

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 Print or Type Name

James Bruce
 Signature

Attorney for Applicant
 Title

jamesbruc@aol.com
 e-mail Address

6/30/05
 Date

2005 JUL 1 AM 7 12

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(5050 982-2151 (Fax)

jamesbruc@aol.com

June 30, 2005

Hand delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.D(2), Gruy Petroleum Management Company applies for approval of an unorthodox gas well location for the following well:

<u>Well:</u>	Grayburg Deep Unit Well No. 17
<u>Surface location:</u>	1990 feet FSL and 445 feet FWL
<u>Bottomhole location:</u>	2300 feet FSL & 660 feet FWL
<u>Well unit:</u>	S½ §19-17S-30E, Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation (Sand Tank-Morrow Gas Pool). The Atoka formation is a secondary zone (Sand Tank-Atoka Gas Pool), and applicant requests unorthodox location approval in both formations. The pools are spaced on statewide rules, with 320 acre spacing and wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line. A Form C-102 for the well is attached as Exhibit A.

The well unit will be simultaneously dedicated to the proposed well and to the Grayburg Deep Unit Well No. 20, in the NW¼SW¼ §19. A separate unorthodox location application has been filed for that well.

The location is based on geologic and topographic reasons. Attached as Exhibits B, C, and D are a geological discussion and isopach maps of the Middle Morrow and Lower Morrow zones. The well has been placed in the NW¼SW¼ §19 to locate the well where it can adequately test both Morrow zones. Moving the well to the south will risk missing the Middle Morrow. In addition,

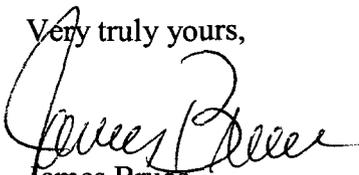
the proposed location centers the proposed well equidistant from two wells in the E $\frac{1}{2}$ §24, and the well to be drilled in the SE $\frac{1}{4}$ §19. As a result, applicant does not want to move the well to the E $\frac{1}{2}$ SW $\frac{1}{4}$.

Furthermore, there are numerous surface facilities in the SW $\frac{1}{4}$ §19, limiting well locations. See Exhibit E.

The unorthodox location is internal to the Grayburg Deep Unit. See Exhibit F. However, the offset operators and unit working interest owners, identified on Exhibits G and H, have been notified of this application. See Exhibit I.

Please contact me if you need any further information on this application.

Very truly yours,



James Bruce

Attorney for Gruy Petroleum Management Company

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1635 N. FRENCH DR., BOBBS, NM 86240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Sand Tank; Morrow	Pool Name
Property Code	Property Name GRAYBURG DEEP UNIT		Well Number 17
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY		Elevation 3623'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	19	17-S	30-E		1990	SOUTH	445	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	19	17-S	30-E		2300	SOUTH	660	WEST	EDDY

Dedicated Acres 320	Joint or Infill Y	Consolidation Code	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

① 37.43

② 37.43

GEODETTIC COORDINATES
NAD 27 NME
BOTTOM HOLE LOCATION
Y=661814.7 N
X=597182.0 E

Penetration Point Morrow-10700'
2150' FSL & 552' FWL

Penetration Point Atoka-10500'
2087' FSL & 523' FWL

BOTTOM HOLE
660'

GRID AZ. = 33°43'27"
HD = 385.4'

Grayburg Deep Unit #20
2100'

Grayburg Deep Unit #17

DETAIL
3623.8' 3624.8'
600'
3620.8' 3622.0'
600'

GEODETTIC COORDINATES
NAD 27 NME
SURFACE LOCATION
Y=661494.2 N
X=596968.0 E

LAT.=32°49'05.29" N
LONG.=104°01'03.70" W

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Zeno Farris
Signature
Zeno Farris
Printed Name
Manager Operations Admin
Title
June 15, 2005
Date

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.

MARCH 30, 2005

Date Surveyed _____ LA
Signature _____
Professional Surveyor

GARY HUBSON
NEW MEXICO
05.17.05

Certificate No. GARY HUBSON 12841



Zeno Farris

From: Ronnie Buck
Sent: Tuesday, June 14, 2005 2:42 PM
To: Zeno Farris
Subject: Grayburg Deep Unit 17 unorthodox Location Appl

The Grayburg Deep Unit #17 at a BHL of 2300' FSL and 660' FWL is positioned to encounter the optimum sand thickness in the Middle Morrow Reflex Sand and the Lower Morrow Green Sand. A location closer to the south line, as per the Middle Morrow Reflex Sand Isopach Map would reduce the net feet of pay and increase the risk of not encountering the prospective Middle Morrow Reflex Sand. As per the Lower Morrow Green Sand Isopach Map moving the location to a standard location to the southeast will result in encountering less Lower Morrow Green Sand pay.

The Grayburg Deep Unit # 17 well location is also positioned to be centrally located between the other two proposed locations (Grayburg Deep Unit #16 in the SE/4 and #18 in the NE/4, of Section 24-T17S-R29E) and the two existing Morrow producers (Grayburg Deep Unit # 10 located in the NW/4 of Section 19 T17S-R30E and the Grayburg Deep Unit #15 located in N/2 of Section 30 T17S-R30E).





GRUY PETROLEUM MANAGEMENT CO.

COMBINED EDDY AND LEA COUNTIES, NM

HIGH LONESOME PROSPECT

ISOPACH MAP

NET LW MORROW GREEN SAND >4% PHI

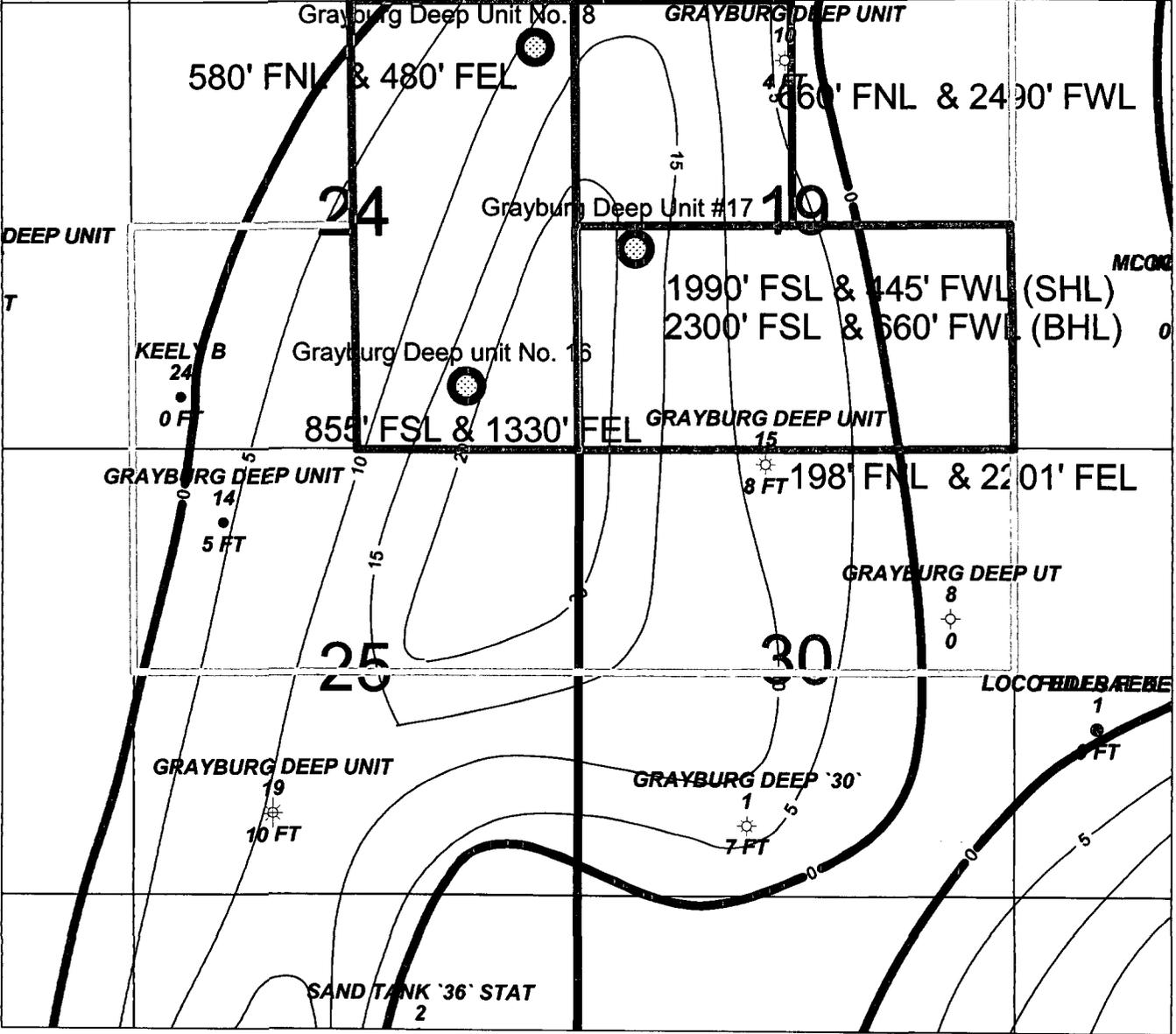
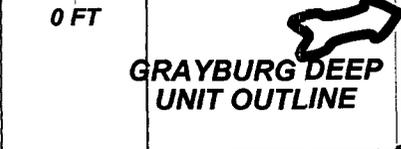


POSTED WELL DATA



REMARKS
ONLY WELLS > 8000' SPOTTED
ISOPACH CI = 5'

June 15, 2005



Blumberg No. 5119
EXHIBIT
D

SECTION 19, TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

1/4 COR.
 GLO. B.C.
 "1914"

SECTION LINE

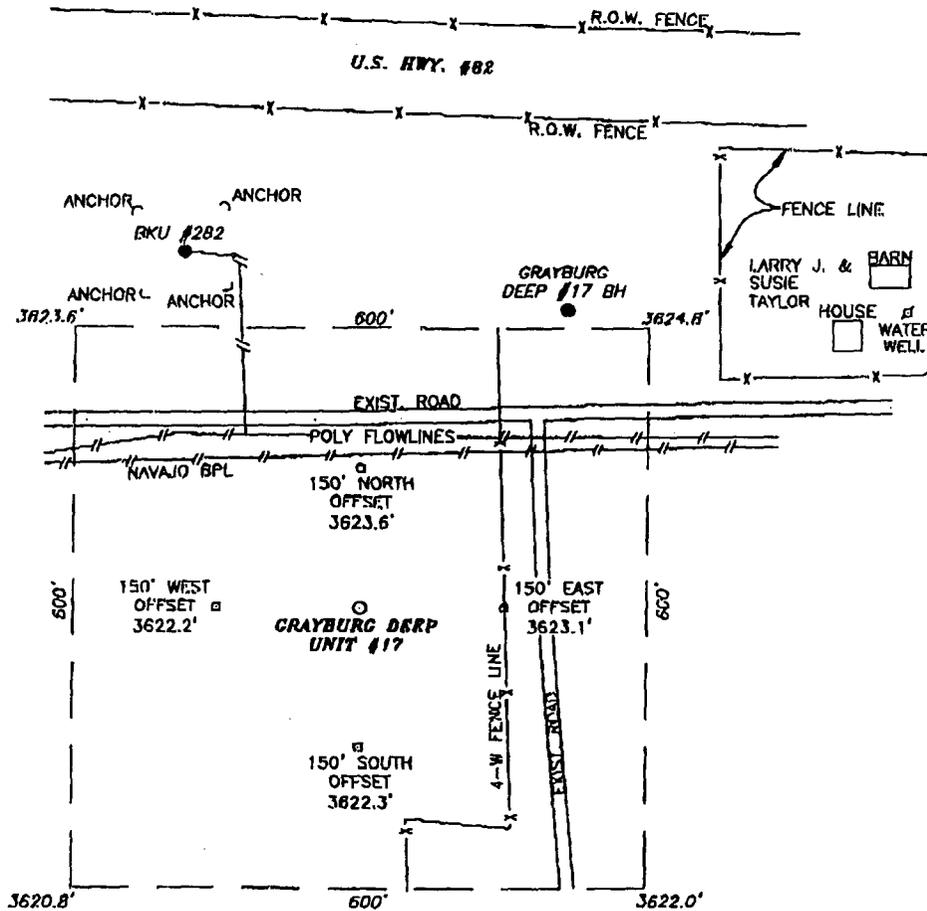
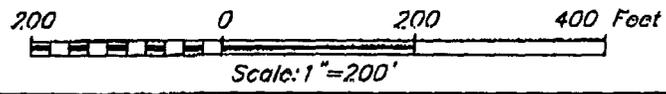


EXHIBIT
E
 Blumberg No. 5119

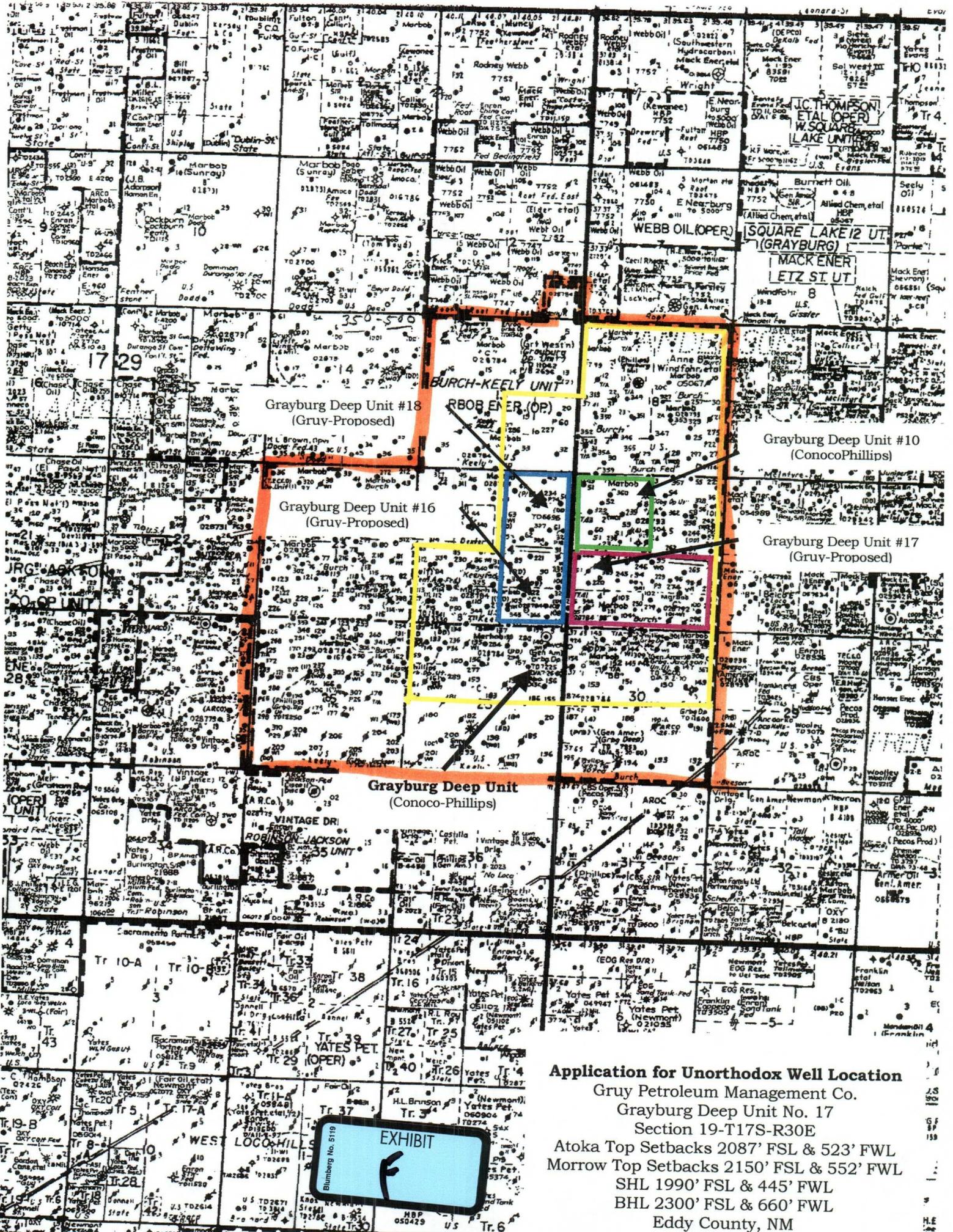


GRUY PETROLEUM MANAGEMENT COMPANY

GRAYBURG DEEP UNIT #17 WELL
 LOCATED 1990 FEET FROM THE SOUTH LINE
 AND 445 FEET FROM THE WEST LINE OF SECTION 19,
 TOWNSHIP 17 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88340
 (806) 383-3117

Survey Date: 3/30/05	Sheet 1 of 1 Sheets
W.O. Number: 05.13.0927	Dr By: LA
Date: 6/14/05	Disk: CD#4
05130927	Scale: 1" = 100'



Grayburg Deep Unit #18
(Gruy-Proposed)

BURCH-KEELY UNIT

Grayburg Deep Unit #10
(ConocoPhillips)

Grayburg Deep Unit #16
(Gruy-Proposed)

Grayburg Deep Unit #17
(Gruy-Proposed)

Grayburg Deep Unit
(Conoco-Phillips)

Blumberg No. 5119
EXHIBIT F

Application for Unorthodox Well Location
 Gruy Petroleum Management Co.
 Grayburg Deep Unit No. 17
 Section 19-T17S-R30E
 Atoka Top Setbacks 2087' FSL & 523' FWL
 Morrow Top Setbacks 2150' FSL & 552' FWL
 SHL 1990' FSL & 445' FWL
 BHL 2300' FSL & 660' FWL
 Eddy County, NM

List of Offset SPU's
 GRUY PETROLEUM MANAGEMENT CO.
 Grayburg Deep Unit 17
 Sand Tank Morrow Atoka/Morrow (Gas) Pool

<u>OFFSET SPU</u>	<u>COLOR CODE</u>	<u>Well Name</u>	<u>Location</u>	<u>OPERATOR</u>	<u>ACERAGE DESCRIPTION</u>	<u>ACRES</u>
1	Green	Grayburg Deep Unit 10 Anderson Penn	C-19-17-30	Conoco Phillips Company	NW/4 Sec. 19 T-17S-R-30E	160
2	Blue	Proposed Grayburg Deep Unit 18 Proposed Grayburg Deep Unit 16 Sand Tank Morrow	A-24-17-29 O-24-17-29	Conoco Phillips Company	E/2 Sec. 24 T-17S-R-29E	320
3	Purple	Proposed Grayburg Deep Unit 17 Sand Tank Morrow	L-19-17-30	Conoco Phillips Company	S/2 Sec. 19 T-17S-R-30E	320



S/2 Section 19; Township 17S, Range 30E
Surface Hole Location – 1990' FSL & 445' FWL
Proposed Top of Atoka setbacks – 2087' FSL & 523' FWL
Proposed Top of Morrow setbacks – 2150' FSL & 552' FWL
Proposed Bottom Hole Location – 2300' FSL & 660' FWL
Eddy County, New Mexico, Containing 320 acres

RE: Grayburg Deep Unit No. 17 Unorthodox Well Location Application.

Notification of Offset Operators:

**Grayburg Deep Unit
Lower Pennsylvanian Participating Area**

Conoco Phillips Company
505 Westlake Park Blvd.
WL3 Room 5050
Houston, TX 77079
Attn: Ms. Linda H. Hicks

EOG Resources, Inc.
4000 N. Big Spring, Suite 500
Midland, TX 79702
Attn: Mr. Mike Mullins

Great Western Drilling Company
700 W. Louisiana
Midland, TX 79702
Attn: Mr. Mike Heathington

Davoil, Inc.
6300 Ridglea Place, Suite 1208
Forth Worth, TX 76116-5738

**Grayburg Deep Unit
New Lower Penn wells or Initial Atoka
Participating Area**

Gruy Petroleum Management Co.
600 E. Las Colinas Blvd. Ste. 1100
Irving, TX 75039

Conoco Phillips Company
505 Westlake Park Blvd.
WL3 Room 5050
Houston, TX 77079
Attn: Ms. Linda Hicks

EOG Resources
4000 N. Big Spring, Suite 500
Midland, TX 79702
Attn: Mr. Mike Mullins

Great Western Drilling Company
700 W. Louisiana
Midland, TX 79702
Attn: Mr. Mike Heathington

Davoil, Inc.
6300 Ridglea Place, Suite 1208
Fort Worth, TX 76116-5738



JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(5050) 982-2151 (Fax)

jamesbruc@aol.com

June 30, 2005

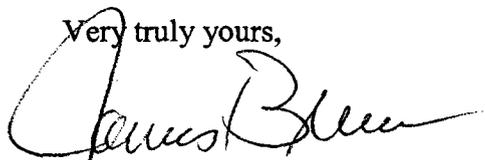
CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit 1

Ladies and gentlemen:

Enclosed is a copy of an application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Gruy Petroleum Management Company, regarding a well in the S½ of Section 19, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. You are an offset interest owner to the proposed well. If you object to the application, you must notify the Division in writing by Wednesday, July 20, 2005 (1220 South St. Francis Drive, Santa Fe, New Mexico 87505).

Very truly yours,



James Bruce

Attorney for Gruy Petroleum Management Company



Notification of Offset Operators:

**Grayburg Deep Unit
Lower Pennsylvanian Participating Area**

Conoco Phillips Company
505 Westlake Park Blvd.
WL3 Room 5050
Houston, TX 77079
Attn: Ms. Linda H. Hicks

EOG Resources, Inc.
4000 N. Big Spring, Suite 500
Midland, TX 79702
Attn: Mr. Mike Mullins

Great Western Drilling Company
700 W. Louisiana
Midland, TX 79702
Attn: Mr. Mike Heathington

Davoil, Inc.
6300 Ridglea Place, Suite 1208
Forth Worth, TX 76116-5738

**Grayburg Deep Unit
New Lower Penn wells or Initial Atoka
Participating Area**

Gruy Petroleum Management Co.
600 E. Las Colinas Blvd. Ste. 1100
Irving, TX 75039

Conoco Phillips Company
505 Westlake Park Blvd.
WL3 Room 5050
Houston, TX 77079
Attn: Ms. Linda Hicks

EOG Resources
4000 N. Big Spring, Suite 500
Midland, TX 79702
Attn: Mr. Mike Mullins

Great Western Drilling Company
700 W. Louisiana
Midland, TX 79702
Attn: Mr. Mike Heathington

Davoil, Inc.
6300 Ridglea Place, Suite 1208
Fort Worth, TX 76116-5738

