

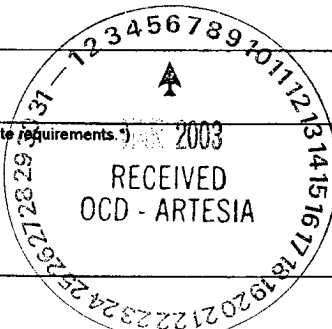
0325
Oil ConsMIT IN TRIPLICATE*
UNITED STATES N.M. Div-Dist. 2
DEPARTMENT OF THE INTERIOR Grand Avenue
BUREAU OF LAND MANAGEMENT Artesia, NM 88210

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

File

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		7. UNIT AGREEMENT NAME Pending 32053	
1b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> WELL WELL OTHER ZONE SINGLE <input type="checkbox"/> MULTIPLE <input type="checkbox"/>		8. FARM OR LEASE NAME, WELL NO. Bradley Federal Com No. 1	
2. NAME OF OPERATOR Gruy Petroleum Management Co. 162683		9. API WELL NO. 30-015-32672	
3. ADDRESS AND TELEPHONE NO. P.O. Box 140907 Irving TX 75014 972-401-3111		10. FIELD AND POOL, OR WILDCAT White City; Penn (Gas)	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) 1650' FNL & 990' FWL WE		11. SEC. T., R., M., BLOCK AND SURVEY OR AREA Sec. 14 T24S R26E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 16 miles South of Carlsbad		12. COUNTY OR PARISH Eddy	13. STATE NM
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O. (Also to nearest drlg. unit line, if any) 990'	16. NO. OF ACRES IN LEASE 488.4	17. NO. OF ACRES ASSIGNED TO THIS WELL 650.10	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2426'	19. PROPOSED DEPTH 13,000'	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3283' GR Carlsbad Controlled Water Basin		22. APPROX. DATE WORK WILL START* 05-15-03	



PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40 13 3/8"	48 #	425'	490 sx circulate
12 1/4"	J-55 9 5/8"	36 #	3200'	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 South Carlsbad; Morrow 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 5/8" 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 Zeno Fami TITLE Mgr. Ops. Admin DATE 01-27-03

(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 those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Mary J. Rugwell TITLE FIELD MANAGER DATE MAR 04 2003

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 or to the Congress any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

State of New Mexico
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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 87280	Pool Name White City; Penn
Property Code	Property Name	Well Number
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3283'

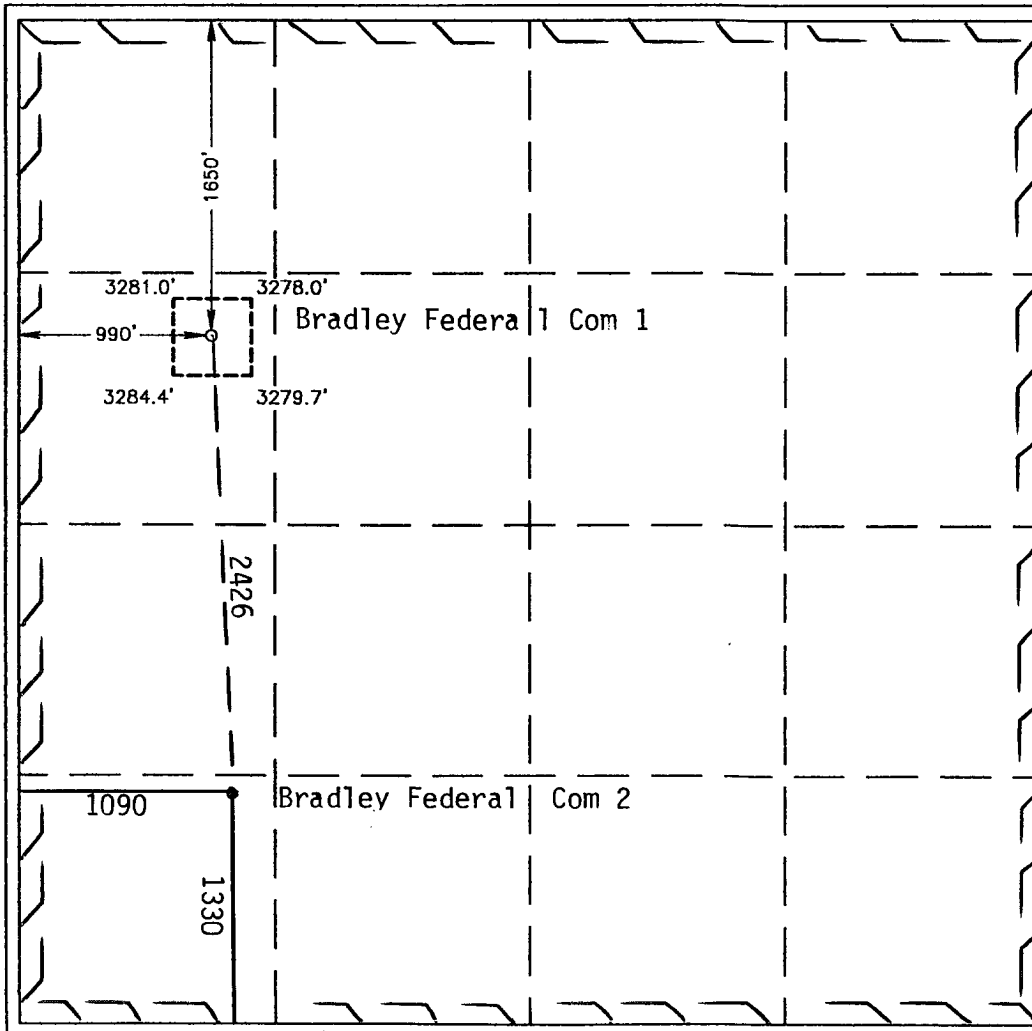
Surface Location

UL or lot No. E	Section 14	Township 24-S	Range 26-E	Lot Idn	Feet from the 1650'	North/South line NORTH	Feet from the 990'	East/West line WEST	County EDDY
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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 650.10	Joint or Infill Y	Consolidation Code C	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

	<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> Signature Zeno Farris Printed Name Mgr. Operations Admin. Title January 29, 2003 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>DECEMBER 11, 2002 Date Surveyed AWB Signature & Seal of Professional Surveyor <i>Ronald F. Eidson</i> 12/12/02 02-11-0945 Certificate No. RONALD F. EIDSON 3239 GARY EIDSON 12641</p>
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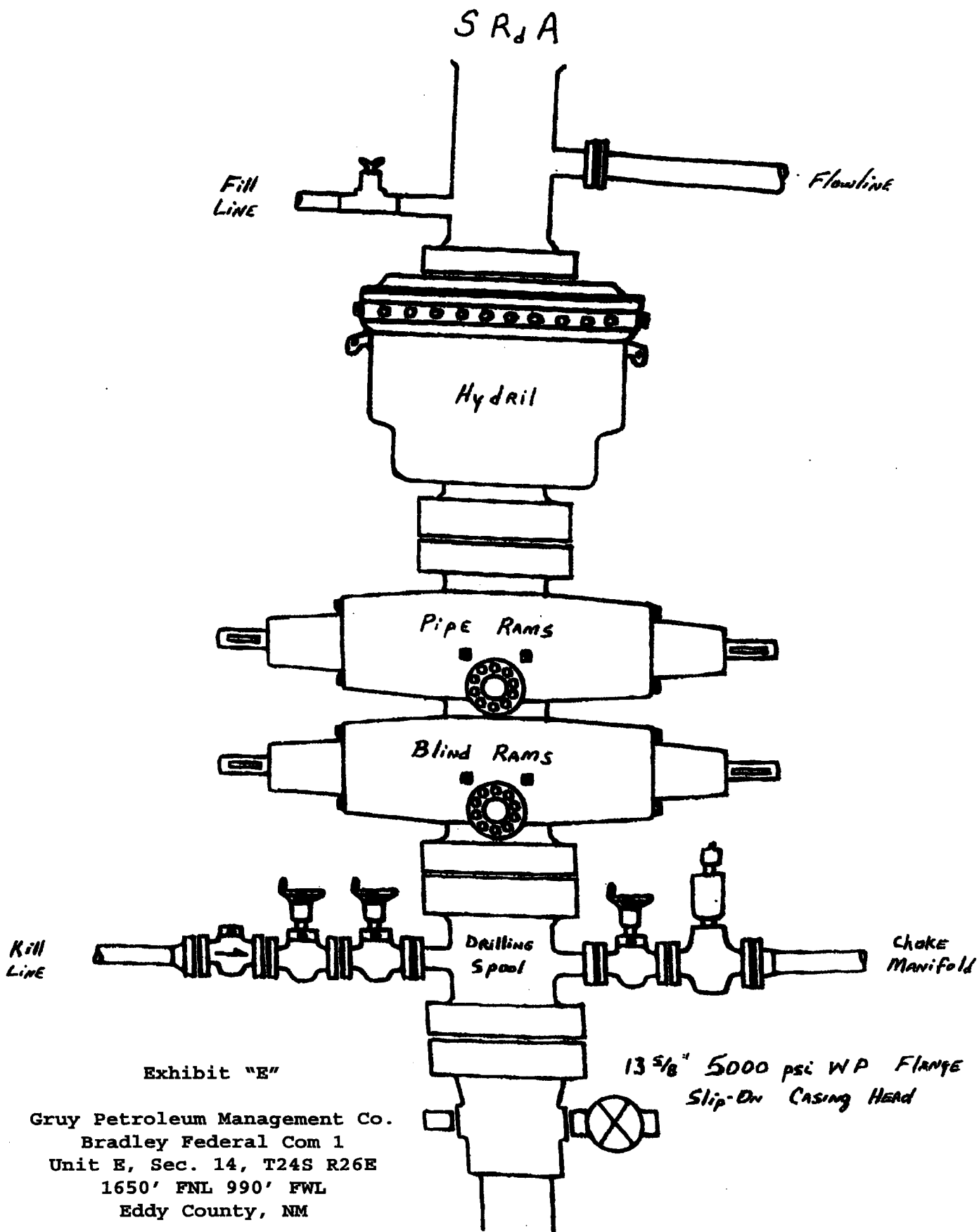


Exhibit "E"

Gruy Petroleum Management Co.
 Bradley Federal Com 1
 Unit E, Sec. 14, T24S R26E
 1650' FNL 990' FWL
 Eddy County, NM