

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.
N.M. Div-Dist. 2

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

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.

1301 W. Grand Avenue
Artesia, NM 88210

Case Serial No.
NM 0402170

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other
2. Name of Operator
Gruy Petroleum Management Co.
- 3a. Address
P. O. Box 140907 Irving, TX 75014-0907
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
760' FNL & 660' FEL Sec. 15 T24S - R26E

3b. Phone No. (include area code)
972-401-3800

6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
SRM 1115
8. Well Name and No.
Pennzoil Federal Com No. 2
9. API Well No.
30-015 - 32485
10. Field and Pool, or Exploratory Area
White City; Penn (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 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 BOP casing test
	<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" 40# 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 #.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Zeno Farris

Title

Manager, Operations Administration

Signature

Zeno Farris

Date

August 29, 2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

PETROLEUM ENGINEER

SEP 05 2002

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.

(Instructions on reverse)

Gruy Petroleum Management Co
Pennzoil Federal Com 2
Eddy County
15D-T24S-R26E
Drilling Procedure

1. MIRU Patterson-UTI Rig 80. Over preset 20" conductor pipe.
2. Drill 17 1/2" hole to 425'. 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 500 psi. N/U 13 5/8" 5M BOP's and test to 500 psi. 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.
5. **BE SURE TO WATCH ECD AND KEEP HOLE CLEAN. If returns are lost consider running Davis Lynch Packer Stage Collar with additional fluid caliper after setting packer.**
6. Circulate and condition hole to run pipe. If returns are present run fluid caliper for cement volume. POOH.
7. Clean and drift 9 5/8", 40 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 500 psi. NU 13 5/8" 5M BOP's and test to 5,000 psi. Install rotating head and function test same.
8. 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 13700' or sufficient depth below the Morrow to allow for logging and setting pipe.

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Eddy County
Drilling Procedure
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Note: Watch all Mud properties closely and maintain pH at or near 10.5 at all times. Mud logger on at 9000'. Check with office prior to "Mud-up" at approx 10000'.

9. Circulation bottoms up at TD and make a wiper trip into casing. POOH for logs.
10. If required a condition trip will be needed for MRIL run. Check with Irving , Texas office.
11. If productive run and cement 5 ½" , 17 ppf, HCN-80 (or equiv), LTC casing as per Irving office; run "DV" tool at approx 9000'. Install temp wellhead and De Mob rig to next location. Use marker joints.
12. If non-productive P&A as approved by the ³²¹¹³~~State of New Mexico~~.