

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Alamosa, NM 88210

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM68039
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. NMNM107667
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Section 06-T18S-R31E 1650' FSL & 1780' FWL		8. Well Name and No. Canadian 6 Federal Com No. 1
		9. API Well No. 30-015-31601
		10. Field and Pool, or Exploratory Area Shugart; Morrow North)
		11. County or Parish, State Eddy Co. NM

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

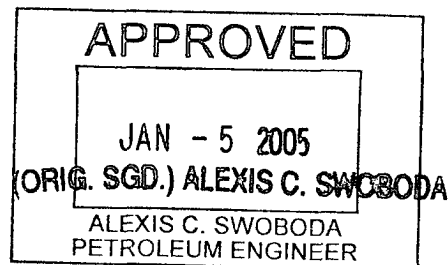
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" 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 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 recompleate 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 recompleation 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.)

If necessary due to low pressure sqz perfs at 11467' - 11498'.

Reestablish production from existing perfs at 11614' - 11640' by either re-perfing, acidizing or fracture treatment per attached procedure.

RECEIVED
JAN 06 2005
OCD-ARTESIA



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 December 29, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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		

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.

RECOMMENDED COMPLETION PROCEDURE

CANADIAN 6 FEDERAL #1

EDDY COUNTY, NEW MEXICO

WELL DATA

SPUD DATE: 3/8/2001
PERM. ZERO PT.: KB=3614', DF=3613', GL=3597'
TOTAL DEPTH: 11,930'
SURFACE CSG: 11-3/4" (14-3/4" hole), 42#, H-40 @ 651'
INTER CSG: 8-5/8" (11" hole), 32#, J-55 @ 4260'
PROD CSG: 5-1/2" (7-7/8" hole), 17#, N-80 @ 11920' - TOC +/- 367'
MORROW PERFS: 11467-11474, 11485-11498' (StimGun and Frac'd)
11614-11640' (no stimulation)
OTHER: CIBP @ 11425' w/ 35' cmt on top
Fish - CIBP @ 11628'

OBJECTIVE: Re-enter, squeeze perfs 11467-11498', clean out wellbore and reestablish production from perfs 11614-11640'.

*** * * * * SAFETY IS TOP PRIORITY * * * * ***

PROCEDURE:

1. MIRU well service rig. NU BOP's and test.
2. PU & RIH w/ 4 3/4" bit and drill collars on 2-7/8" workstring. Drill out cement and CIBP +/- 11390'. Watch for pressure below CIBP. Utilize foam air unit if necessary.

The following assumes that perfs 11467-11498' are low pressure and will cause problems during clean-out so should be squeezed before continuing to clean out to +/- 11700'.

3. Clean out well to +/- 11580' or as deep as possible catching samples for analysis. POH.

Note: It's possible that EOG may have been milling on csg and may have even gotten outside csg. Records did not mention recovering a lot of csg cuttings or any formation but did mention LCM.

4. MIRU e-line. Install lubricator. RIH w/ gauge ring & junk basket to +/- 11580'. WL set composite bridge plug +/- 11550'. RD e-line.
5. RIH w/ pkr on workstring. Set pkr +/- 11400'. Establish injection rate into perfs 11467-11498'. Rls pkr & POH.
6. RIH w/ cmt ret on workstring. Set ret and sqz perfs as necessary. Sting out of retainer, rev circ clean and POH.

7. RIH w/ bit on workstring. Drill out sqz and test to 1500 psi.
8. Continue drilling and cleaning out to +/- 11700'. Utilize foam air unit if necessary. Circ hole clean. POH.
9. RIH w/ pkr and on/off tool for 2-3/8" tbg on 2-7/8" workstring. Set pkr +/- 11540'. Load annulus & test. Load tbg & pump into perfs w/ 15 bbls 7% KCL to verify perfs open. Record ISIP and 15 min SIP.
10. Swab test perfs 11614-11640'. Evaluate for re-perforating and/or acid breakdown.
11. Frac perfs down workstring as necessary.
12. Flow test after stimulation.
13. MIRU slickline. Install lubricator. RIH w/ gauge ring and tag PBTD. WL set blanking plug. Bleed off pressure to test plug. RD slickline.
14. ND frac stac. NU BOP and test.
15. Release on/off tool & POOH, laying down workstring.
16. PU and RIH w/ on/off tool and 2-3/8" tubing to packer @ 11,540'. Displace annulus w/ treated KCl water. Latch into packer.
17. ND BOP and install wellhead.
18. RU slickline. Pull blanking plug. RD slickline and flow test well. Swab, if needed.
19. Put well to sales.