

Application to Drill

Gruy Petroleum Management Co.
Magnum Federal 5 Com 1
Unit Letter G Section 5
T18S - R31E Eddy County, NM

In response to questions asked under Section II B of Bulletin NTL-6 the following information is provided for your consideration:

1 Location: 1650' FNL & 1650' FEL Sec. 20 18S 29E

2 Elevation above sea level: GR 3702'

3 Geologic name of surface formation: Quaternary Aeolian Deposits

4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.

5 Proposed drilling depth: 12000'

6 Estimated tops of geological markers:

T/Salt	250'	Wolfcamp	8700'
B/Salt	800'	Cisco Canyon	9700'
Yates	1050'	Strawn	9900'
Queen	1975'	Atoka	10450'
Grayburg	2350'	Morrow	10650'
San Andres	2815'	Mississippian	11400'

7 Possible mineral bearing formation:

Wolfcamp	Oil
Atoka	Gas
Morrow	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17 1/2"	0-400'	13 3/8"	48	8-R	ST&C	H-40
11"	0-3200'	8 5/8"	24	8-R	ST&C	K-55
7 7/8"	0-12000'	5 1/2"	17	8-R	ST&C	N-80 / S-95