

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Dist. 2
1301 W. 10th Avenue
Albuquerque, NM 87102

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

CISF

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 040547
2. Name of Operator Gruy Petroleum Management Co.		6. If Indian, Allottee or Tribe Name
3a. Address P. O. Box 140907 Irving, TX 75014-0907	3b. Phone No. (include area code) 972-401-3111	7. If Unit or CA/Agreement, Name and/or No. SW 550
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1100' FNL & 1980' FEL Sec. 1 T23S - R26E		8. Well Name and No. Gulf Federal Com No. 3
		9. API Well No. 30-015 32288
		10. Field and Pool, or Exploratory Area Carlsbad; Morrow, South (Gas)
		11. County or Parish, State Eddy Co., NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

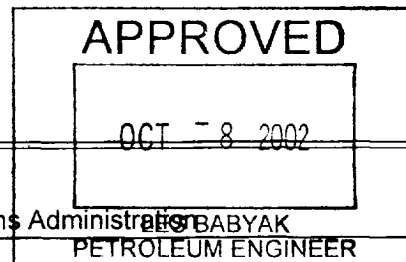
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input checked="" 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>BOP casing test</u>
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 for setting 3200' of 9/5/8" 36# J-55 intermediate casing, per attached drilling procedure.

We are requesting a variance for the 13 5/8" surface casing from Onshore Order No. 2, which states all casing strings below the conductor, shall be pressure tested to .22 psi per foot or 1500 # whichever is greater, but not to exceed 70% of the manufactures stated maximum internal yield. Per onshore order 2 the 13 5/8" 48 # H-40 casing should be tested at 70% of its maximum internal yield of 1730 # or 1211 #. During the running of the surface pipe we do not anticipate any pressures greater than 500 #, and are requesting a variance to test the 13 5/8" casing to 500 #.

900 psi



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Zeno Farris	Title Manager, Operations Administration
Signature <i>Zeno Farris</i>	Date October 2, 2002

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.

Gruy Petroleum Management Co
Gulf Federal Com 3
Eddy County
10D-T24S-R26E
Drilling Procedure

1. MIRU Patterson-UTI Rig 80. Over preset 20" conductor pipe.
2. Drill 17 1/2" hole to 575'. Place stabilizers as needed. Take surveys every 500' maximum. Run 13 3/8", 48 ppf, H-40 casing with PDC drillable float equipment and cement to surface drift 13 3/8" on location. Centralizers to be run on shoe joint and every fourth joint per NM specifications. WOC 8 hours. Note: **Drift all drill pipe to full ID when picking it up.**
3. Install 13 3/8"- 3M SOW casing head. Test same to ^{900 psi}~~500~~ psi. N/U 13 5/8" 3M BOP's (5M) and function test. Run accumulator test. Pick up 12 1/4" bit, and required BHA and TIH above float collar and drill ahead. Maximum distance between surveys will be 500 feet, unless hole conditions dictate shorter intervals. ALWAYS BREAK CIRCULATION IN STAGES WHILE TRIPPING.
4. Drill to +/- 3200'. Short trip as required. **BE SURE TO WATCH ECD AND KEEP HOLE CLEAN.**
5. Circulate and condition hole to run pipe. Run fluid caliper for cement volume. POOH.
6. Clean and drift 9 5/8", 36 ppf, J-55, casing on location. Run and cement 9 5/8" casing with 1 shoe joint and PDC drillable float equipment. Install centralizers on shoe joint, then every fourth casing collar to surface. NU 11" 5M x 13 5/8" 3M casing head. Test to 1000 psi. NU 13 5/8" 5M BOP's and test to 5,000 psi. Install rotating head and function test same.
7. Install wear bushing. Pick up 8 3/4" bit and required BHA and GIH to FE. Test casing to 2200 psi for 30 mins on chart. Drill out and C&CM. Test formation to 10.5 ppg EMW (if leak off occurs record same and call Tom Strother for instructions). Drill ahead taking surveys as required and short trips as hole dictates. Follow mud program as required. Follow any requirements of Regulatory Agencies. Drill to TD of 12000' or sufficient depth below the Morrow to allow for logging and setting pipe.

Note: Watch all Mud properties closely and maintain pH at or near 10.5 at all times. Mud logger on at 6000'.

8. Circulation bottoms up at TD and make a wiper trip into casing. POOH for logs.
9. If required a condition trip will be needed for MRIL run. Check with Irving , Texas office.
10. If productive run and cement 5 ½" , 17 ppf, HCN-80, LTC casing as per Irving office. Install temp wellhead and De Mob rig to next location. Use marker joints.
11. If non-productive P&A as approved by the State of New Mexico.