

State of New Mexico
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. Operator Name and Address GRUY PETROLEUM MANAGEMENT CO. PO BOX 140907 IRVING , TX 750140907		2. OGRID Number 162683
		3. API Number 30-025-37774
4. Property Code 35538	5. Property Name STATE 1	6. Well No. 002

7. Surface Location

UL - Lot B	Section 2	Township 24S	Range 34E	Lot Idn 2	Feet From 660	N/S Line N	Feet From 1980	E/W Line E	County LEA
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8. Pool Information

ANTELOPE RIDGE,MORROW (GAS)	70440
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3424
14. Multiple N	15. Proposed Depth 14000	16. Formation Morrow	17. Contractor	18. Spud Date 4/1/2006
Depth to Ground water 150		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 12000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	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	9.625	40	5200	1200	0
Prod	8.75	5.5	17	14000	2140	4700

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Cameron

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 NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 3/28/2006	Expiration Date: 3/28/2007
	Conditions of Approval Attached	

Printed Name: Electronically filed by Zeno Farris
Title: Manager Operations Administration
Email Address: zfarris@magnumhunter.com
Date: 3/28/2006
Phone: 972-443-6489

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

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

District III
 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
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1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 26104

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37774	2. Pool Code 70440	3. Pool Name ANTELOPE RIDGE,MORROW (GAS)
4. Property Code 35538	5. Property Name STATE 1	6. Well No. 002
7. OGRID No. 162683	8. Operator Name GRUY PETROLEUM MANAGEMENT CO.	9. Elevation 3424

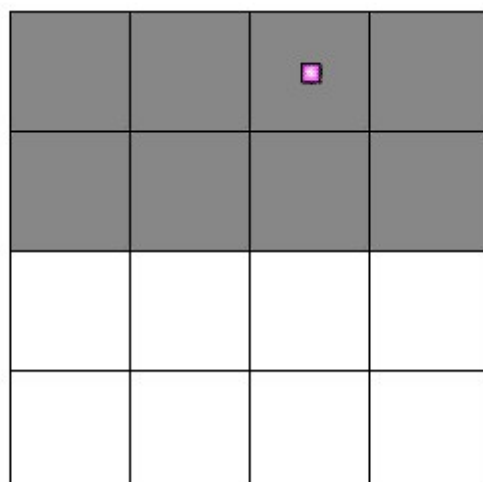
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	2	24S	34E	2	660	N	1980	E	LEA

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
12. Dedicated Acres 320.16		13. Joint or Infill		14. Consolidation Code		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: 3/28/2006

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 Eidson
 Date of Survey: 2/15/2006
 Certificate Number: 12641

Permit Comments

Operator: GRUY PETROLEUM MANAGEMENT CO. , 162683

Well: STATE 1 #002

API: 30-025-37774

Created By	Comment	Comment Date
ZFARRIS	C-144 e-mailed to Donna Mull on 3-28-06.	3/28/2006
ZFARRIS	We have an agreement with Asher Enterprises to drill, complete and operate this well in the Morrow or Atoka formations.	3/28/2006
ZFARRIS	H2S statement e-mailed to Donna Mull on 2-28-06.	3/28/2006

Permit Conditions of Approval

Operator: GRUY PETROLEUM MANAGEMENT CO. , 162683

Well: STATE 1 #002

API: 30-025-37774

OCD Reviewer	Condition
pkautz	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
pkautz	prior to any pit construction notify Gary Wink at 505-393-6161 ext 114