State of New Mexico

Form C-101 Permit 20943

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operato	r Name and Address	2. OGRID Number		
GRUY PETROLEI	162683			
	3OX 140907 , TX 750140907	3. API Number 30-015-34604		
IK 7 II 10	, 111 /301-050/			
4. Property Code	5. Property Name	6. Well No.		
21734	734 STATE 14 A COM 002			

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	14	19S	29E	F	1710	N	2095	W	EDDY

8. Pool Information

TURKEY TRACK;MORROW (GAS) 86480

Additional Well Information

		U.			nwonencz	IIIOIII	- CAL	The state of the s	
9. Work Tyr New Well	e	10. Well Type GAS					12. Lease Type State	13. Ground Level Ele 3355	13. Ground Level Elevation 3355
14. Miultip N	e	15. Proposed Depth		16. Formation Morrow			17. Contractor	18. Spud Dat 2/15/2006	
2000	Depth to Ground water 300			Distance from nearest fresh water well				Distance to nearest surfac	e water
Pit: Liner: Syntl Closed Loo		×	mils thick	Clay	Pit Volume:		rilling Method: esh Water Brine	Diesel/Oil-based Gas/Air	

19. Proposed Casing and Cement Program

Туре	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	490	0
Int1	12.25	8.625	40	3200	1200	0
Prod	8.375	5.5	17	12000	1620	0

Casing/Cement Program: Additional Comments

Mud, Cement, and pressure control programs will be emailed to Bryan Arrant separately.

Proposed Blowout Prevention Program

3	Troposca Dionoactri	cremon riogram	(A) (2)	
Туре	Working Pressure	Test Pressure	Manufacturer	l
DoubleRam	5000	5000	Cameran	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to	OIL CONSERVATION DIVISION			
NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .	Approved By: Bryan Arrant			
Printed Name: Electronically filed by Zeno Farris	Title: Geologist			
Title: Manager Operations Administration	Approved Date: 2/9/2006 Expiration Date: 2/9/2007			
Email Address: zfarris@magnumhunter.com				
Date: 2/1/2006 Phone: 972-443-6489	Conditions of Approval Attached			

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

<u>District II</u>

1301 W. Grand Ave., Artesia, NM 88210 Phone:(505) 748-1283 Fax:(505) 748-9720

<u>District III</u>

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Form C-102 Permit 20943

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code		Pool Name
30-015-34604	86480		CK;MORROW (GAS)
4. Property Code	5. Property	6. Well No.	
21734	STATE 14	002	
7. OGRID №.	8. Operato		9. Elevation
162683	GRUY PETROLEUM N		3355

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	14	19S	29E		1710	И	2095	w	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	14	19S	29E	J	1650	S	1650	E	EDDY
0.500,000,000	cated Acres	13	Joint or Infill	* @	. Consolidation Communitizati	56,550		15. 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

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Zeno Farris

Title: Manager Operations Administration

Date: 2/1/2006

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.

Surveyed By: Gary Jones
Date of Survey: 1/20/2006
Certificate Number: 7977

Permit Comments

Operator: GRUY PETROLEUM MANAGEMENT CO., 162683 Well: STATE 14 A COM #002

API: 30-015-34604

Created By	Comment	Comment Date
NKRUEGER	C-144 was emailed to Van Barton on 01-06-06.	1/6/2006
NKRUEGER	C-102 with penetration point, along with proposed directional survey, will be emailed to Bryan Arrant separately.	1/6/2006
ZFARRIS	Surface hole location is within the guidlines of R-111P and outside the 1/4 buffer from open mine workings. Potash waiver is being obtained from Intrepid mining and will be emailed to Bryan Arrant.	2/1/2006

Permit Conditions of Approval

Operator: GRUY PETROLEUM MANAGEMENT CO., 162683 Well: STATE 14 A COM #002

API: 30-015-34604

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Operator to follow rules and regulations of R-111-P. Please notify OCD time of spud & time to witness the cementing to surface all casing strings.
BArrant	Will require a directional survey with the C-104