

DATE IN 9/28/05	SUSPENSE 10-18-05	ENGINEER Stagner	LOGGED IN 9-29-05	TYPE NSL	APP NO. PEM0527231336
--------------------	----------------------	---------------------	----------------------	-------------	--------------------------

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

2005 SEP 28 PM 1 36

- [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

Signature

Attorney for applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

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

September 28, 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 Rule 104.F(2), Gruy Petroleum Management Company applies for approval of an unorthodox gas well location for the following well:

<u>Well:</u>	Pipeline Deep 6 Fed. Well No. 1
<u>Location:</u>	2300 feet FSL and 1750 feet FEL
<u>Well unit:</u>	S½ §6-19S-34E, Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation (North Quail Ridge-Morrow-Gas Pool). Under Order No. R-5378, the pool is spaced on statewide rules (320 acres, with 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.) An APD, with a Form C-102, is attached as Exhibit A.

The location is based on topographic and engineering reasons. Applicant originally planned to drill the well at a location 1980 feet FSL, but a powerline runs east-west at that approximate location. Applicant prefers to move the well north of the powerline, rather than south, to move away from the existing Pipeline Deep Unit Well No. 4, located 660 feet FSL and 1980 feet FWL of Section 6, which is currently TA'd. See Exhibit A. In addition, there is a dry hole in Lot 2 of Section 6, and the proposed location will help prove up any potential location in the N½ of Section 6.

Attached as Exhibit B is a land plat. Section 6 is entirely Federal land, with separate leases covering the N½N½, and S½N½ and S½, of Section 6. Interest ownership is uniform in the two leases. However, the southern 480 acres is in the Pipeline Deep Unit, in which wells are drilled

on a drill block basis. Therefore, to be safe, notice of this application has been given to the interest owners other than Magnum Hunter Production, Inc. See Exhibit C.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Gruy Petroleum Management Company

OPERATOR'S COPY

Form 3180-3
(July 1992)

SUBMIT IN TRIPLICATE*

FORM APPROVED

OMB NO 1004-0136

Expires: February 28, 1995

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

(Other instructions on
reverse side)

5 LEASE DESIGNATION AND SERIAL NO

NM 4314

6 IF INDIAN, ALLOTTEE OR TRIBE NAME

7 UNIT AGREEMENT NAME

8 FARM OR LEASE NAME WELL NO

Pipeline Deep 6 Federal No. 1

9 API WELL NO

30-025-

10 FIELD AND POOL OR WILDCAT

Quail Ridge, Morrow North

11 SEC. T R M BLOCK AND SURVEY

OR AREA

Sec. 6 T19S R34E

12 COUNTY OR PARISH

Lea

13 STATE

NM

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b TYPE OF WELL

OIL ☐

GAS ☒

SINGLE ☐

MULTIPLE ☐

WELL

WELL

OTHER ZONE

ZONE

2. NAME OF OPERATOR

Gruy Petroleum Management Co

3 ADDRESS AND TELEPHONE NO

P.O. Box 140907 Irving TX 75014 972-401-3111

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)

2300' FSL & 1750' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

31 miles West of Hobbs NM

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, T O
(Also to nearest drlg. unit line, if any)

1750'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320 330.19

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT

NA

19 PROPOSED DEPTH

14000

20. ROTARY OR CABLE TOOLS

Rotary

21 ELEVATIONS (Show whether DF RT GR etc.)

3606' GR

Capitan Controlled Water Basin

22 APPROX. DATE WORK WILL START*

12-15-04

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	J-55 13 3/8"	54.5#	425'	490 sx Onshore surface
12 1/4"	NS-110 9 5/8"	40 #	3500'	1850 sx CIRC SUR
7 7/8"	P-110 5 1/2"	17 #	14000'	1620 sx TOC 2700

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 - psi BOP system. We are requesting a variance for the 13 3/8" surface casing and BOP testing 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. During the running of the surface pipe and the drilling of the intermediate hole we do not anticipate any pressures greater than 1000 # and are requesting a variance to test the 13 3/8" casing and BOP system to 1000 # psi, and use rig pumps instead of an independent service company.

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone
If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24 SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 08-05-04

(This space for Federal or State office use)

PERMIT No.

APPROVAL DATE

Application approval 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

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Joe D. Lara Acting TITLE FIELD MANAGER

DATE

2/25/05

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

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.

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**



DISTRICT I
1825 N. French Dr. Hobbs NM 88240

DISTRICT II
811 South First Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1990

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 2 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 83320	Pool Name Quail Ridge; Morrow; North (Gas)
Property Code	Property Name PIPELINE DEEP "6" FEDERAL	Well Number 1
OGED No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3606'

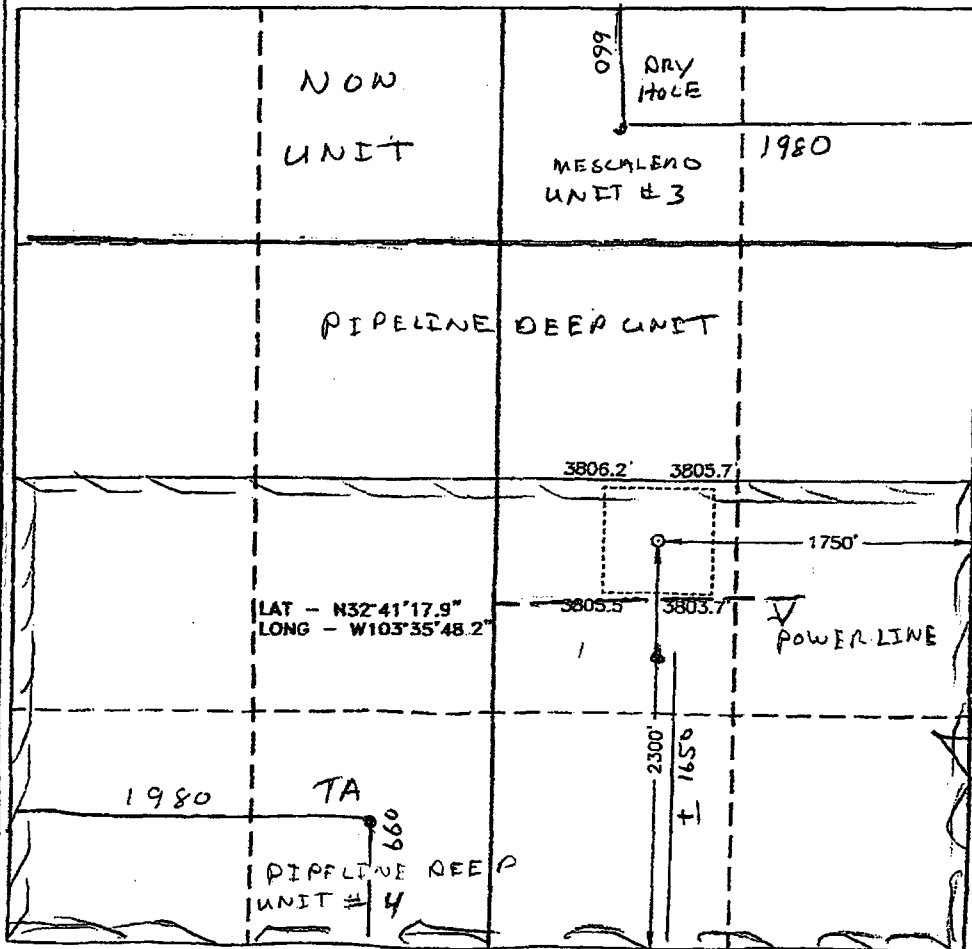
Surface Location

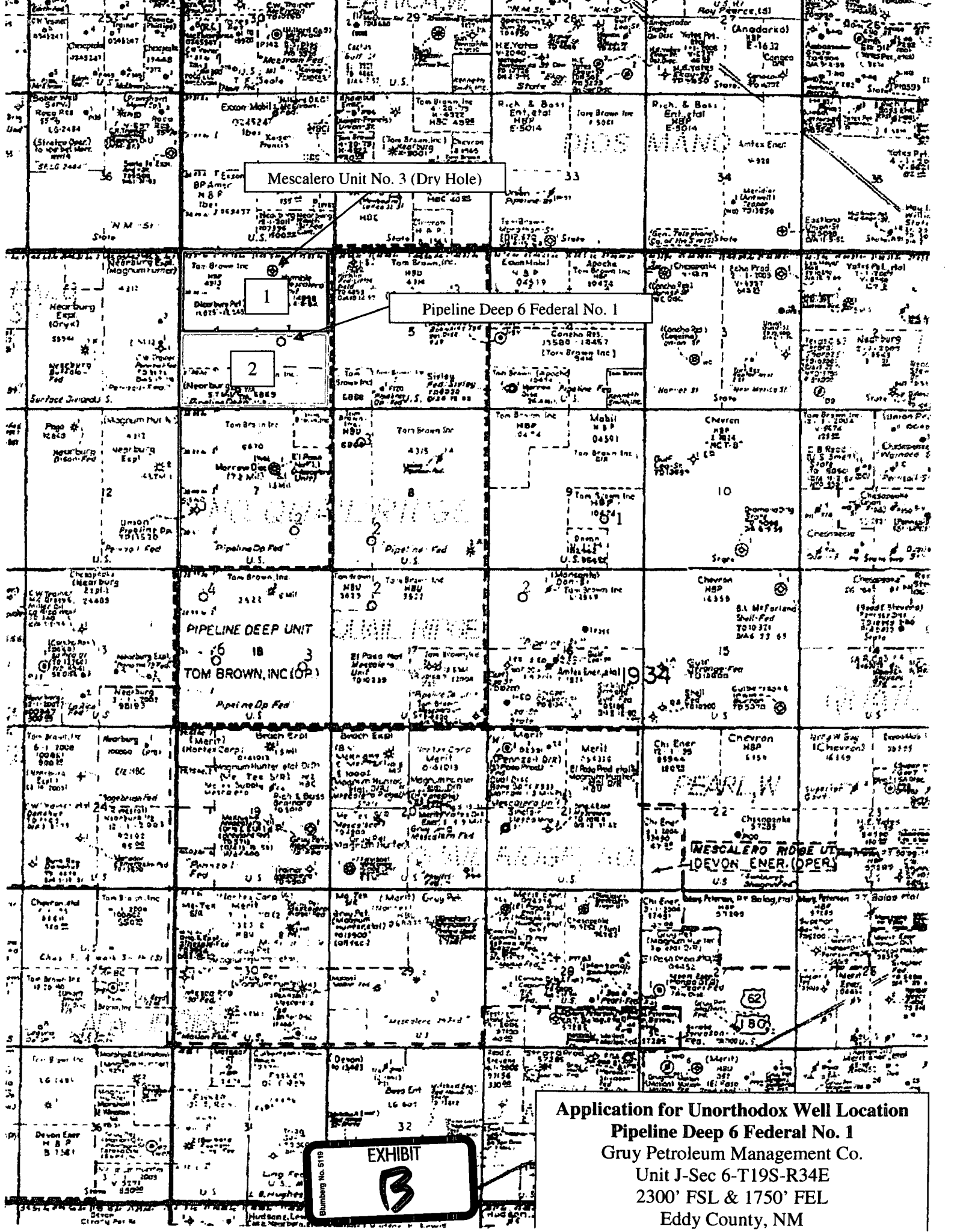
UL or lot No.	Section	Township	Range	Lot 14n	Feet from the	North/South line	Feet from the	East/West line	County
J	6	19 S	34 E		2300	SOUTH	1750	EAST	LEA

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot 14n	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 330.19	Joint or Infill Y	Consolidation Code L	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>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> Zeno L. Farris Signature Zeno L. Farris Printed Name Mgr Operations Admin Title August 25, 2005 Date
	SURVEYOR CERTIFICATION <i>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.</i> JULY 27, 2004 Date Surveyed Signature of Gary L. Jones Professional Surveyor Professional Surveyor No. 4482 Certificate No. Gary L. Jones 7977 BASIC SURVEYS



Application for Unorthodox Well Location
Pipeline Deep 6 Federal No. 1
Gruy Petroleum Management Co.
Unit J-Sec 6-T19S-R34E
2300' FSL & 1750' FEL
Eddy County, NM

List of Offset SPUs
Application for Unorthodox Well Location
 Gruy Petroleum Management Co.
 Pipeline Deep 6 Federal No. 1
 Quail Ridge; Morrow, North (Gas)

OFFSET SPU	COLOR CODE	Well Name	Location	OPERATOR	ACREAGE DESCRIPTION	ACRES
1	Red	No Quail Ridge Morrow Wells	B-6-19S-34E	Gruy Petroleum Management Co.	N/2 Sec 6-T19S-R34E	320
2	Yellow	Pipeline Deep 6 Federal No. 1	J-6-19S-34E	Gruy Petroleum Management Co.	S/2 Sec 6-T19S-R34E	320
		Pipeline Deep Unit No. 4 (TA)	N-6-19S-34E			

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)
(505) 982-2151 (Fax)

jamesbruc@aol.com

September 28, 2005

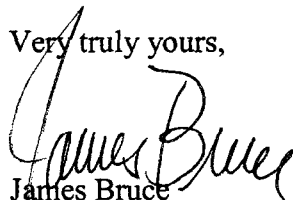
CERTIFIED MAIL – RETURN RECEIPT REQUESTED

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 6, Township 19 South, Range 34 East, N.M.P.M., Lea 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, October 19, 2005 (1220 South St. Francis Drive, Santa Fe, New Mexico 87505).

Very truly yours,



James Bruce

Attorney for Gruy Petroleum Management Company



**S/2 Section 6; Township 19S, Range 34E
Pipeline Deep 6 Federal No. 1 – 2300' FSL & 1750' FEL
Lea County, New Mexico, Containing 320 acres**

RE: Pipeline Deep 6 Federal No. 1 Unorthodox Well Location

Leasehold Owners S/2 6-19S-34E:

Surface to 13,245':

Magnum Hunter Production, Inc.
P. O. Box 140907
Irving, TX 75014-0907

Frank O. Elliott Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

Edna Ione Hall Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

McKay Living Trust
1 McKay Place
Roswell, NM 88201
Attn: April McKay

McKay Petroleum Corporation
1 McKay Place
Roswell, NM 88201

McKay Oil Corporation
1 McKay Place
Roswell, NM 88201

Nearburg Producing Co.
1 Petroleum Centre
Midland, TX 79705
Attn: Duke Roush

Depths Below 13,245':

Magnum Hunter Production, Inc.
P.O. Box 140907
Irving, TX 75014-0907

Leasehold Owners N/2 6-19S-34E:

Surface to 13,245':

Magnum Hunter Production, Inc.
P.O. Box 140907
Irving, TX 75014-0907

Frank O. Elliott Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

Edna Ione Hall Living Trust
C/O Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

McKay Living Trust
1 McKay Place
Roswell, NM 88201
Attn: April McKay

McKay Petroleum Corporation
1 McKay Place
Roswell, NM 88201

McKay Oil Corporation
1 McKay Place
Roswell, NM 88201

Nearburg Producing Co.
1 Petroleum Centre
Midland, TX 79705
Attn: Duke Roush

Depths Below 13,245':

Magnum Hunter Production, Inc.
P.O. Box 140907
Irving, TX 75014-0907

Gruy Petroleum Management Co. operates for Magnum Hunter Production, Inc.

Magnum Hunter Production, Inc. and Gruy Petroleum Management Co. are wholly owned subsidiaries of Cimarex Energy Co.

