

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

RECEIVED

FEB 06 2004

OCD-ARTESIA

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)
SHL 515' FNL & 305' FEL Sec. 17 T24S - R26E
BHL 738' FNL & 1400' FEL Sec. 17 T24S-R26E

5. Lease Serial No.
NM 0441778-B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
SW 808

8. Well Name and No.
Exxon Federal Com No. 3

9. API Well No.
30-015-32865

10. Field and Pool, or Exploratory Area
White City; Penn (Gas)

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 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 checked="" 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 checked="" type="checkbox"/> Other Set production casing
	<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 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.)

9-2-03 Reached TD of 11968.'

9-8-03 Ran 283 jts N-80 casing. Cemented first stage with lead of 450 sx Interfill "H" with 1% HR-7 1/4#/sx flocele. Tailed with 500 sx Super "H" 2.5# salt, 2% gilsonite, 0.5% LAP-1, 0.4% CFR-3, 0.25 flocele. Circulated 163 sx off first stage. Cemented second stage with lead of 825 sx Interfill "C" neat and tail of 100 sx premium neat. Circulated 60 sx off second stage. Released rig at 5AM to go to the CK Federal No. 3. Found TOC at surface.

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

Natalie Krueger

Signature

Title

Production Assistant

Date

February 3, 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.

(Instructions on reverse)

Gruy Petroleum Management Co.

Magnum Hunter Production, Inc.

Well History

August 5, 2003 Thru September 8, 2003

OPERATED

WHITE CITY PROSPECT

GRUY PETROLEUM MANAGEMENT CO

77002 EXXON FEDERAL COM 3

EDDY, NM

Sec 17, T24S, R26E

W.I. Pct BCP 33.50 %

W.I. Pct ACP 16.75 %

Morrow / 12,000'

08/06/2003

Depth 2,200

Daily Cost:

Progress 262

Cumulative Costs:

AFE: 23155

Present Operation: Pull 3 Stds - Repair Swivel

Test BOPE & ready mix cellar to cover baseplate; PU mtr, 3 pt IBS, 9 DCs & TIH w/BHA & DP; drill cmt & plug; test casing to 2200#, test ok; drill cmt & 5' of new formation; test formation - 300#, no leak off; drill f/1945' to 2200', AVG ROP 18.9 FPH WOB - 15, RPM 60. Presently - pull 3 stds to repair leaking swivel - will run survey at approx. 2280' (250' from last).

08/07/2003

Depth 2,465

Daily Cost:

Progress 265

Cumulative Costs:

AFE: 23155

Present Operation: Running WLS

PULL 3 STDS., SET BACK KELLY AND REPAIR LEAKING SWIVEL. DRILL F/ 2200' - 2241'. AVG. ROP - 10.3 FPH. WOB - 15, RPM -60. WLS @ 2171' - 3 DEG. DRILL F/ 2241' - 2465'. AVG. ROP - 12.1 FPH. WOB - 10, RPM - 60. PRESENTLY RUNNING WLS @ 2398' - 2 1/4 DEG. INCREASED WOB TO 18 - 20. WILL RUN NEXT SURVEY AT 2600' + OR -

08/08/2003

Depth 2,934

Progress 469

AFE: 23155

Present Operation: Drlg

DRILL F/ 2465' - 2654'. AVG. ROP - 14.5 FPH. WOB - 15, RPM - 60. WLS @ 2584' - 2 DEG. DRILL F/ 2654' - 2840'. AVG. ROP - 23.3 FPH. WOB - 20, RPM - 60. WLS @ 2775' - 1 3/4 DEG. DRILL F/ 2840' - 2934'. AVG. ROP - 47 FPH. WOB - 25, RPM -60.

08/09/2003

Depth 3,468

Progress 534

AFE: 23155

Present Operation: Drlg

Drill f/2934' to 3065', AVG ROP 23.8 FPH, WOB 20, RPM 60; WLS @ 2990' = 1-1/2 deg; drill f/3065' to 3351', AVG ROP 26 FPH, WOB 25, RPM 60; WLS @ 3281' = 3/4 deg; drill f/3351' to 3468' AVG ROP 18 FPH, WOB 25, RPM 60.

08/10/2003

Depth 3,800

Progress 332

AFE: 23155

Present Operation: Drlg

Drill f/3468' to 3542', AVG ROP 9.9 FPH, WOB 25, RPM 60; set kelly back, drop TOTCO & TOH for new bit; PU bit, motor & TIH; install wear bushing & cut drlg line; TIH; W&R 60' to btm; drill f/3542' to 3800', AVG ROP 27.2 FPH, WOB 35, RPM 60.

08/11/2003

Depth 4,620

Progress 820

2/3/04

EXXON FEDERAL COM 3

AFE: 23155 Present Operation: Drlg

Drill f/3800' to 3923', AVG ROP 24.6 FPH, WOB 30, RPM 60; WLS @ 3848' = 1/2 deg; drill f/3923' to 4241', AVG ROP 33.5 FPH, WOB 40, RPM 55; WLS @ 4166' = 3/4 deg; drill f/ 4241' to 4620', AVG ROP 44.6 FPH, WOB 45, RPM 55.

08/12/2003 Depth 5,124
Progress 504

AFE: 23155 Present Operation: Drlg

Drill f/4620'-4686', AVG ROP - 18.9 FPH, WOB 40, RPM 55; WLS @ 4611' = 1-1/4 deg; drill f/4686' to 4972', AVG ROP 26 FPH, WOB 35, RPM 55; WLS @ 4900' = 1-1/4 deg; drill f/4972' to 5124', AVG ROP 17.9 FPH, WOB 30, RPM 55.

08/13/2003 Depth 5,480
Progress 356

AFE: 23155 Present Operation: Drlg

Drilling f/5124' to 5352' with 35K WOB & 60 RPM (15.2'/hr); WLS at 5304' = 2.5 degs, flare came up to 20-25' for 15 mins after survey; drlg f/5352' to 5480' with 25-30K WOB & 70 RPM (15'/hr).

08/14/2003 Depth 5,858
Progress 378

AFE: 23155 Present Operation: Drlg

Drlg f/5480' to 5539' with 30K WOB & 70 RPM (13.1'/hr); drop survey tool & TOH for bit & inspect drill collars, no DC in string were bad, but found three bad 8" DCs on rack used in 12-1/4" hole; TIH with bit #5; drlg f/5539' to 5858' with 25K WOB & 70 RPM (26.6'/hr) - flare from 8-10' & steady.

08/15/2003 Depth 6,500
Progress 642

AFE: 23155 Present Operation: Drlg

Drlg f/5858' to 5957' with 25K WOB & 70 RPM (28.2'/hr); WLS at 5882' = 1 deg; drlg f/5957' to 6275' with 40K WOB & 70 RPM (31.8'/hr) WLS at 6226' = 1/5 deg; drlg f/6275' to 6500' with 35K WOB & 70 RPM (23.6'/hr). Flare stead at 6-8'.

08/16/2003 Depth 7,198
Progress 698

AFE: 23155 Present Operation: Drlg

Drlg f/6500' to 6592' with 30K WOB & 70 RPM (20.4'/hr); WLS at 6517' = 1 deg; drlg f/6592' to 7070' with 35K WOB & 70 RPM (31.8'/hr); WLS at 7003' = 1 deg; drlg f/7070' to 7198' with 35-40K WOB RPM (25.6'/hr); daily ROP 30.3'/hr - flare 4-6 feet & steady.

08/17/2003 Depth 7,719
Progress 521

AFE: 23155 Present Operation: Drlg

Drlg f/7198' to 7570' with 30K WOB & 70 RPM (33.8'/hr); WLS at 7500' = 3 degs; drlg f/7570' to 7699' with 15K WOB & 70 RPM (13.5'/hr); WLS at 7670' = 4.25 degs; drlg f/7699' to 7719' with 10K WOB & 70 RPM (8.8'/hr); no flare at present time, intermitted in last 24 hrs from 4-6'; daily ROP 22.9'/hr.

08/18/2003 Depth 7,745
Progress 26

AFE: 23155 Present Operation: Trip for Directional Tools

Drlg f/7719' to 7745' with 10K WOB & 70 RPM; pump slug & TOH for bit, bit & RMR were 1/8" out of gauge, Sperry Sun directional tools arriving on loc for KOP at 8300'; will PU tools for directional work; unload directional tools & MU build assy; computers for MWD were inoperative, could not get

either one to operate properly with probe, new computers were in OKC & would take 12 hrs to arrive; TIH to run gyro while waiting on Sperry Sun computers; CIRC gas out of hole to run gyro, haad 25-35' flare for 30 mins & 50 bbls pit gain on BU; RU gyro data & run gyro from 7745' to surface; CIRC BU for TOH to PU direcitional tools; TOH.

08/19/2003 Depth 8,073
 Progress 328
 AFE: 23155 Present Operation: Drlg

TOH for build assy; MU BHA & test motor; TIH to 5500'; break circulation & remove gas from annulus; TIH to 7745', had 5' of soft fill on btm; drlg f/7745' to 8073' with 30-35K WOB & 50 RPM, directional driller sliding about 5' per kelly to chg direction, beginning to add more weight to increase angle; flare was 15-25' for 10 mins when back on btm, has since gone out.

08/20/2003 Depth 8,619
 Progress 546
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 8073' to 8619' with 45K WOB & 50 RPM - 22.75'/hr, last survey at 8558' was 12.08 degs at 245.9 AZ.

08/21/2003 Depth 9,057
 Progress 438
 AFE: 23155 Present Operation: Sliding 16'/hr

Rotate & slide form 8619' to 9057' with 42K WOB & 50 RPM (18.25'/hr); surveys: 8590' = 12.87 deg at 247.12 AZ; 8685' = 14.33 deg at 241.77 AZ; 8780' = 15.39 deg at 245.82 AZ; 8875' = 16.45 deg at 247.82 AZ; 8971' = 16.74 deg at 250.14 AZ; BGG 280 u / MG 340u, no flare.

08/22/2003 Depth 9,580
 Progress 523
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 9057' to 9580' with 40-45K WOB & 50 RPM (21.79'/hr); surveys: 9098' = 17.54 deg at 247.42 AZ; 9193' = 20.20 deg at 244.11 AZ; 9289' = 21.12 deg at 242.87 AZ; 9384' = 21.64 deg at 242.57 AZ; 9480' = 20.54 deg at 242.38; preparing to trip for bit, having to slide more to keep angle up.

08/23/2003 Depth 9,780
 Progress 200
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 9580 to 9662' with 45K WOB & 50 RPM (18.22'/hr); pump slug & TOH, hole in good shape with no excess drag anywhere on trip; chg out motors & bit, tt new motor; TIH with DCs & 2 stds of DP; cut drilling line; TIH with 40 stds of DP; CIRC gas out of annulus, had 20-30' flare for one hr; TIH to 9600'; W&R 66' to btm, no fill on btm; rotate & slide form 9662' to 9780', sliding more each kelly to build angle with 45-50K WOB, about 1.8 degs behind target, but should not be a problem once out of shale & into more firm formation. Surveys: 9543' = 19.76 degs at 242.68 AZ, 9575 = 19.72 degs at 243.04 AZ; 9641 = 20.12 degs at 241.81 AZ; 9673 = 19.73 degs at 242.58 AZ, 9705 = 19.21 degs at 245.13 AZ, BGG 451 u / 1900 u, trip gas no.

08/24/2003 Depth 10,068
 Progress 288
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 9780' to 9887' with 45K WOB & 50 RPM - 11.8'/hr; generator down, lost all power on location, replaced batteries & restored power; rotate & slide from 9887' to 10,038' with 45K WOB & 50 RPM - 15.1'/hr; work on pumps; rotate & slide from 10,038' to 10,068' with 45K WOB & 50 RPM - 12'/hr. Surveys: 9768' = 18.69 degs at 245.87 AZ, 9864 = 20.15 degs at 244.56 AZ, 9959 = 19.62 degs at 244.4 AZ, 9991' = 18.75 degs at 245.22 AZ, BGG - 3280 u, MG 4680 u 8-10' intermitted flare.

Circulating gas out of wellbore at 9400' until flare was steady at 8-10' & pit volume back to normal; TIH to btm; C&C hole & mud, adding Prem Seal coarse LCM & pumping sweeps in attempt to establish wellbore integrity, shut down for 1 hr with no pump to check static influx, after pumping B/U, no flare or pit gain, losses were about 25 bbls during shut down & CIRC B/U; rotate & slide as needed while building volume in pits, lost 110 bbls during first hr of drilling until Prem Seal sweep came around & sealed off wellbore, presently drilling with no flare & mud losses are about 7 bbls/hr with no flare, drag is 60K & will add beads to system to reduce drag.

08/30/2003 Depth 11,091
 Progress 252
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 10,839' to 11,091' with 45K WOB & 40 RPM, mixing Prem Seal for seepage & lost returns, presently drlg ahead with no losses & no flare; surveys: 10846' = 22.6 deg at 240.62 AZ, 10,879' = 22.08 deg at 239.31 AZ, 10,911' = 22.70 deg at 238.17 AZ, 10,943' = 23.02 deg at 238.59 AZ, 10,975' = 22.87 deg at 238.56 AZ, 11,007' = 23.55 deg at 238.58 AZ; BGG 380 uts, no flare.

08/31/2003 Depth 11,294
 Progress 203
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 11,091' to 11,294' with 45K WOB & 40 RPM, mixing LCM sweeps with Prem seal & pumping as needed for seepage, losses have been minor in last 24 hrs, circulating 20-25% of mud across shaker to keep solids down, MW up to 10 ppg in last check, flare has dropped off to zero & BGG is down to 260 uts, high gas was 380 uts, daily ROP 8.5'/hr; surveys: 11,070' = 23.4 deg at 238.57 AZ, 11,102' = 22.56 deg at 238.41 AZ, 11,134' = 21.86 deg at 238.71 AZ, 11,166' = 21.61 deg at 238.85 AZ; 11,197' = 21.28 deg at 238.85 AZ, 11,229' = 20.77 deg at 238.47 AZ / VS 1088.77'

09/01/2003 Depth 11,510
 Progress 212
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 11,294' to 11,510' with 45K WOB & 40 RPM, mixed 60 bbls of oil into system in last 24 hrs to slick hole up, but drag is still 65K on connections, had only minor losses with most over shaker, flare 4-10' with BGG 280 uts & MG of 1100 uts at 11,443' to 11,453' in show; surveys: 11,293' = 19.75 deg at 238.28 AZ; 11,324' = 19.43 deg at 239.85 AZ, 11,356' = 19.42 deg at 242.64 AZ, 11,388' = 19.17 deg at 244.71 AZ, 11,420' = 19.60 deg at 244.73 AZ, 11,451' = 19.86 deg at 245.61 AZ.

09/02/2003 Depth 11,707
 Progress 197
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 11,512' to 11,707' with 45K WOB & 40 RPM, drag still around 60K, have added 25 sx of beads to system along with 60 bbls of 40 gravity oil, mud losses have been about 2 bbls per hr over shale shaker, TD appears to be at 11,968' MD (11,750'TVD); surveys: 11,515' = 20.31 deg at 246.2 AZ, 11,547' = 20.21 deg at 246.45 AZ, 11,579' = 19.84 deg at 246.38 AZ, 11,610' = 19.22 deg at 247.5 AZ, 11,642' = 18.37 deg at 248.54 AZ; BGG 580 uts / MG 3250 uts at 11,676' to 11,694', also had good shows at 11,530', 11,580, & 11,620'.

09/03/2003 Depth 11,888
 Progress 181
 AFE: 23155 Present Operation: Drlg

Rotate & slide from 11,707' to 11,888' with 40-45K WOB & 40 RPM, losing approx 15 bbls per hr of mud to seepage, mixing Prem Seal & mica for sweeps at 5 to 1 ratio, TD will be at 11,968'MD, bit may not make it as we are starting to see some torque on last conn. BGG 320 uts / MG 420 uts / no flare. Surveys: 11,706' = 18.29 deg at 251.14 AZ, 11,738' = 18.54 deg at 248.34 AZ, 11,769' = 19.06 deg at 248.54 AZ, 11,801' = 19.34 deg at 248.70 AZ, 11,833' = 18.99 deg at 248.61 AZ - projection to bit at 11,888' = 18.7 deg at 248.61 AZ.

09/04/2003	Depth	11,954
	Progress	66
AFE:	23155	Present Operation: TOH for Logs

Drill f/11,888' to 11,954', AVG ROP 4 FPH rotating; CIRC, pump slug & short trip 25 stds; monitor well, no flow; TIH; CIRC, pump slug (15' flare after short trip - lasted only 15 mins); TOH for logs, strap out. Surveys: 11,865' = 18.46 deg at 250.88 AZ, 11,897' = 17.93 deg at 253.16 AZ, proj at 11,954' = 17.93 at 253.16 AZ.

09/05/2003	Depth	11,954
	Progress	0
AFE:	23155	Present Operation: TIH

TOH for logs (strap out), strap - 11,967'; LD directional tools; RU Hall loggers; 1st run - density neutron full wave sonic & dual lateral log from TD to surface loggers TD - 11,956'; 2nd run - press tests, 11,824' - 10,174', 19 tests; PU bit #7 & TIH to CIRC.

09/06/2003	Depth	11,954
	Progress	0
AFE:	23155	Present Operation: CIRC & WO Csg

TIH; W&R 120' to btm; CIRC & WOO on casing (5-1/2" csg to be run - will be delivered Saturday at 12:00 Noon.

09/07/2003	Depth	11,954
	Progress	0
AFE:	23155	Present Operation: Running 5-1/2" Casing

CIRC & WO casing; RU Bull Rogers LD machine, pump slug & TOH, LD DP & DCs; RU Bull Rogers casers; PU & run FLT shoe jt, FC, 64 jts, P-110 54 jts N80 DV tool, (at 7022') 148 jts N80, 16 jts P110 (total jts run 283),, fill up every 40 jts.

09/08/2003	Depth	11,954
	Progress	0
AFE:	23155	Present Operation: Released Rig

Run casing; RU Hall & CIRC, RD Bull Rogers casers & LD machine; CIRC; cmt 1st stage - lead 450 sx interfill "H" with 1% HR-7 1/4#/sx flocele tail w/500 sx super "H" 2.5# salt, 2% HR-7.5# gilsonite, .5% LAP-1, .4% CFR-3 .25 floseal, pump FW ahead & 500 gals superflush 100; drop bomp & open DV tool (CIRC 163 sx off 1st stage); CIRC; cmt 2nd stage, pump FW spacer & 500 gals superflush lead 825 sx interfill "C" neat, tail w/100 sx prem neat (CIRC 60 sx off 2nd stage); ND BOPE, make rough cut, set slips, make final cut, install tbg head & test to 4000#, test ok; jet pits, release rig at 5:00 AM, 9/8/03 - Rig will be doing some repair - trucks are moving rig to CK Federal #3 on Thursday, 9/11/03.