

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Alamosa, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Gruy Petroleum Management Co.

3a. Address PO Box 140907

Irving, TX 75014

3b. Phone No. (include area code)

972-401-3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

990' FSL & 1700' FEL

Section 20-T24S-R26E

5. Lease Serial No.

NMLC 065347

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

White City Penn 20 GCU 2 No. 3

9. API Well No.

30-015-33525

10. Field and Pool, or Exploratory Area

White City; Penn (Gas)

11. County or Parish, State

Eddy Co., NM

RECEIVED

SEP 08 2004

000-ART-914

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Set surface & intermediate casing
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

08-16-04 Spudded 17-1/2" hole.

08-18-04 Ran 13-3/8" casing to 437.' Cemented lead 225 sx Premium Plus + 4% Gel + 2% CaCl + 1/4# Flocele. Cemented tail 200 sx Premium Plus + 2% CaCl. Plugged down and bumped with 355.# Circulated 104 sx to pit. WOC 28.5 hours.

08-22-04 Ran 9-5/8" casing to 1518.' Worked stuck and plugged casing at 1518' and came free. Cemented lead 700 sx Interfill "C" + 1/4# Flocele per sx. Plugged down and bumped with 440# and circulated 262 sx to surface. WOC 17 hrs.

Please see attached drilling report.

ACCEPTED FOR RECORD

SEP 7 2004

ALEXIS C. SWOBODA
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Natalie Krueger

Signature

Natalie Krueger

Title

Production Assistant

Date

August 31, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

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.

(Instructions on reverse)

Gruy Petroleum Management Co.

Magnum Hunter Production, Inc.

Well History

August 16, 2004 Thru August 22, 2004

OPERATED

CARLSBAD SOUTH

GRUY PETROLEUM MANAGEMENT CO

77295 WHITE CITY PENN 20 GCU 2 #3

30-015-33525

W.I. Pct BCP 100.00 %

W.I. Pct ACP 50.00 %

EDDY, NM

990'FSL 1700'FEL Sec 20 T24S R26E

Morrow / 13,000'

08/16/2004

Depth 0

Progress 0

AFE: 24113

Present Operation: Making Repairs on Rig

Location staked by John West Surveying Co. on 2/6/2004 - 990' FSL & 1,700' FEL of Sec. 20 T-24-S R-26-E in Eddy County, New Mexico. B&H Construction built location, road & pits on 7/26/04 to 8/4/04. Abbott Brothers set 20" conductor pipe at 40' FGL & cemented with 4 1/2 yds. ready mix cement - dug rat & mouse holes on 8/5 to 8/6/2004. Akome, Inc. plastic lined cuttings pit on 8/6/04 - Rockhouse Ranch layed poly line & put fresh water in cuttings pit to hold down the plastic on 8/6/04. MIRU Patterson-UTI Rig # 75 on 8/15/04. Welded flow nipple onto conductor pipe - mixed spud mud & making repairs on rig.

08/17/2004

Depth 361

Progress 298

AFE: 24113

Present Operation: Drlg

Rig repairs on pump # 2, finish RU Bar Bins & service rig Drill from 63' to 216' (Spud a 17 1/2" hole at 1:30 PM (CDT) 8/16/2004) WLS @ 165' = 3/4o Drill from 216' to 361'

08/18/2004

Depth 437

Progress 76

AFE: 24113

Present Operation: Rig Repair

Drill from 361' to 422' Service rig Drill from 361' to 437' TD (Reached TD of 17 1/2" hole at 10:00 AM (CDT) 8/17/2004) Pump NP-110 sweep & circulate Drop Totco @ 437' = 3o & trip out to run 13 3/8" surface casing - LD BHR, shock sub & bit RU casing crew & ran 13 3/8" casing (See Casing Detail) RU Halliburton - circulated to clear 13 3/8" casing Halliburton cemented 13 3/8" csg. (Lead) 225 sx Premium Plus Cement + 4% Gel + 2% CaCl + 1/4# Flocele (Tail) 200 sx Premium Plus Cement + 2% CaCl - plug down & bumped with 355# at 5:00 PM (CDT) 8/17/04 - circulated 104 sx cement to pit - Don Cleghorn w/ the BLM witnessed entire job WOC & cut off 20" conductor pipe Cut off 13 3/8" casing & weld on a 13 3/8" SO X 13 5/8" 3,000# Braden Head & test to 500# - OK NU BOP & choke manifold with Man Welding NU Crew Rig repair to output shaft in draw works

08/19/2004

Depth 597

Progress 160

AFE: 24113

Present Operation: Drlg

Rig repair to output shaft in draw works & basket on shale shaker Test BOP blind rams & choke manifold to 1,125# for 15 mins. with rig pump - OK PU & TIH with Bit # 2, motor, Teledrift Sub, BHR, IBS & 8" DC's to 371' Test BOP Hydril & choke manifold to 1,200# for 15 mins. with rig pump - OK Drill cement, plug, float collar, cement & shoe from 380' to 437' Drill from 437' to 597' (88 RPM motor - 40 RPM rotary - 18K bit wt.) - back on formation at 11:00 PM (CDT) 8/18/2004 - run Teledrift every kelly down - 408' = 2 1/2o - 439' = 3o - 468' = 3o - 495' = 2 1/2o - 522' = 3o

08/20/2004 Depth 1,102
Progress 505
AFE: 24113 Present Operation: Drlg

Drill from 597' to 596' (88 RPM motor - 40 RPM rotary - 18K bit wt.) - Teledrift @ 550' = 2o Drill from 596' to 691' (88 RPM motor - 40 RPM rotary - 20K bit wt.) Service rig & Teledrift @ 645' = 3o Drill from 691' to 754' (88 RPM motor - 40 RPM rotary - 18K bit wt.) - Teledrift @ 550' = 3 1/2o Drill from 754' to 818' (88 RPM motor - 40 RPM rotary - 15K to 18K bit wt.) - Teledrift @ 772' = 3 1/2o Drill from 818' to 849' (88 RPM motor - 40 RPM rotary - 15K to 18K bit wt.) - WLS @ 803' = 3 3/4o Drill from 849' to 913' (88 RPM motor - 40 RPM rotary - 15K to 18K bit wt.) - Teledrift @ 866' = 2 1/2o Drill from 913' to 975' (88 RPM motor - 40 RPM rotary - 18K bit wt.) - Teledrift @ 929' = 2 1/2o Drill from 975' to 1,039' (88 RPM motor - 40 RPM rotary - 10 K to 18K bit wt.) - Teledrift @ 993' = 2 1/2o Drill from 1,039' to 1,102' (88 RPM motor - 40 RPM rotary - 10 K to 18K bit wt.)

08/21/2004 Depth 1,481
Progress 379
AFE: 24113 Present Operation: Drilling

Drill from 1,102' to 1,106' (88 RPM motor - 40 RPM rotary - 10 K - 18K bit wt.) -Teledrift @ 1,056' = 2 1/2o Drill from 1,106' to 1,134' (88 RPM motor - 40 RPM rotary - 10 K - 18K bit wt.) -Teledrift @ 1,088' = 3o Drill from 1,134' to 1,197' (88 RPM motor - 40 RPM rotary - 10 K - 18K bit wt.) Service rig & Teledrift @ 1,151' = 1 1/2o Drill from 1,197' to 1,261' (88 RPM motor - 40 RPM rotary - 18K bit wt.) -Teledrift @ 1,215' = 1 1/2o Drill from 1,261' to 1,386' (88 RPM motor - 40 RPM rotary - 18K - 20K bit wt.) -Teledrift @ 1,340' = 1 1/2o Drill from 1,386' to 1,449' (88 RPM motor - 40 RPM rotary - 25K bit wt.) -Teledrift @ 1,403' = 1 1/2o Drill from 1,449' to 1,481' (88 RPM motor - 40 RPM rotary - 25K bit wt.)

08/22/2004 Depth 1,518
Progress 37
AFE: 24113 Present Operation: PU & TIH with 6 1/2" DC's

Drill from 1,481' to 1,518' TD (88 RPM motor - 40 RPM rotary - 25K bit wt.) - Reached TD of 12 1/4" hole at 8:45 AM (CDT) 8/21/2004 - Ran Davis Fluid Caliper - shows that it will take 1,321 ft.3 to cir. cement w/ 9 5/8" csg. Pump 40 Bbl. 50 Vis. sweep & circulate out sweep Drop Totco @ 1,518' = 1 3/4o & trip out standing 10 stands DP in derrick - service rig RU lay down machine & POOH LD 17- 8" DC's, IBS, BHR, Teledrift Sub, motor & Bit # 2 RU casing crew & ran 9 5/8" casing (See Casing Detail) - RD casing crew & lay down machine RU Halliburton - worked stuck & plugged casing at 1,518' TD - came free - circulated to clear casing Hall. cemented 9 5/8" csg. (Lead) 700 sx Interfill "C" + 1/4# Flocele per sx, followed by (Tail) 200 sx Premium Plus Cement + 2% CaCl per sx - plug down & bumped with 440# at 4:30 PM (CDT) 8/21/04 - circulated 262 sx cement to surface - Don Early w/ the BLM was notified, but didn't witness the job ND & PU BOP - set 9 5/8" casing slips in 100,000# - cut off 9 5/8" casing - install a 13 5/8" 3,000# X 11" 5,000# "B" Section well head spool & test to 3,000# - OK - NU BOP & choke manifold - test BOP, choke manifold & associated equipment with Man Welding Service to 5,000# - OK - Don Early w/ the BLM was notified, but didn't witness the tests Install wear bushing - PU & TIH with Bit # 3, motor, BHA, 6 3/4" & 6 1/2" DC's