

Gruy Petroleum Management Co.

600 East Las Colinas Blvd. ♦ Suite 1100 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6450

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

A subsidiary of Magnum Hunter Resources, Inc. • An American Stock Exchange Company • "MHR"

August 17, 2000

Bureau of Land Management
2909 West 2nd Street
Roswell, NM 88201-2019
Attn: Mr. David Glass

Re: Empire 20 Federal Com No. 2
E/2 20 18S – 29E, Eddy County NM

Gentlemen:

Enclosed for your approval are one original and five copies of BLM Form 3160-5 with attachments, requesting approval to surface commingle Atoka and Morrow gas production from the referenced well. Condensate production from each zone will be separately gauged. Morrow production has been isolated via a 5 ½" PLS Packer with production through tubing. Atoka will be through the casing with both zones flowing into a single LG&E sales meter. Production will be allocated back to each zone based on check meters volumes.

The Empire 20 Federal Com No. 2 well is 100% owned by Magnum Hunter Production, Inc. and royalties and overrides are common, therefore Federal royalties will not reduced by averaging the btu factor.

If you have any questions or require additional information concerning this request, please contact me at 972-443-6489.

Yours truly,

Zeno Farris
Manager, Operations Administration

Cc:

New Mexico Oil Conservation Division
811 South 1st Street
Artesia, New Mexico 88210-2834
Attn: Mr. Tim Gum

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505
Attn: Mr. David Catanach

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

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)
660' FSL & 1650' FEL Sec. 20 T18S - R29E

5. Lease Serial No.
LC-067132

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
SCR - 150

8. Well Name and No.
Empire 20 Federal Com 2

9. API Well No.
30-015-31046

10. Field and Pool, or Exploratory Area
Turkey Track Atoka/Morrow Nor.

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 <u>Commingling</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Atoka/Morrow Gas</u>
	<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.)

Request approval of Atoka/Morrow surface commingling. Morrow and Atoka zones will be isolated with 5 1/2" PLS Packer, with Morrow production through tubing and Atoka production through casing. Condensate production will be gauged separately (See Schematic Diagram) and Atoka/Morrow gas production will be surface commingled into a single LG&E sales meter. Production will be allocated back to appropriate zones based on check meters for each completion.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Zeno Farris

Title

Manager Operations Administration

Signature

Zeno Farris

Date

August 17, 2000

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.

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

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

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

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-31046	Pool Code	Pool Name Turkey Track Morrow, North/Atoka, North
Property Code	Property Name EMPIRE 20 FEDERAL COM	Well Number 2
OGRID No. 162683	Operator Name GRUY PETROLEUM MANANGEMENT CO.	Elevation 3513

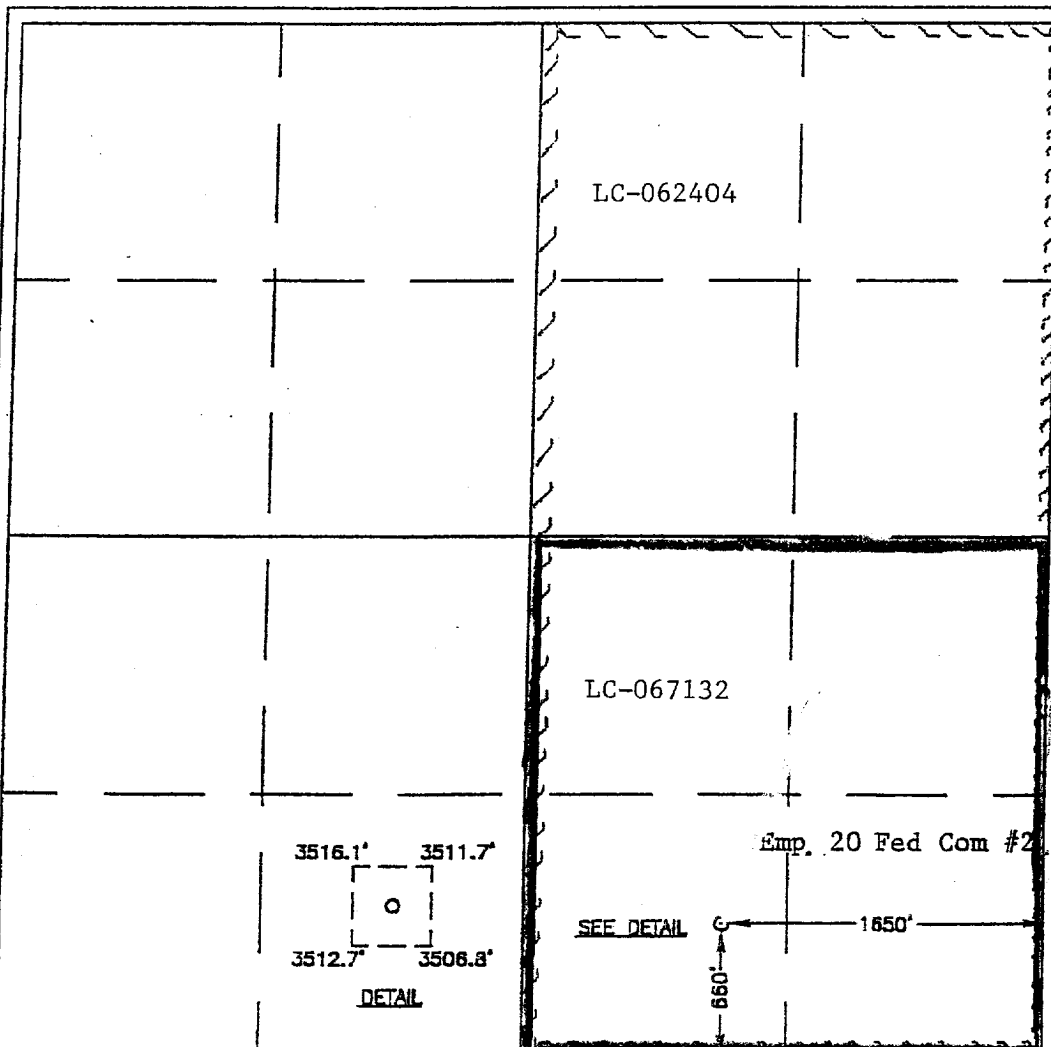
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	20	18S	29E		660	SOUTH	1650	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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

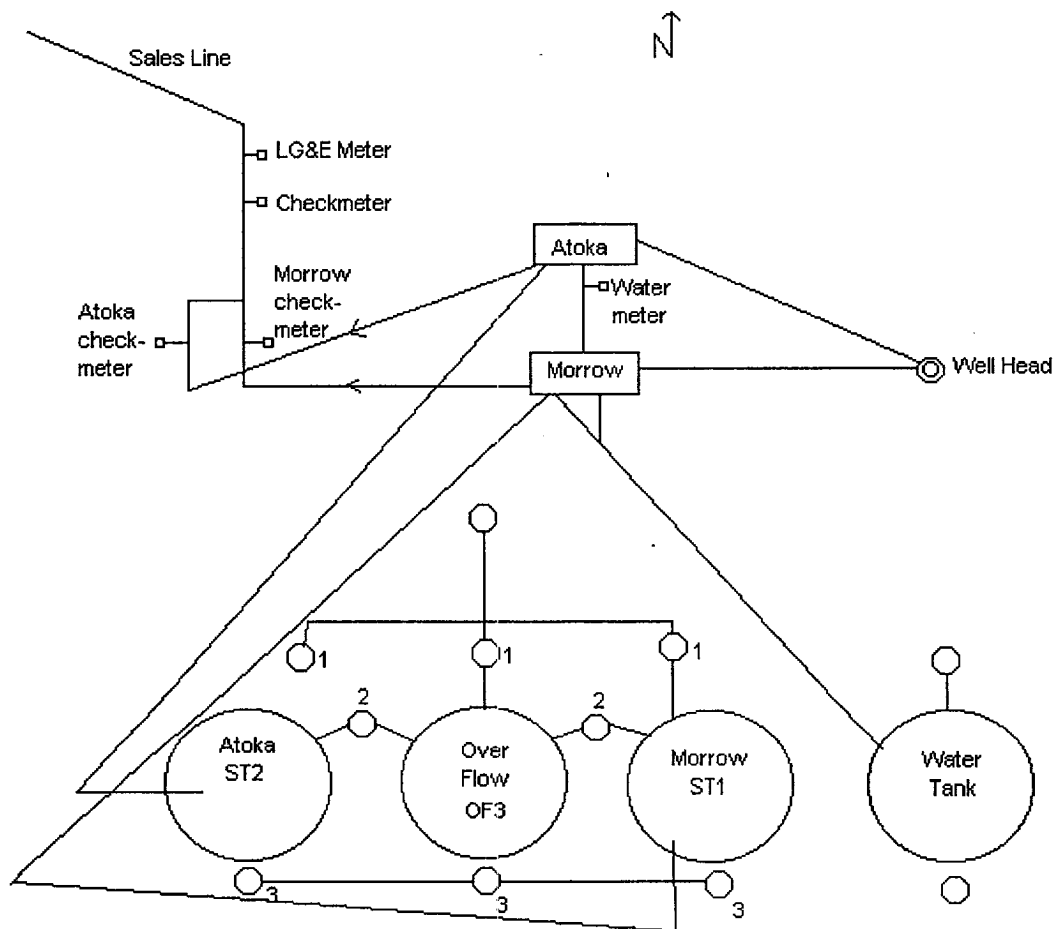
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Zeno Farris</u> Signature</p> <p><u>Zeno Farris</u> Printed Name</p> <p><u>Mgr. Operations Admin.</u> Title</p> <p><u>January 26, 2000</u> 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><u>JANUARY 17, 2000</u> Date Surveyed</p> <p><u>Ronald J. Eidson</u> Signature of Seal of Professional Surveyor</p> <p><u>00-11-0059</u> Certificate No.</p> <p><u>RONALD J. EIDSON</u> GARY EIDSON MACON McDONALD</p> <p><u>3239</u> 12841 12185</p>

**Empire 20 Fed Com #2
Sec 20, T18S, R29E
660' FSL & 1560 FEL
Eddy County, New Mexico**

Production System Open.

1. Oil Sales by tank gauge to truck transport.
2. Seal Requirements
 - A. Production Phase
 - (1) All valves (1), (2), & (3) are closed. (Valve 2 only open in emergency for over flow).
 - (2) ST2 tank for Atoka Zone.
 - (3) ST1 tank for Morrow Zone.
 - (4) OF3 - Overflow tank for emergency.
 - B. Sales Phase
 - (1) All valves closed with exception of load line and when a tank is on sales line.



Empire 20 Federal Com No. 2
Sec. 20 T18S R29E
Atoka/Morrow Surface Comingling Application

Producing Formation	Monthly Production	btu Dry	mmbtu	Average btu
Morrow	11,098	1.106	12274.388	
Atoka	65,627	1.121	<u>73567.867</u>	
Totals	76,725		85842.255	1.11883

Working interest owned 100% by Magnum Hunter Production, Inc.
with common Federal Royalty and overriding royalty interests.

Laboratory Services, Inc.

4015 Fiesta Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Pro Well Testing & Wireline
P. O. Box 791
Hobbs, New Mexico 88241

SAMPLE:
IDENTIFICATION: Empire "20" Fed. Com. #2
COMPANY: Gruy Petroleum
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 7/17/00 12:30 pm
ANALYSIS DATE: 7/17/00
PRESSURE - PSIG 214
SAMPLE TEMP. °F 88
ATMOS. TEMP. °F

GAS (XX) LIQUID ()
SAMPLED BY: Ray Gallagher
ANALYSIS BY: Vickie Walker

REMARKS: Taken @ the meter run.

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)		
Nitrogen (N2)	1.327	
Carbon Dioxide (CO2)	0.217	
Methane (C1)	88.143	
Ethane (C2)	0.368	1.699
Propane (C3)	2.479	0.681
I-Butane (C4)	0.369	0.120
N-Butane (NC4)	0.636	0.200
I-Pentane (C5)	0.147	0.054
N-Pentane (NC5)	0.123	0.044
Hexane Plus (C6+)	0.192	0.088

100.000

2.881

BTU/CU.FT. - DRY 1118
AT 14.650 DRY 1115
AT 14.650 WET 1095
AT 14.73 DRY 1121
AT 14.73 WET 1101

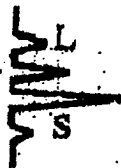
MOLECULAR WT. 18.5693

SPECIFIC GRAVITY -
CALCULATED 0.641
MEASURED

Empire 20 Federal Com 2
Sec. 20 T 8S R 29E
Atoka Gas Analysis

JUN - 1 - 00 THU 11:37 Laboratory Services

P.02

**Laboratory Services, Inc.**4016 Fiesta Drive
Hobbs, New Mexico 88240

Telephone: (505) 307-3713

morrow

FOR:Pre Well Testing & Wireline
P. O. Box 791
Hobbs, New Mexico 88241**SAMPLE:**IDENTIFICATION: Empire 20 Fed. Com. #2
COMPANY: Gruy Petroleum
LEASE:
PLANT:**SAMPLE DATA:**DATE SAMPLED: 5/31/00 8:30 pm
ANALYSIS DATE: 6/1/00
PRESSURE - PSIG 240
SAMPLE TEMP. °F 67
ATMO3. TEMP. °FGAS (XX) LIQUID ()
SAMPLED BY: R. Hicks
ANALYSIS BY: Vickie Walker**REMARKS:**Sample taken @ the meter run.
Wellhead Pressure = 1625 PSIA**COMPONENT ANALYSIS**

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H ₂ S)		
Nitrogen (N ₂)	0.601	
Carbon Dioxide (CO ₂)	0.867	
Methane (C ₁)	90.120	
Ethane (C ₂)	5.964	1.431
Propane (C ₃)	1.780	0.489
I-Butane (IC ₄)	0.270	0.088
N-Butane (NC ₄)	0.458	0.143
I-Pentane (IC ₅)	0.172	0.063
N-Pentane (NC ₅)	0.157	0.057
Hexane Plus (C ₆ +) <u>0.343</u>		<u>0.141</u>
	100.000	2.412

BTU/CU.FT. - DRY 1103
 AT 14.650 DRY 1100
 AT 14.650 WET 1081
 AT 14.73 DRY 1108
 AT 14.73 WET 1087

MOLECULAR WT. 18.2884

SPECIFIC GRAVITY -
 CALCULATED
 MEASURED

0.632

Empire 20 Federal Com 2
 Sec. 20 T8S R29E
 Morrow Gas Analysis