

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

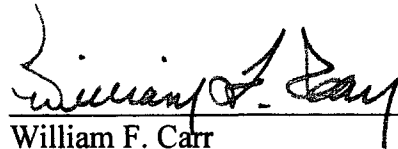
**IN THE MATTER OF THE APPLICATION OF
GRUY PETROLEUM MANAGEMENT COMPANY
FOR SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.**

CASE NO. 13568

AFFIDAVIT

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE) ss.

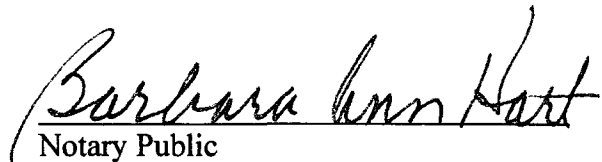
William F. Carr, attorney in fact and authorized representative of Gruy Petroleum Management Company, the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the addresses shown on Exhibit "A" attached hereto, and that true and correct copies of the notice letter and proof of receipt are attached hereto.



William F. Carr

SUBSCRIBED AND SWORN to before me this 21st day of September 2005 by William F.

Carr.



Notary Public

My Commission Expires:

March 28, 2008

3453683_1.DOC

EXHIBIT A

NOTIFICATION LIST

APPLICATION OF GRUY PETROLEUM MANAGEMENT COMPANY
FOR SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

Rhodes Federal Unit Wells No. 223 and 226

Offset Operators:

Patterson Operating and Pumping, Inc.
DBA Penenergy
Post Office Box 50076
Midland, Texas 79710

PermOK Oil Inc.
4050 Pennsylvania, Suite 340
Kansas City, Mo. 64111

Gruy Petroleum Management Co.
Post Office Box 140907
Irving, Texas 75014-0907

Gruy non-common working interest owners:

Burro Lake LLC
Post Office Box 863
Kermit, Texas 79745

James E. Burr & Laveta F. Burr
Post Office Box 8050
Midland, Texas 79708-8050

Leasehold owners SW/4 NW/4 Section 23, T-36-S, R-37-E

PermOK Oil Inc.
4050 Pennsylvania, Suite 340
Kansas City, Mo. 64111



September 15, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Gruy Petroleum Management Company for Simultaneous Dedication, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Gruy Petroleum Management Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking authorization to simultaneously dedicate a standard 160-acre spacing or proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the NE/4 of Section 22, Township 26 South, Range 37 East, NMPM, to its Rhodes Federal Unit Wells No. 223 and 226.

This application has been set for hearing before a Division Examiner on October 6, 2005. The hearing will be held in Porter Hall at the Division's Santa Fe offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

WILLIAM F. CARR
ATTORNEY FOR GRUY PETROLEUM MANAGEMENT COMPANY

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF
GRUY PETROLEUM MANAGEMENT COMPANY
FOR SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

GRUY PETROLEUM MANAGEMENT COMPANY ("Gruy"), through its undersigned attorneys, pursuant to Oil Conservation Division Rule 104.D (3), hereby makes application for an order authorizing the simultaneous dedication of the following two wells located in the NE/4 of Section 22, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico to the 160-acre spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the NE/4 of said Section 22:

- A. Rhodes Federal Unit Well No. 223 (API No. 30-025-32168) ("RFU Well No. 223") located in Unit A at a standard gas well location 1140 feet from the North line and 660 feet from the East line; and
- B. Rhodes Federal Unit Well No. 226 (RFU Well No. 226") located in Unit G at an standard gas well location 1980 feet from the North line and 1550 feet from the East line.

In support of its application, Gruy states:

- 1. Gruy is the operator of a standard 160-acre gas spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the NE/4 of Section 22, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Gruy's RFU Well No. 223 located in Unit A of said Section 22 currently produces from the Yates Seven-Rivers formation, Rhodes Yates-Seven Rivers Gas Pool.
- 2. Gruy's RFU Well No. 223 is not efficiently producing the reserves under this spacing unit.

3. To produce the reserves under this spacing unit, Gruy seeks an exception to the provisions of Division Rule 104.D(3) for its RFU Well No. 226 which it proposes to drill at a standard location in Unit G of Section 22 for the production hydrocarbons from the Yates-Seven Rivers formation.

4. The simultaneous dedication of the NE/4 of said Section 22 to the RFU Wells No. 223 and 226 will afford Gruy the opportunity to efficiently produce the Yates-Seven Rivers formation under this spacing and proration unit, thereby protecting its correlative rights. The correlative rights of no other owner in this reservoir will be adversely affected.

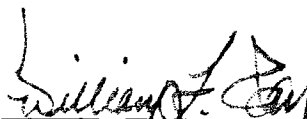
5. Notice of this application has been provided to those affected parties identified on the Notification List marked Exhibit A and attached hereto.

6. Approval of this application will result in the efficient recovery of hydrocarbons from the Rhodes Yates-Seven Rivers Gas Pool, thereby preventing waste, and will otherwise be in the best interest of conservation.

WHEREFORE, Gruy Petroleum Management Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2005 and, after notice and hearing as required by law, the Division enter its order approving the simultaneous dedication of the NE/4 of Section 22, Township 26 South, Range 37 East, NMPM, to the Rhodes Federal Unit Wells No. 223 and 226.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR GRUY PETROLEUM
MANAGEMENT COMPANY

CASE _____: **Application of Gruy Petroleum Management Company for simultaneous dedication, Lea County, New Mexico.** Applicant in the above-styled cause seeks authorization to simultaneously dedicate the standard 160-acre gas spacing unit in the Rhodes formation, Rhodes Yates-Seven Rivers Gas Pool, to its Rhodes Federal Unit Well No. 223 (**API No. 30-025-32168**) located in Unit A at a standard gas well location 1140 feet from the North line and 660 feet from the East line of said Section 22 and its Rhodes Federal Unit Well No. 226 located in Unit G at a standard gas well location 1980 feet from the North line and 1550 feet from the East line of said Section 22, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Said unit is located approximately 3 miles south of Jal, New Mexico.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

WFE
 GUY
 223724
 Return Receipt Fee
 (Endorsement Required)
 Restricted Delivery Fee
 (Endorsement Required)
 Total Postage & Fees \$ 3.65

Postage \$.60
 Certified Fee 2.30
 1.75

SEP 15 2005
 Postmark Here
 MEXICO 0750-9998
 USPS

Sent To James E. Burr & Laveta F. Burr
 Street, Apt. No., or PO Box No. Post Office Box 8050
 City, State, ZIP+ Midland, Texas 79708-8050
 PS Form 3800

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 James E. Burr & Laveta F. Burr
 Post Office Box 8050
 Midland, Texas 79708-8050

2. Article Number (Copy from 7001 1140 0002 9558 4089)
 PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Jim Burr B. Date of Delivery

C. Signature Jim Burr ☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Registered ☐ Insured Mail ☐ Registered Mail ☐ Registered Mail for Merchandise ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

WFE
 GUY
 223724
 Return Receipt Fee
 (Endorsement Required)
 Restricted Delivery Fee
 (Endorsement Required)
 Total Postage & Fees \$ 3.65

Postage \$.60
 Certified Fee 2.30
 1.75

SEP 15 2005
 Postmark Here
 MEXICO 0750-9998
 USPS

Sent To Burro Lake LLC
 Street, Apt. No., or PO Box Post Office Box 863
 City, State, ZIP+ Kermit, TX 79745
 PS Form 3800

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Burro Lake LLC
 Post Office Box 863
 Kermit, TX 79745

2. Article Number (Copy from 7001 1140 0002 9558 4072)
 PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature Jim Burr ☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Registered ☐ Insured Mail ☐ Registered Mail for Merchandise ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

6904 8556 2000 0471 7002

2204 8556 2000 0471 7002

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only - No Insurance Coverage Provided)

OFFICIAL MAIL
 WPC
 Gruy
 223/226
 Return Receipt Fee
 (Endorsement Required)
 Restricted Delivery Fee
 (Endorsement Required)
 Total Postage & Fees

Postage \$ 1.60
 Certified Fee 2.30
 Return Receipt Fee 1.75
 Restricted Delivery Fee 3.65

SEP 15 2005
 Postmark Here
 SEP 15 2005
 Postmark Here

Sent To Gruy Petroleum Management
 Co.
 Street, Apt. N Post Office Box 140907
 or PO Box M Irving, TX 75014-0907
 City, State, Zi
 PS Form 3811, July 1999

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only - No Insurance Coverage Provided)

OFFICIAL MAIL
 WPC
 Gruy
 223/226
 Return Receipt Fee
 (Endorsement Required)
 Restricted Delivery Fee
 (Endorsement Required)
 Total Postage & Fees

Postage \$ 1.60
 Certified Fee 2.30
 Return Receipt Fee 1.75
 Restricted Delivery Fee 3.65

SEP 15 2005
 Postmark Here
 SEP 15 2005
 Postmark Here

Sent To Patterson Operating and Pumping,
 Inc.
 Street, Apt. N DBA Penery
 or PO Box No Post Office Box 50076
 City, State, Zi Midland, TX 79710
 PS Form 3811, July 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gruy Petroleum Management
 Co.
 Post Office Box 140907
 Irving, TX 75014-0907

2. Article Number (or) 7001 1140 0002 9558 4065

PS Form 3811, July 1999

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Patterson Operating and Pumping,
 Inc.
 DBA Penery
 Post Office Box 50076
 Midland, TX 79710

2. Article Number (Copy to)

7001 1140 0002 9558 4041

PS Form 3811, July 1999

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 9-19-05
 Signature
 Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
 4. Restricted Delivery? (Extra Fee) ☐ Yes

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

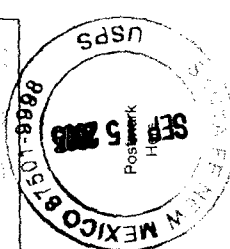
A. Received by (Please Print Clearly) B. Date of Delivery
 9-21-05
 Signature
 Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
 4. Restricted Delivery? (Extra Fee) ☐ Yes

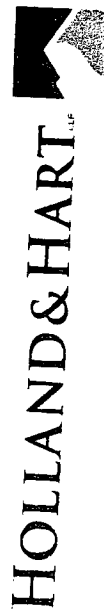
102595-00-M-0952

7001 1140 0000 9558 4058

U.S. Postal Service CERTIFIED MAIL-RECEIPT (Domestic Mail Only - No Insurance Coverage Provided)	
WFC Chevy 224226 Return Receipt Fee (Endorsement Required)	Postage \$ 1.60 Certified Fee 2.30 Return Receipt Fee 1.75 Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ 3.65
Sent To PermOK Oil Inc. Street, Apt. No. 4050 Pennsylvania, Suite 340 or PO Box No City, State, Zip Kansas City, MO 64111	
PS Form 3800	



MAILED
RETURNED



110 North Guadalupe Suite 1 Santa Fe, NM 87501
P.O. Box 2208 Santa Fe, NM 87504-2208

9/29/05

[Handwritten signature]

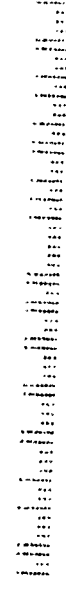
PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS FOLD AT DOTTED LINE
CERTIFIED MAIL

RETURN TO SENDER
Permoco Oil Inc.
4050 Pennsylvania, Suite 340
Kansas City, MO 64111

**UNDELIVERABLE
/ AS ADDRESSED**

7001 1140 0002 9558 4058 &

64111+3024-99 C033



STATE OF NEW MEXICO)

) ss.

COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterrupted for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Notice Of Publication

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day beginning with the issue of September 18, 2005 and ending with the issue of September 18, 2005.

And that the cost of publishing said notice is the sum of \$ 52.54 which sum has been (Paid) as Court Costs.

Joyce Clemens
Subscribed and sworn to before me this 19th day of October 2005.

Debbie Schilling
Debbie Schilling

Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2006

**LEGAL NOTICE
NOTICE OF
PUBLICATION**

**STATE OF
NEW MEXICO
ENERGY, MINERALS
AND
NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION
SANTA FE,
NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on October 6, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service, to attend or participate in the hearing, please contact Florane Davidson at 505-476-3488 or through the New Mexico Relay Network, 1-800-669-1779 by September 28, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florane Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO
TO:**
All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13566:

Application of Gruy Petroleum Management

dedicate the standard 160-acre gas spacing unit in the Rhodes formation, Rhodes 13, Yates-Seven Rivers Gas Pool to the Rhodes Federal Unit Well No. 223 (API No. 30-025-32168) located in Unit A at a standard gas well location north 1140 feet from the North line and 580 feet from the East line of said Section 22 and in Rhodes Federal Unit Well No. 225 located in Unit G at a standard gas well location 1980 feet from the North line and 1550 feet from the East line of said Section 22 Township 23 South Range 37 East NMPM, Lea County, New Mexico. Said unit is located approximately 3 miles south of Jala, New Mexico.

Given Under the Seal of the State of New Mexico, Oil Conservation Commission at Santa Fe, New Mexico on this 19th day of September 2005.

**STATE OF
NEW MEXICO
OIL CONSERVATION
DIVISION**
Mark E. Fanning, P.E.,
Director
Published in the Lovington Daily Leader, September 18, 2005.