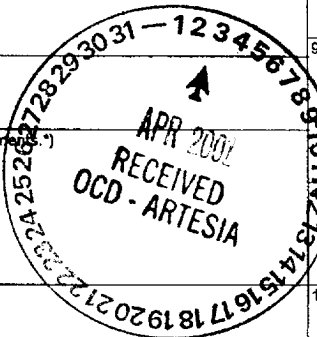


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on
reverse side)

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NMLC 029389E	
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"/>		6. IF INDIAN, ALLOTES OR TRIBE NAME	
2. NAME OF OPERATOR Gruy Petroleum Management Co. 162153		7. UNIT AGREEMENT NAME Pending 28015	
3. ADDRESS AND TELEPHONE NO. P.O. Box 140907 Irving TX 75014 972-401-3111		8. FARM OR LEASE NAME, WELL NO. Neste Kenwood Federal No. 1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) 990' FNL & 1650' FWL Unit C		9. API WELL NO. 30-015- 31850	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*		10. FIELD AND POOL, OR WILDCAT Shugart Morrow, North	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O. (Also to nearest drlg. unit line, if any) 990'		11. SEC. T., R., M., BLOCK AND SURVEY OR AREA Sec. 6 T18S R31E	
16. NO. OF ACRES IN LEASE 107.37		12. COUNTY OR PARISH Eddy	
17. NO. OF ACRES ASSIGNED TO THIS WELL 295.19		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		20. ROTARY OR CABLE TOOLS Rotary	
19. PROPOSED DEPTH 12500'		22. APPROX. DATE WORK WILL START* 1-20-01	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3607'			



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 #	550'	465 sx circulate
11"	K-55 8 5/8"	24 #	3200'	995 sx circulate
7 7/8"	N-80/S-95 5 1/2"	17 #	12500'	950 sx TOC 8500'

The proposed well will be drilled to a depth of 12500' and completed as a Shugart Morrow North 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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

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.

SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 12-18-00

(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/LARRY O. BRAY TITLE Assistant Field Manager DATE 12-18-00

*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

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.

RECEIVED
DEC 9 2000
PLM
POSSWELL, NM

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	Well Name Shugart Morrow, North
Property Code	Property Name NESTE KENWOOD FEDERAL 6	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3607

Surface Location

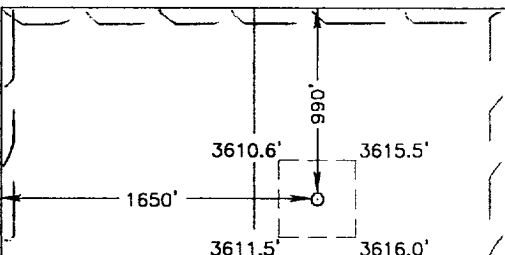
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	6	18 S	31 E		990	NORTH	1650	WEST	EDDY


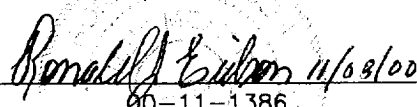
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 295.19	Joint or Infill N	Consolidation Code P	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

	Neste Kenwood Federal 6 No. 1	

OPERATOR CERTIFICATION	
I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.	
	
Signature	
Printed Name	Zeno Farris
Title	Mgr. Operations Admin.
Date	12-18-00
SURVEYOR CERTIFICATION	
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.	
NOVEMBER 8, 2000	
Date Surveyed	LMP
Signature & Seal of Professional Surveyor	
	
60-11-1386	
Certificate No.	RONALD J. EIDSON 3239 GARY EIDSON 12641

BLOWOUT PREVENTOR SCHEME

Shaffer 13 3/8" - 5,000 psi LWS Double Gate, 5,000 psi Shaffer Annular with 4" x 3" - 5,000 psi Oilmaster Choke Manifold and Koomey 6 Station Closing Unit, and 120 gallon Accum. or with Remote Control Panel

Hydril OK
Annular Preventer

Shaffer Type "E"
Rams

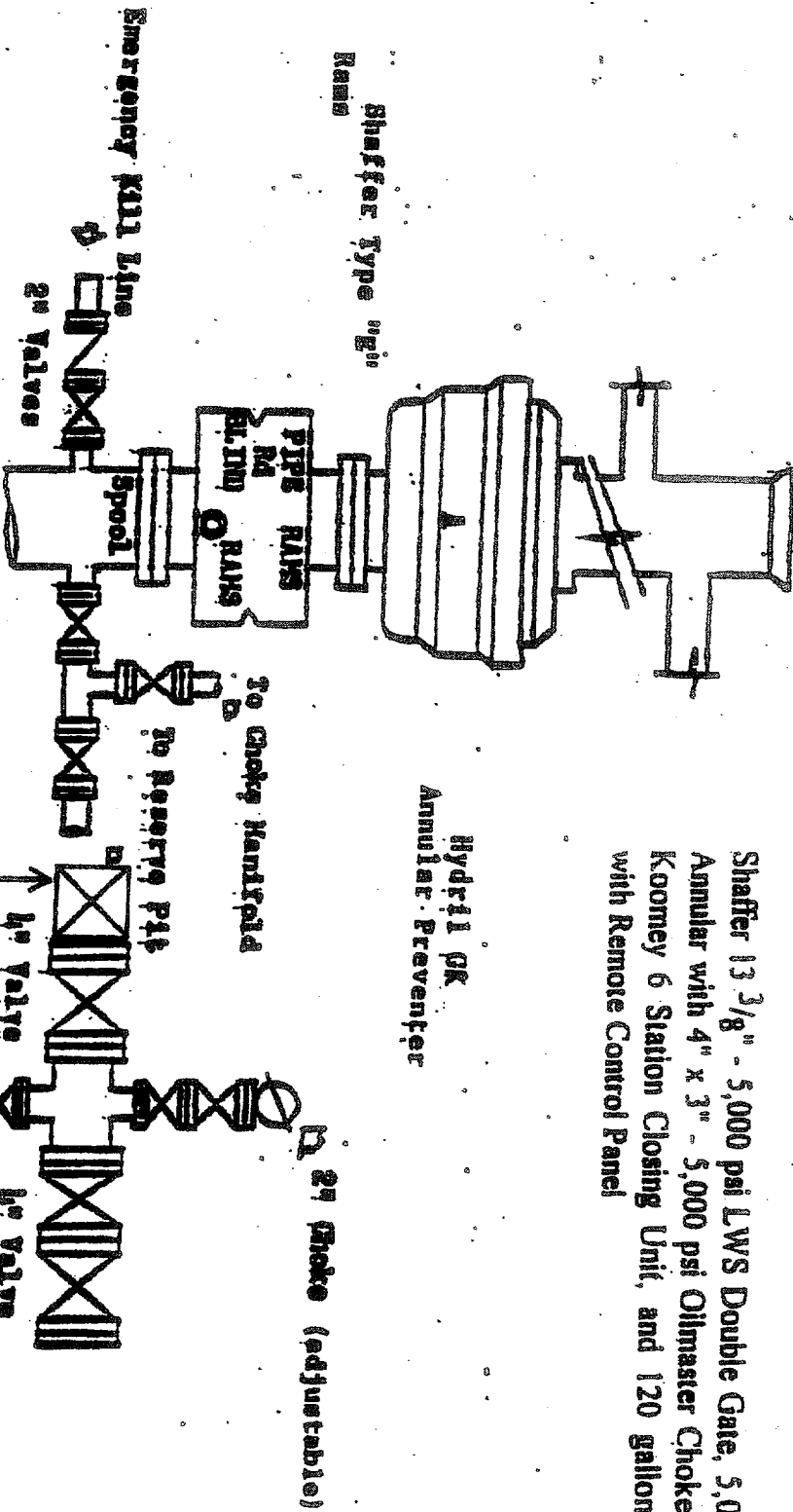


Exhibit "E"
Neste Kenwood Federal 6 #1
Unit "C"
Section 6
T 18S - R 31E Eddy Co. N.M.
Gruy Petroleum Management Co.

Manifold Detail

Choke Manifold