

Application to Drill

Gruy Petroleum Management Co.
Kenwood Shugart Federal No. 1
Unit Letter D Section 29
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: 990' FNL & 990' FWL Sec. 2918S 31E
- 2 Elevation above sea level: GR 3635'
- 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: 12500'
- 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"	0-600'	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"	0-12500'	5 1/2"	17	8-R	ST&C	N-80 / S-95