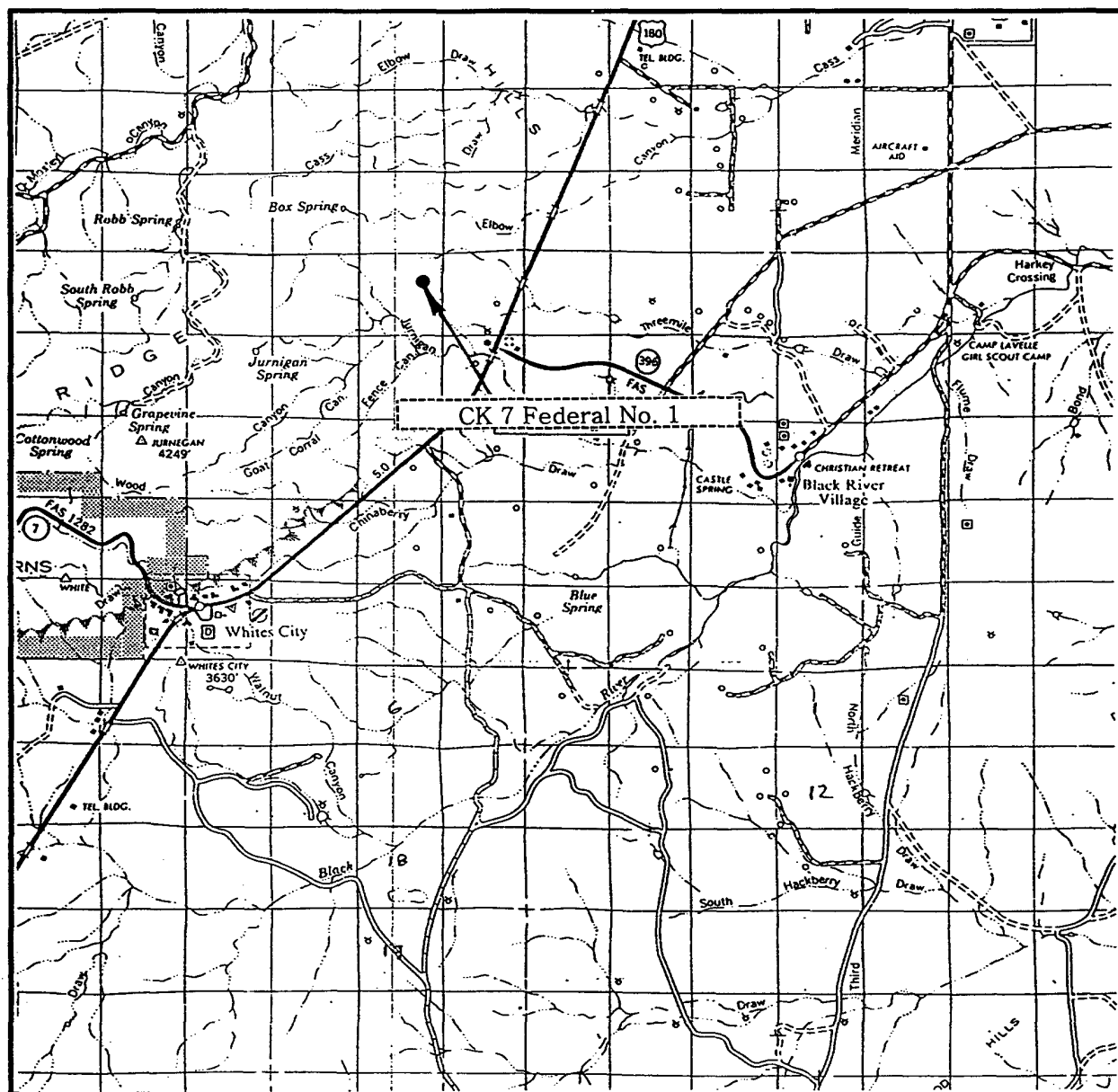


Exhibit A
One Mile Radius Map
CK 7 Federal No. 1
Gruy Petroleum Management Co.
SHL: Unit G; Sec. 7; T24S; R26E
2495' FNL & 1415' FEL
BHL: Unit A; Sec. 7; T24S; R26E
1200' FNL & 900' FEL
Eddy County, NM

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 7 TWP. 24-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2495' FNL & 1415' FEL

ELEVATION 3759'

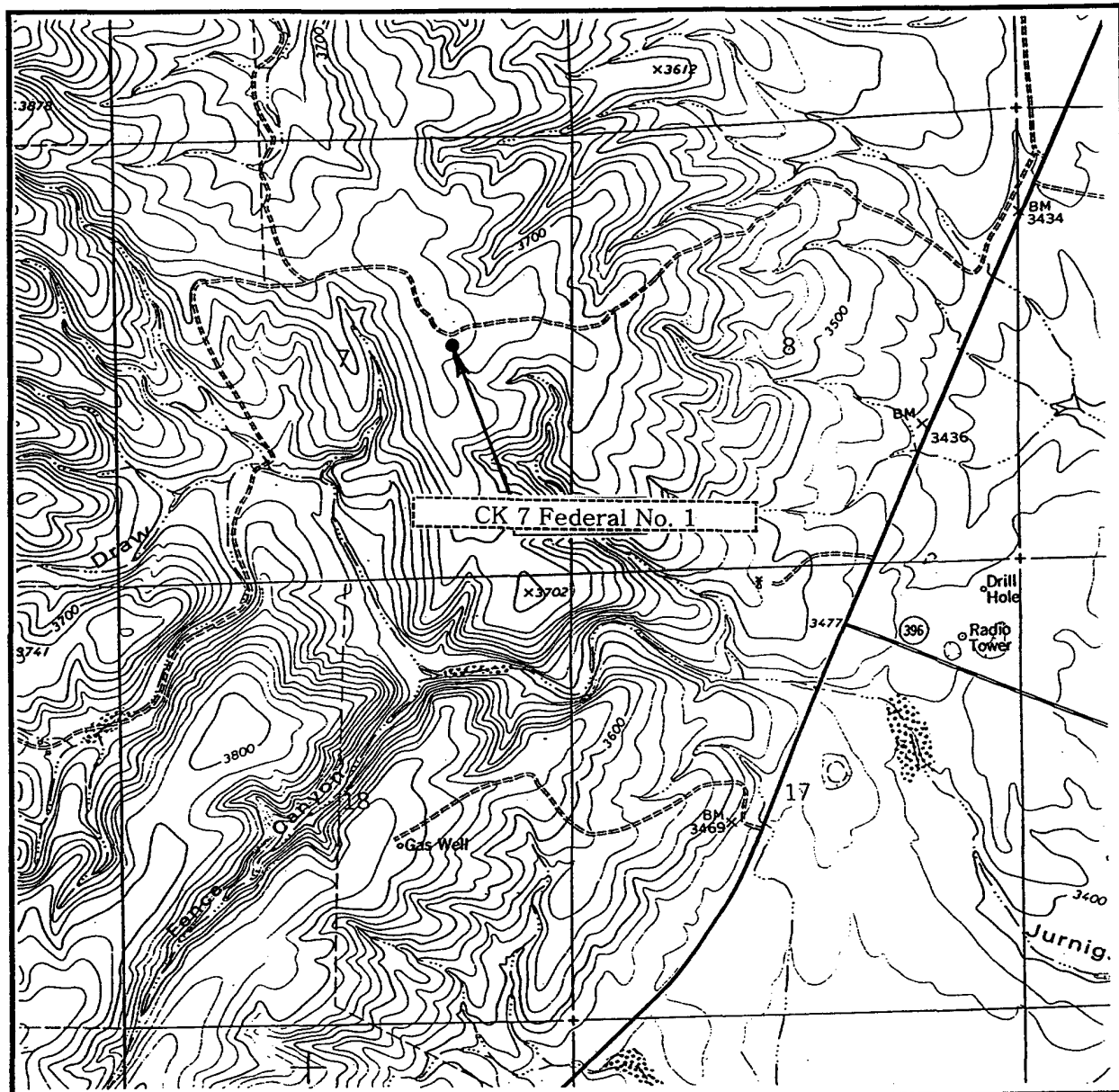
OPERATOR GRUY PETROLEUM MANAGEMENT CO.

LEASE CK 7

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Exhibit "B"

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'
BLACK RIVER VILLAGE, N.M.

SEC. 7 TWP. 24-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2495' FNL & 1415' FEL

ELEVATION 3759'

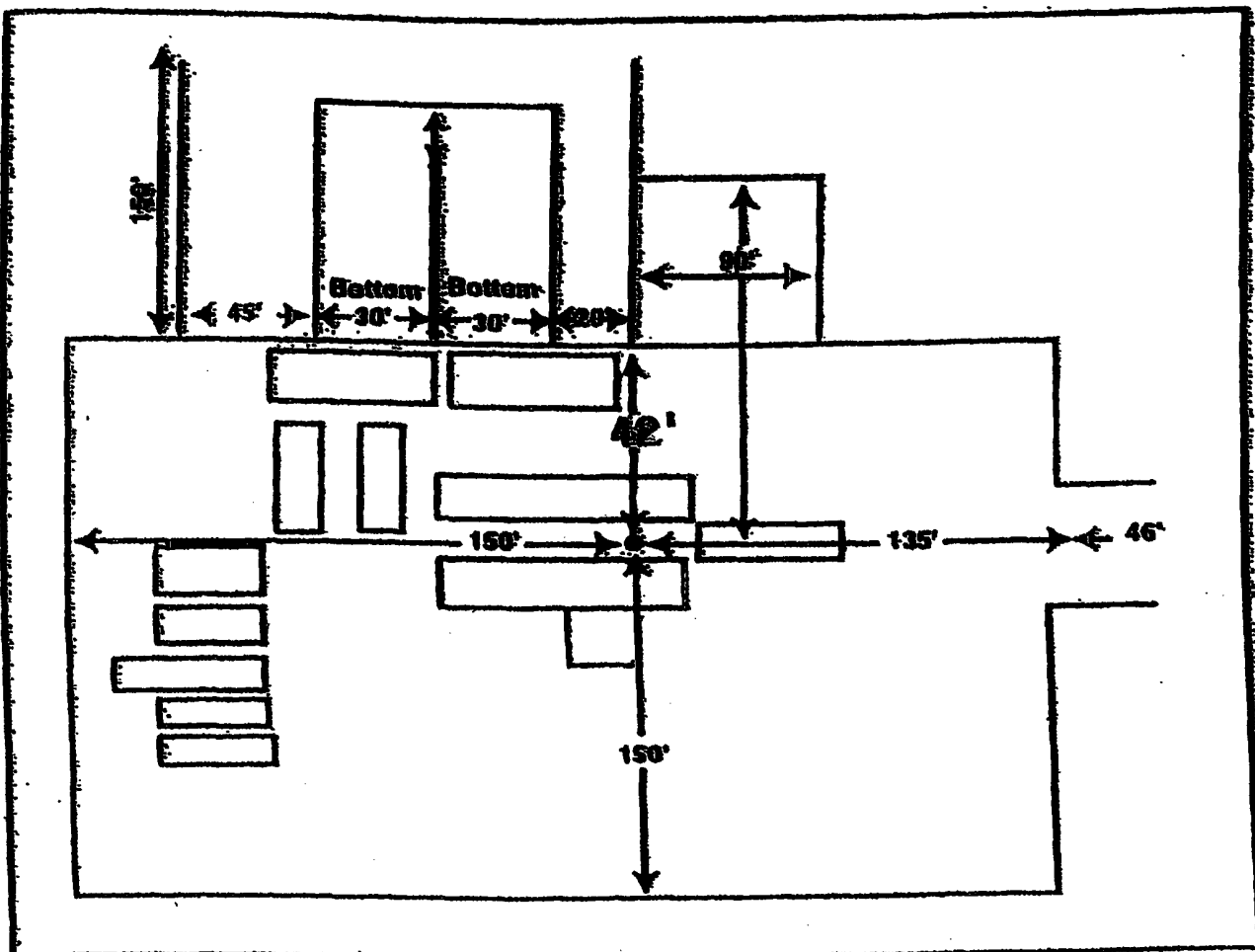
OPERATOR GRUY PETROLEUM MANAGEMENT CO.

LEASE CK 7

U.S.G.S. TOPOGRAPHIC MAP
BLACK RIVER VILLAGE, N.M.

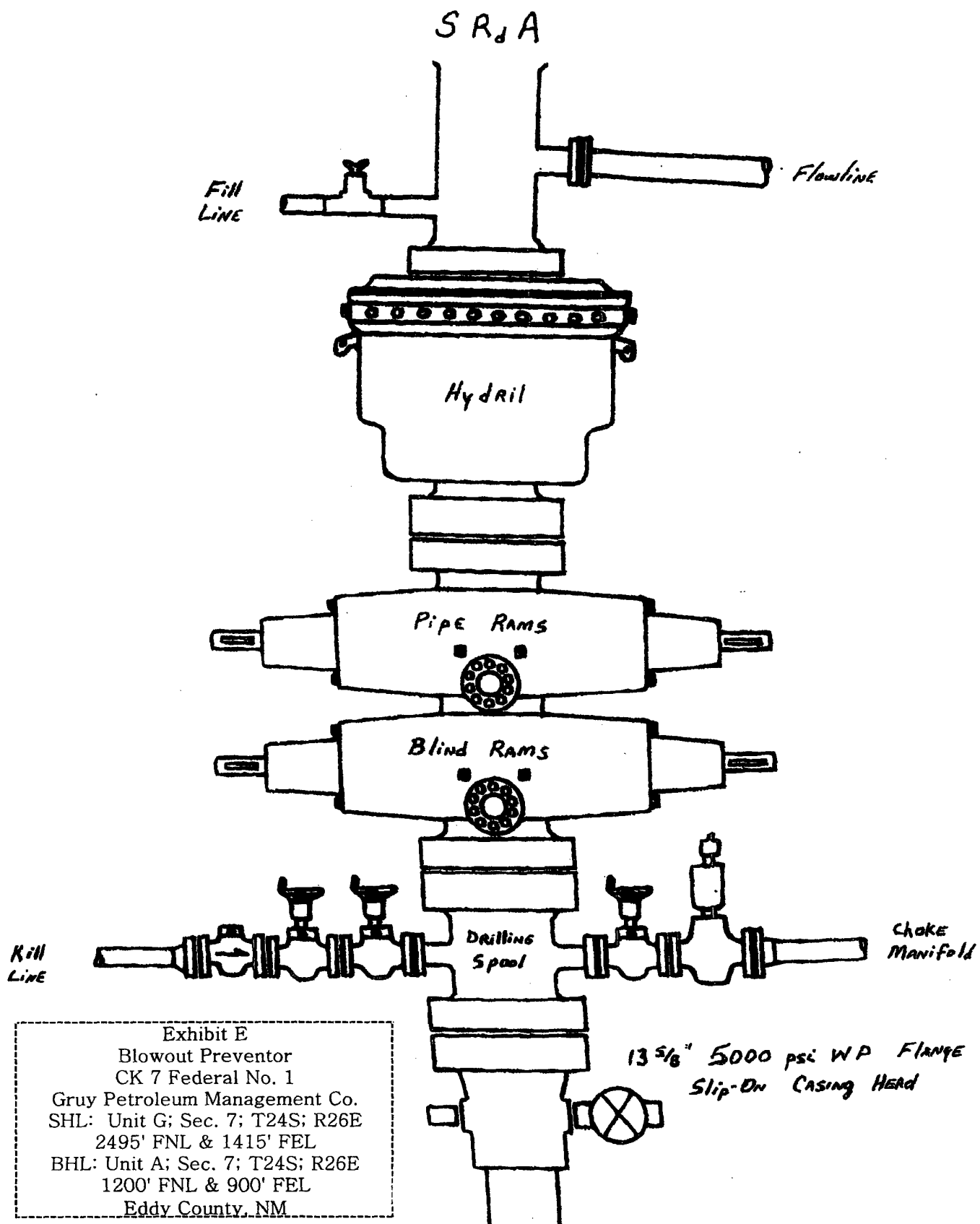
Exhibit "C"

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117



Rig 75

Exhibit D
 Rig Layout Plan
 CK 7 Federal No. 1
 Gruy Petroleum Management Co.
 SHL: Unit G; Sec. 7; T24S; R26E
 2495' FNL & 1415' FEL
 BHL: Unit A; Sec. 7; T24S; R26E
 1200' FNL & 900' FEL
 Eddy County, NM



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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		5. Lease Serial No. NM-15295
2. Name of Operator Gruy Petroleum Management Co.		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 140907 Irving, TX 75014-0907	3b. Phone No. (include area code) 972.401.3111	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL 2495' FNL & 1415' FWL Sec 7G 24S-26E BHL 1200' FNL & 900' FEL Sec 7A 24S 26E		8. Well Name and No. C K 7 Federal No. 1
		9. API Well No.
		10. Field and Pool, or Exploratory Area White City; Undesignated
		11. County or Parish, State Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other <u>Well Pad</u>
	☒ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	<u>Modification</u>
	☐ Convert to Injection	☐ Plug Back	☐ 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.)

Attached is a new Well Pad Diagram for Patterson Rig No. 80 for the C K 7 Federal No 1 well, which is to be co-located with our C K 7 Fed No. 2. The Well Pad Diagram sent with the original APD is not of sufficient size for the Rig 80.

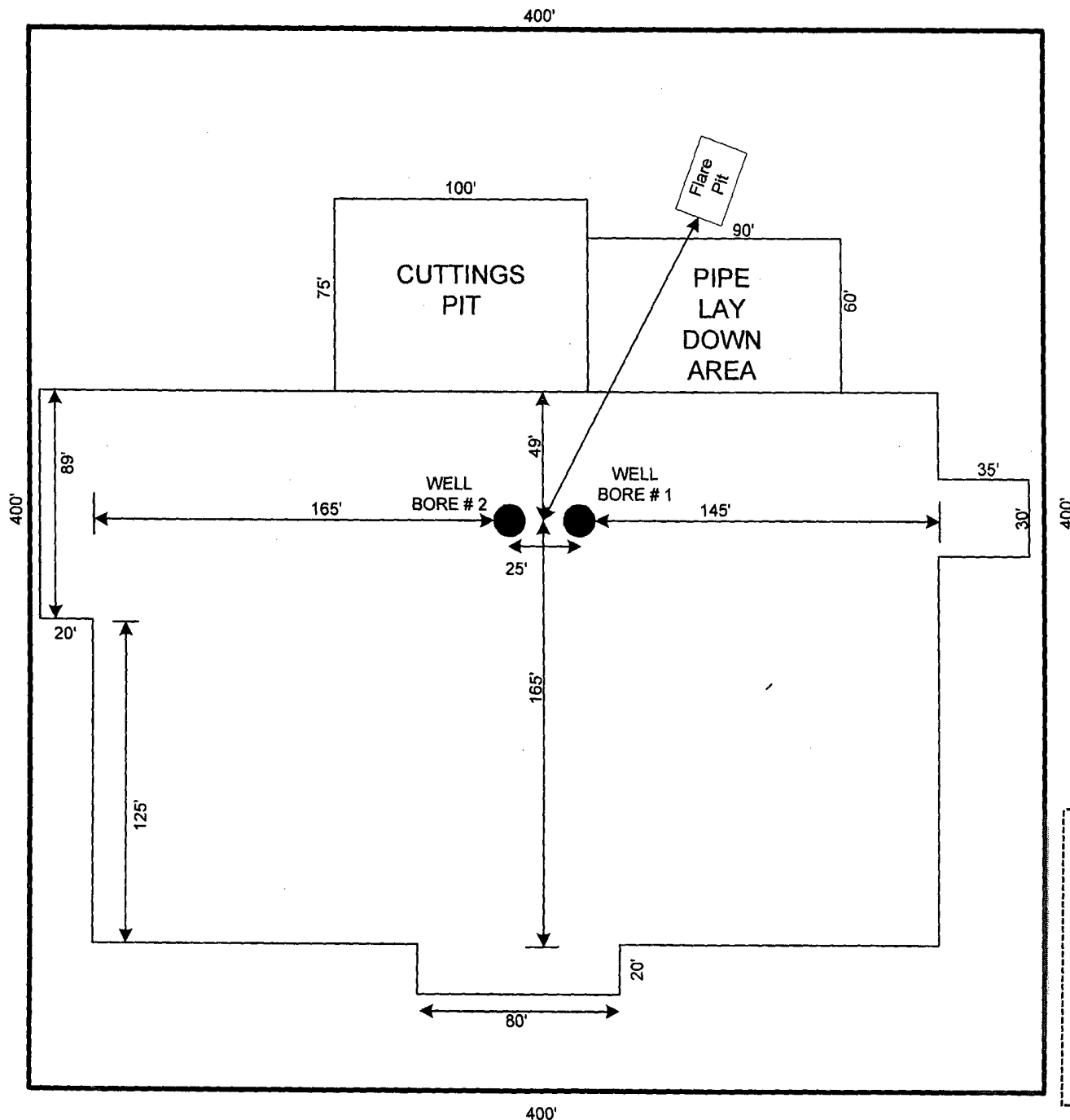
14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Zeno Farris		Title Manager, Operations Administration
Signature <i>Zeno Farris</i>		Date October 13, 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Joe G. Lara	ACTING	Title FIELD MANAGER	Date 23 DEC 2003
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)



RIG # 80

**GRUY PETROLEUM
MANAGEMENT COMPANY
IRVING TEXAS**

SCALE 1"=60'

Exhibit "D"
Rig Layout Plan
Gruy Petroleum Management Co.
CK 7 Federal no. 1
SHL: Sec. 7G; T24S; R26E
2495' FNL & 1415' FWL
BHL: Sec. 7A; T24S; R26E
1200' FNL & 900' FEL
Eddy County, NM

600 East Las Colinas Blvd.
Suite 1100
Irving, TX 75039
972-401-3111 (phone)
469-420-2710 (fax)

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Gruy Petroleum Management Co

February 5, 2004

New Mexico Energy Mineral & Natural Resources Dept.
Oil Conservation Division
Attn: Mr. Bryan Arrant
1301 West Grand Avenue
Artesia, NM 88210

RE: CK 7 Federal No. 1
Unit G-Section 7-T24S-R26E
2495' FNL & 1415' FEL
Eddy County, New Mexico

RECEIVED

FEB 09 2004

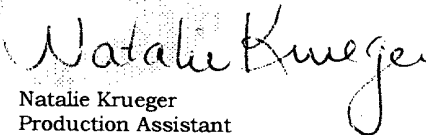
OCD-ARTESIA

Dear Mr. Arrant,

Enclosed please find (1) one original of the Preliminary Directional Survey and H2S plan for the above-referenced well.

If you have any questions or need further information, please contact Zeno Farris at 972-443-6489.

Sincerely,


Natalie Krueger
Production Assistant

nkruieger@magnumhunter.com • • • • •

Application to Drill

Gruy Petroleum Management Co.
C K 7 Federal 1
Unit Letter G Section 7
T24S - R26E Eddy County, NM

12 Testing, Logging and Coring Program:

- A. Mud logging program: One-man unit from 8000' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DST's, or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures or H2S gas are expected. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 4000 PSI, estimated BHT 190.

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 35 - 45 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 Morrow / Atoka pay will be perforated and stimulated. The well will be tested and potentialed as a gas well.

RECEIVED
FEB 09 2004
OCD-ARTESIA

HALLIBURTON

Gruy Petroleum Management Co.

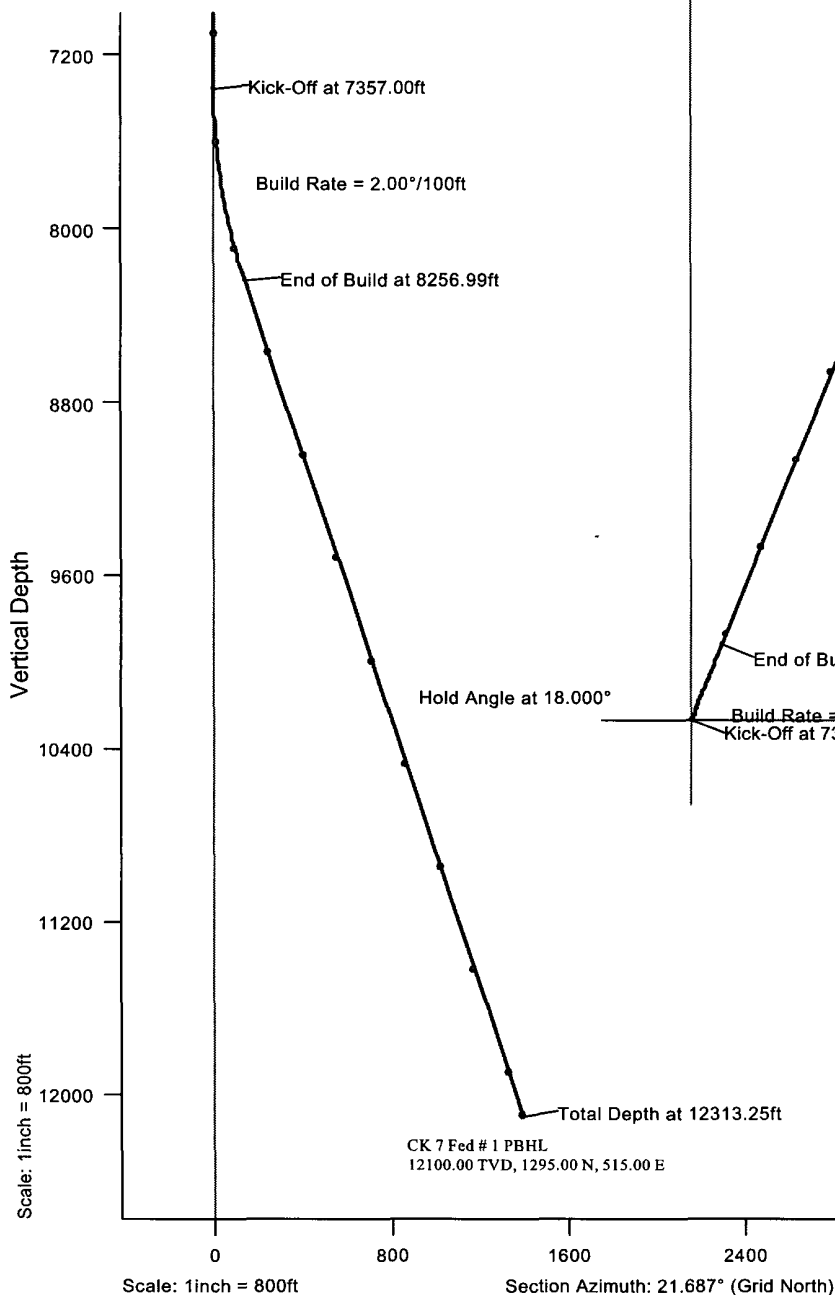
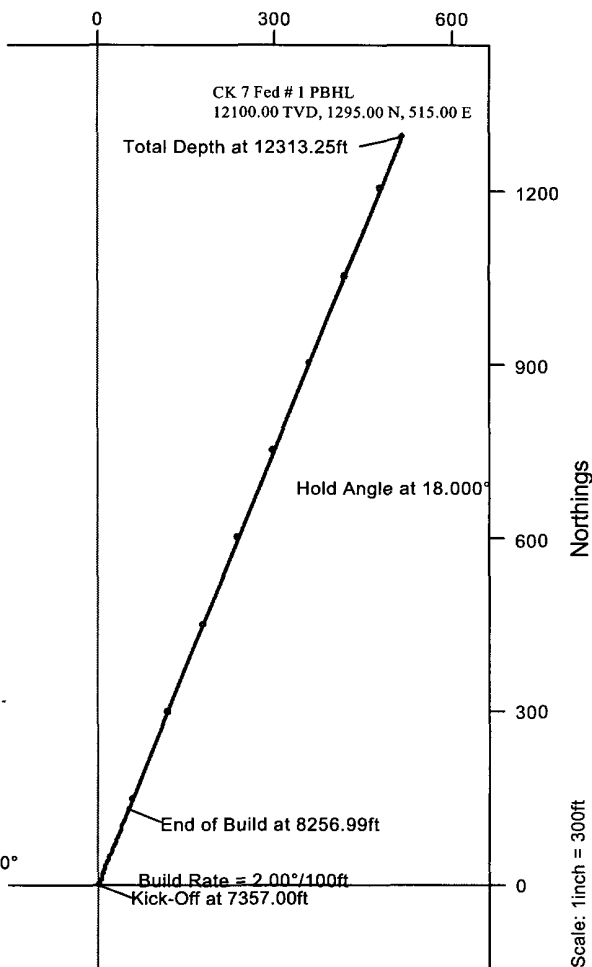
DrillQuest™

Sperry-Sun

New Mexico
Eddy County
Sec. 07-T24S-R26E
CK 7 Federal # 1
Plan 01/07/03



Scale: 1 inch = 300ft
Eastings



Vertical Section

Prepared by:
AdminDate/Time:
7 January, 2004 - 15:02

Checked:

Approved:



**Gruy Petroleum Management Co.
New Mexico
Eddy County
CK 7 Federal # 1 - Plan 01/07/03**

Sperry-Sun

Proposal Report

7 January, 2004

Data Source: Information from Wade Wiley

Proposal Ref: pro7218

HALLIBURTON

Proposal Report for CK 7 Federal # 1 - Plan 01/07/03
Data Source: Information from Wade Wiley

Measured Depth (ft)	Incl.	Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates		Global Coordinates		Dogleg Rate (°/100ft)	Vertical Section	Comment
					Northings (ft)	Eastings (ft)	Northings (ft)	Eastings (ft)			
0.00	0.000	0.000	-3758.00	0.00	0.00 N	0.00 E	448078.40 N	501632.20 E		0.00	
7357.00	0.000	0.000	3599.00	7357.00	0.00 N	0.00 E	448078.40 N	501632.20 E	0.00	0.00	Kick-Off at 7357.00ft
7400.00	0.860	21.687	3642.00	7400.00	0.30 N	0.12 E	448078.70 N	501632.32 E	2.00	0.32	
7500.00	2.860	21.687	3741.94	7499.94	3.32 N	1.32 E	448081.72 N	501633.52 E	2.00	3.57	
7600.00	4.860	21.687	3841.71	7599.71	9.57 N	3.81 E	448087.97 N	501636.01 E	2.00	10.30	
7700.00	6.860	21.687	3941.18	7699.18	19.06 N	7.58 E	448097.46 N	501639.78 E	2.00	20.51	
7800.00	8.860	21.687	4040.24	7798.24	31.76 N	12.63 E	448110.16 N	501644.83 E	2.00	34.18	
7806.99	9.000	21.687	4047.15	7805.15	32.77 N	13.03 E	448111.17 N	501645.23 E	2.00	35.27	Build Rate = 2.00°/100ft
7900.00	10.860	21.687	4138.75	7896.75	47.68 N	18.96 E	448126.08 N	501651.16 E	2.00	51.31	
8000.00	12.860	21.687	4236.61	7994.61	66.77 N	26.55 E	448145.17 N	501658.75 E	2.00	71.86	
8100.00	14.860	21.687	4333.70	8091.70	89.03 N	35.41 E	448167.43 N	501667.61 E	2.00	95.81	
8200.00	16.860	21.687	4429.89	8187.89	114.42 N	45.50 E	448192.82 N	501677.70 E	2.00	123.14	
8256.99	18.000	21.687	4484.26	8242.26	130.28 N	51.81 E	448208.68 N	501684.01 E	2.00	140.21	End of Build at 8256.99ft
8300.00	18.000	21.687	4525.16	8283.16	142.64 N	56.72 E	448221.04 N	501688.92 E	0.00	153.50	
8400.00	18.000	21.687	4620.27	8378.27	171.35 N	68.14 E	448249.75 N	501700.34 E	0.00	184.40	
8500.00	18.000	21.687	4715.38	8473.38	200.06 N	79.56 E	448278.46 N	501711.76 E	0.00	215.30	
8600.00	18.000	21.687	4810.48	8568.48	228.78 N	90.98 E	448307.18 N	501723.18 E	0.00	246.20	
8700.00	18.000	21.687	4905.59	8663.59	257.49 N	102.40 E	448335.89 N	501734.60 E	0.00	277.11	
8800.00	18.000	21.687	5000.69	8758.69	286.21 N	113.82 E	448364.61 N	501746.02 E	0.00	308.01	
8900.00	18.000	21.687	5095.80	8853.80	314.92 N	125.24 E	448393.32 N	501757.44 E	0.00	338.91	
9000.00	18.000	21.687	5190.90	8948.90	343.63 N	136.66 E	448422.03 N	501768.86 E	0.00	369.81	
9100.00	18.000	21.687	5286.01	9044.01	372.35 N	148.08 E	448450.75 N	501780.28 E	0.00	400.71	
9200.00	18.000	21.687	5381.12	9139.12	401.06 N	159.50 E	448479.46 N	501791.70 E	0.00	431.61	
9300.00	18.000	21.687	5476.22	9234.22	429.77 N	170.91 E	448508.17 N	501803.11 E	0.00	462.51	
9400.00	18.000	21.687	5571.33	9329.33	458.49 N	182.33 E	448536.89 N	501814.53 E	0.00	493.41	
9500.00	18.000	21.687	5666.43	9424.43	487.20 N	193.75 E	448565.60 N	501825.95 E	0.00	524.32	
9600.00	18.000	21.687	5761.54	9519.54	515.92 N	205.17 E	448594.32 N	501837.37 E	0.00	555.22	
9700.00	18.000	21.687	5856.65	9614.65	544.63 N	216.59 E	448623.03 N	501848.79 E	0.00	586.12	
9800.00	18.000	21.687	5951.75	9709.75	573.34 N	228.01 E	448651.74 N	501860.21 E	0.00	617.02	
9900.00	18.000	21.687	6046.86	9804.86	602.06 N	239.43 E	448680.46 N	501871.63 E	0.00	647.92	

Proposal Report for CK 7 Federal # 1 - Plan 01/07/03 Data Source: Information from Wade Wiley

Measured Depth (ft)	Incl.	Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates		Global Coordinates		Dogleg Rate (°/100ft)	Vertical Section	Comment
					Northings (ft)	Eastings (ft)	Northings (ft)	Eastings (ft)			
10000.00	18.000	21.687	6141.96	9899.96	630.77 N	250.85 E	448709.17 N	501883.05 E	0.00	678.82	
10100.00	18.000	21.687	6237.07	9995.07	659.49 N	262.27 E	448737.89 N	501894.47 E	0.00	709.72	
10200.00	18.000	21.687	6332.17	10090.17	688.20 N	273.69 E	448766.60 N	501905.89 E	0.00	740.62	
10285.12	18.000	21.687	6413.13	10171.13	712.64 N	283.41 E	448791.04 N	501915.61 E	0.00	766.93	Hold Angle at 18.000°
10300.00	18.000	21.687	6427.28	10185.28	716.91 N	285.11 E	448795.31 N	501917.31 E	0.00	771.53	
10400.00	18.000	21.687	6522.39	10280.39	745.63 N	296.52 E	448824.03 N	501928.72 E	0.00	802.43	
10500.00	18.000	21.687	6617.49	10375.49	774.34 N	307.94 E	448852.74 N	501940.14 E	0.00	833.33	
10600.00	18.000	21.687	6712.60	10470.60	803.06 N	319.36 E	448881.46 N	501951.56 E	0.00	864.23	
10700.00	18.000	21.687	6807.70	10565.70	831.77 N	330.78 E	448910.17 N	501962.98 E	0.00	895.13	
10800.00	18.000	21.687	6902.81	10660.81	860.48 N	342.20 E	448938.88 N	501974.40 E	0.00	926.03	
10900.00	18.000	21.687	6997.91	10755.91	889.20 N	353.62 E	448967.60 N	501985.82 E	0.00	956.93	
11000.00	18.000	21.687	7093.02	10851.02	917.91 N	365.04 E	448996.31 N	501997.24 E	0.00	987.83	
11100.00	18.000	21.687	7188.13	10946.13	946.63 N	376.46 E	449025.03 N	502008.66 E	0.00	1018.74	
11200.00	18.000	21.687	7283.23	11041.23	975.34 N	387.88 E	449053.74 N	502020.08 E	0.00	1049.64	
11300.00	18.000	21.687	7378.34	11136.34	1004.05 N	399.30 E	449082.45 N	502031.50 E	0.00	1080.54	
11400.00	18.000	21.687	7473.44	11231.44	1032.77 N	410.71 E	449111.17 N	502042.91 E	0.00	1111.44	
11500.00	18.000	21.687	7568.55	11326.55	1061.48 N	422.13 E	449139.88 N	502054.33 E	0.00	1142.34	
11600.00	18.000	21.687	7663.66	11421.66	1090.20 N	433.55 E	449168.60 N	502065.75 E	0.00	1173.24	
11700.00	18.000	21.687	7758.76	11516.76	1118.91 N	444.97 E	449197.31 N	502077.17 E	0.00	1204.14	
11800.00	18.000	21.687	7853.87	11611.87	1147.62 N	456.39 E	449226.02 N	502088.59 E	0.00	1235.04	
11900.00	18.000	21.687	7948.97	11706.97	1176.34 N	467.81 E	449254.74 N	502100.01 E	0.00	1265.95	
12000.00	18.000	21.687	8044.08	11802.08	1205.05 N	479.23 E	449283.45 N	502111.43 E	0.00	1296.85	
12100.00	18.000	21.687	8139.18	11897.18	1233.77 N	490.65 E	449312.17 N	502122.85 E	0.00	1327.75	
12200.00	18.000	21.687	8234.29	11992.29	1262.48 N	502.07 E	449340.88 N	502134.27 E	0.00	1358.65	
12300.00	18.000	21.687	8329.40	12087.40	1291.19 N	513.49 E	449369.59 N	502145.69 E	0.00	1389.55	
12313.25	18.000	21.687	8342.00	12100.00	1295.00 N	515.00 E	449373.40 N	502147.20 E	0.00	1393.65	Total Depth at 12313.25ft Target - CK 7 Fed # 1 PBHL, Curren Target

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North.
Vertical depths are relative to RKB. Northings and Eastings are relative to Wellhead.
Global Northings and Eastings are relative to NAD27 New Mexico State Planes, Eastern Zone.

Proposal Report for CK 7 Federal # 1 - Plan 01/07/03
Data Source: Information from Wade Wiley

The Dogleg Severity is in Degrees per 100 feet.
Vertical Section is from Wellhead and calculated along an Azimuth of 21.687° (Grid).

Coordinate System is NAD27 New Mexico State Planes, Eastern Zone.
Grid Convergence at Surface is 0.003°. Magnetic Convergence at Surface is -8.808° (07-Jan-04)

Based upon Minimum Curvature type calculations, at a Measured Depth of 12313.25ft.,
The Bottom Hole Displacement is 1393.65ft., in the Direction of 21.687° (Grid).

Comments

Measured Depth (ft)	Station Coordinates			Comment
	TVD (ft)	Northings (ft)	Eastings (ft)	
7357.00	7357.00	0.00 N	0.00 E	Kick-Off at 7357.00ft
7806.99	7805.15	32.77 N	13.03 E	Build Rate = 2.00°/100ft
8256.99	8242.26	130.28 N	51.81 E	End of Build at 8256.99ft
10285.12	10171.13	712.64 N	283.41 E	Hold Angle at 18.000°
12313.25	12100.00	1295.00 N	515.00 E	Total Depth at 12313.25ft

Targets associated with this wellpath

Target Name	Target Entry Coordinates			Target Shape	Target Type
	TVD (ft)	Northings (ft)	Eastings (ft)		
CK 7 Fed # 1 PBHL	12100.00	1295.00 N	515.00 E	Point	Current Target

Application to Drill

Gruy Petroleum Management Co.
C K 7 Federal 1
Unit Letter G Section 7
T24S - R26E Eddy County, NM

12 Testing, Logging and Coring Program:

- A. Mud logging program: One-man unit from 8000' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DST's, or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures or H₂S gas are expected. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 4000 PSI, estimated BHT 190 .

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 35 - 45 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 Morrow / Atoka pay will be perforated and stimulated. The well will be tested and potentialed as a gas well.