

Application to Drill

Gruy Petroleum Management Co.
Gulf Federal Com 3
Unit Letter C Section 1
T23S - R26E 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: 1100' FNL & 1980' FWL Sec. 1 23S 26E

2 Elevation above sea level: GR 3231'

3 Geologic name of surface formation: Quaternary Alluvium Deposits

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

5 Proposed drilling depth: 13500'

6 Estimated tops of geological markers:

T/Salt	250'	Cisco Canyon	9928
B/Salt	800'	Strawn	10078
Delaware	1450	Atoka	10388
Bone Spring	6168	Morrow	11,158
Wolfcamp	8098	Barnett	11,768

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- 425 575'	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"	0-13500'	5 1/2"	17	8-R	ST&C	N-80 / S-95