

UNITED STATES
DEPARTMENT OF THE
BUREAU OF LAND MANAGEMENT

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐			5. LEASE DESIGNATION AND SERIAL NO. LC 065457 065347		
1b. TYPE OF WELL OIL ☐ GAS ☒ WELL WELL OTHER ZONE ☐ SINGLE ☐ MULTIPLE ☐			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR Gruy Petroleum Management Co.			7. UNIT AGREEMENT NAME SW 94		
3. ADDRESS AND TELEPHONE NO. P.O. Box 140907 Irving TX 75014 972-401-3111			8. FARM OR LEASE NAME, WELL NO. White City Penn 28 Gas Com Unit 3 No. 4		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) SHL 1980' FSL & 1500' FWL BHL 700' FSL & 1350' FWL SUBJECT TO LIKE APPROVAL BY STATE			9. API WELL NO. 30-015-33862		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 17 miles South of Carlsbad			10. FIELD AND POOL, OR WILDCAT White City; Penn		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O. (Also to nearest drlg. unit line, if any) 1500'			11. SEC. T., R., M., BLOCK AND SURVEY OR AREA Sec. 28 T24S R26E		
16. NO. OF ACRES IN LEASE 800			12. COUNTY OR PARISH Eddy		
17. NO. OF ACRES ASSIGNED TO THIS WELL 640			13. STATE NM		
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1279'			19. PROPOSED DEPTH 13000'		
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START* 11-15-04		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3387' GR			22. APPROX. DATE WORK WILL START* 11-15-04		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2" WITNESS	J-55 13 3/8"	54.5 #	400' WITNESS	490 sx circulate
12 1/4"	J-55 9 5/8"	40 #	3200'	1500 sx circulate
8 3/4"	P-110 5 1/2"	17 #	13000'	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 Zero Farris TITLE Mgr. Ops. Admin DATE 09-24-04

(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 land which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

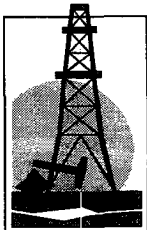
APPROVED BY /s/ Joe G. Lara TITLE FIELD MANAGER DATE 13 DEC 2004

*See Instructions On Reverse Side

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.

CARLSBAD CONTROLLED WATER BASIN

APPROVAL FOR 1 YEAR
APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED



Gruy Petroleum Management Co.

600 East Las Colinas Blvd. • Suite 1100 • Irving, TX 75039 • (972) 401-3111 • Fax (972) 443-6450

Mailing Address: P.O. Box 140907 • Irving, TX 75014-0907

A wholly-owned subsidiary of Magnum Hunter Resources, Inc., a NYSE company MHR

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Bureau of Land Management
2909 West 2nd Street
Roswell New Mexico 88201-2019
Attn: Ms. Linda Askwig

Gruy Petroleum Management Co. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: LC - 065457

Legal Description: All Sec 28, T24S-R26E
Containing 640 acres, Eddy County New Mexico

Formation (S): Morrow/Pennsylvanian

Bond Coverage: Nationwide BLM Bond

BLM Bond File No.: NM 2575

Authorized Signature: Zeno Farris
Representing Gruy Petroleum Management Co.

Name: Zeno Farris

Title: Manager, Operations Administration

Date: 09/24/04

Application to Drill

Gruy Petroleum Management Co.
White City Penn 28 Gas Com Unit 3 No. 4
Unit Letter K Section 28
T24S - R26E Eddy County, NM

In response to questions asked under Section II B of Bulletin NTL-6 the following information is provided for your consideration:

- 1 Location: SHL 1980' FSL & 1500' FWL Sec. 28- 24S 26E
BHL 700' FSL & 1350' FWL
- 2 Elevation above sea level: GR 3387'
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5 Proposed drilling depth: 13000'

6 Estimated tops of geological markers:

T/Salt	250'	Cisco Canyon	9928
B/Salt	800'	Strawn	10078
Delaware	1450	Atoka	10388
Bone Spring	6168	Morrow	11,158
Wolfcamp	8098	Barnett	11,768

7 Possible mineral bearing formation:

Strawn	Gas
Atoka	Gas
Morrow	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17 1/2"	0-400'	13 3/8"	54.5	8-R	ST&C	J-55
12 1/4"	0-3200'	9 5/8"	40	8-R	ST&C	J-55
8 3/4"	0-13000'	5 1/2"	17	8-R	ST&C	P-110

Application to Drill

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9 Cementing & Setting Depth:

13 3/8"	Surface	Set 400' of 13 3/8" J-55 54.5 ST&C casing. Cement with 490 Sx. Of Class "C" cement + additives, circulate cement to surface.
9 5/8"	Intermediate	Set 3200' of 9 5/8" J-55 40# ST&C casing. Cement in two stages, first stage cement with 1000 Sx. Of Class POZ/C Cement + additives, second stage cement with 500 Sx. Of Class "C" + additives, circulate cement to surface.
5 1/2"	Production	Set 13000' of 5 1/2" P-110 17# ST&C casing. Cement in two stages, first stage cement with 1020 Sx. of Class POZ/C Cement + additives. Second stage cement with 600 Sx of Class "C" Estimated top of cement 2700'.

10 Pressure control Equipment:

Exhibit "E". A 13 3/8" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000 # annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 6000'. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor. BOP unit will be hydraulically operated. BOP will be nipped up on the 9 5/8" casing and will be operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling.

11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 400'	8.4 - 8.6	30 - 32	May lose circ.	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
400' - 3200'	9.7 - 10.0	28 - 29	May lose circ.	Brine water. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.
3200' - 8300'	8.4 - 9.9	28 - 29	NC	Fresh water. Paper for seepage. Lime for pH (9 - 9.5)
8300' - 10000'	8.45 - 8.9	28 - 29	NC	Cut brine. Caustic for pH control.
10000' - 13000'	8.9 - 9.7	29 - 45	NC	XCD Polymer mud system.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs. Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until production casing is run and cemented.

Application to Drill

Gruy Petroleum Management Co.
White City Penn 28 Gas Com Unit 3 No. 4
Unit Letter K Section 28
T24S - R26E Eddy County, NM

12 Testing, Logging and Coring Program:

- A. Mud logging program: One-man unit from 8000' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DST's, or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures or H₂S gas are expected. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 4000 PSI, estimated BHT 190.

14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 35 - 45 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Strawn / Morrow / Atoka pay will be perforated and stimulated. The well will be tested and potentialized as a gas well.



**Gruy Petroleum Management
New Mexico
Eddy County
Sec 28-T24S-R26E
White City Penn 28 Gas Unit Com 3 #4 - Plan 3**

Sperry-Sun

Proposal Report

24 September, 2004

Proposal Ref: pro8649

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Gruy Petroleum Management
New Mexico
Eddy County

Proposal Report for Sec 28-T24S-R26E - White City Penn 28 Gas Unit Com 3 #4 - Plan 3

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft)	Local Coordinates Eastings (ft)	Map Coordinates Northings (ft)	Map Coordinates Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
0.00	0.000	0.000	-3412.00	0.00	0.00 N	0.00 E	431498.30 N	509933.50 E	0.00	0.00	
6822.00	0.000	0.000	3410.00	6822.00	0.00 N	0.00 E	431498.30 N	509933.50 E	0.00	0.00	Kick-Off at 6822.00ft
6900.00	1.560	186.696	3487.99	6899.99	1.05 S	0.12 W	431497.25 N	509933.38 E	2.00	1.06	
7000.00	3.560	186.696	3587.89	6999.89	5.49 S	0.64 W	431492.81 N	509932.86 E	2.00	5.53	
7100.00	5.560	186.696	3687.56	7099.56	13.39 S	1.57 W	431484.91 N	509931.93 E	2.00	13.48	
7197.00	7.500	186.696	3783.93	7195.93	24.34 S	2.86 W	431473.96 N	509930.64 E	2.00	24.51	Build Rate = 2.00°/100ft
7200.00	7.560	186.696	3786.90	7198.90	24.73 S	2.90 W	431473.57 N	509930.60 E	2.00	24.90	
7300.00	9.560	186.696	3885.79	7297.79	39.51 S	4.64 W	431458.79 N	509928.86 E	2.00	39.79	
7400.00	11.560	186.696	3984.09	7396.09	57.71 S	6.78 W	431440.59 N	509926.72 E	2.00	58.11	
7500.00	13.560	186.696	4081.69	7493.69	79.31 S	9.31 W	431418.99 N	509924.19 E	2.00	79.86	
7572.00	15.000	186.696	4151.46	7563.46	96.95 S	11.38 W	431401.35 N	509922.12 E	2.00	97.61	End of Build at 7572.00ft
7600.00	15.000	186.696	4178.51	7590.51	104.15 S	12.23 W	431394.15 N	509921.27 E	0.00	104.86	
7700.00	15.000	186.696	4275.10	7687.10	129.85 S	15.25 W	431368.45 N	509918.25 E	0.00	130.74	
7800.00	15.000	186.696	4371.69	7783.69	155.56 S	18.26 W	431342.74 N	509915.24 E	0.00	156.63	
7900.00	15.000	186.696	4468.29	7880.29	181.26 S	21.28 W	431317.04 N	509912.22 E	0.00	182.51	
8000.00	15.000	186.696	4564.88	7976.88	206.97 S	24.30 W	431291.33 N	509909.20 E	0.00	208.39	
8100.00	15.000	186.696	4661.47	8073.47	232.67 S	27.32 W	431265.63 N	509906.18 E	0.00	234.27	
8200.00	15.000	186.696	4758.06	8170.06	258.38 S	30.34 W	431239.92 N	509903.16 E	0.00	260.15	
8300.00	15.000	186.696	4854.66	8266.66	284.08 S	33.35 W	431214.22 N	509900.15 E	0.00	286.03	
8400.00	15.000	186.696	4951.25	8363.25	309.79 S	36.37 W	431188.51 N	509897.13 E	0.00	311.92	
8500.00	15.000	186.696	5047.84	8459.84	335.49 S	39.39 W	431162.81 N	509894.11 E	0.00	337.80	
8600.00	15.000	186.696	5144.43	8556.43	361.20 S	42.41 W	431137.10 N	509891.09 E	0.00	363.68	
8700.00	15.000	186.696	5241.03	8653.03	386.90 S	45.43 W	431111.40 N	509888.07 E	0.00	389.56	
8800.00	15.000	186.696	5337.62	8749.62	412.61 S	48.44 W	431085.69 N	509885.06 E	0.00	415.44	
8900.00	15.000	186.696	5434.21	8846.21	438.31 S	51.46 W	431059.99 N	509882.04 E	0.00	441.33	
9000.00	15.000	186.696	5530.80	8942.80	464.02 S	54.48 W	431034.28 N	509879.02 E	0.00	467.21	
9100.00	15.000	186.696	5627.40	9039.40	489.72 S	57.50 W	431008.58 N	509876.00 E	0.00	493.09	
9200.00	15.000	186.696	5723.99	9135.99	515.43 S	60.52 W	430982.87 N	509872.98 E	0.00	518.97	
9300.00	15.000	186.696	5820.58	9232.58	541.14 S	63.53 W	430957.16 N	509869.97 E	0.00	544.85	
9400.00	15.000	186.696	5917.18	9329.18	566.84 S	66.55 W	430931.46 N	509866.95 E	0.00	570.73	

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Gruy Petroleum Management
New Mexico
Eddy County

Proposal Report for Sec 28-T24S-R26E - White City Penn 28 Gas Unit Com 3 #4 - Plan 3

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates		Map Coordinates		Dogleg Rate (°/100ft)	Vertical Section	Comment
					Northings (ft)	Eastings (ft)	Northings (ft)	Eastings (ft)			
9500.00	15.000	186.696	6013.77	9425.77	592.55 S	69.57 W	430905.75 N	509863.93 E	0.00	596.62	
9600.00	15.000	186.696	6110.36	9522.36	618.25 S	72.59 W	430880.05 N	509860.91 E	0.00	622.50	
9700.00	15.000	186.696	6206.95	9618.95	643.96 S	75.61 W	430854.34 N	509857.89 E	0.00	648.38	
9800.00	15.000	186.696	6303.55	9715.55	669.66 S	78.62 W	430828.64 N	509854.88 E	0.00	674.26	
9868.52	15.000	186.696	6369.73	9781.73	687.27 S	80.69 W	430811.03 N	509852.81 E	0.00	691.99	Hold Angle at 15,000°
9900.00	15.000	186.696	6400.14	9812.14	695.37 S	81.64 W	430802.93 N	509851.86 E	0.00	700.14	
10000.00	15.000	186.696	6496.73	9908.73	721.07 S	84.66 W	430777.23 N	509848.84 E	0.00	726.02	
10100.00	15.000	186.696	6593.32	10005.32	746.78 S	87.68 W	430751.52 N	509845.82 E	0.00	751.91	
10200.00	15.000	186.696	6689.92	10101.92	772.48 S	90.70 W	430725.82 N	509842.80 E	0.00	777.79	
10300.00	15.000	186.696	6786.51	10198.51	798.19 S	93.71 W	430700.11 N	509839.79 E	0.00	803.67	
10400.00	15.000	186.696	6883.10	10295.10	823.89 S	96.73 W	430674.41 N	509836.77 E	0.00	829.55	
10500.00	15.000	186.696	6979.69	10391.69	849.60 S	99.75 W	430648.70 N	509833.75 E	0.00	855.43	
10600.00	15.000	186.696	7076.29	10488.29	875.30 S	102.77 W	430623.00 N	509830.73 E	0.00	881.32	
10700.00	15.000	186.696	7172.88	10584.88	901.01 S	105.79 W	430597.29 N	509827.71 E	0.00	907.20	
10800.00	15.000	186.696	7269.47	10681.47	926.71 S	108.80 W	430571.59 N	509824.70 E	0.00	933.08	
10900.00	15.000	186.696	7366.06	10778.06	952.42 S	111.82 W	430545.88 N	509821.68 E	0.00	958.96	
11000.00	15.000	186.696	7462.66	10874.66	978.12 S	114.84 W	430520.18 N	509818.66 E	0.00	984.84	
11100.00	15.000	186.696	7559.25	10971.25	1003.83 S	117.86 W	430494.47 N	509815.64 E	0.00	1010.72	
11200.00	15.000	186.696	7655.84	11067.84	1029.53 S	120.88 W	430468.77 N	509812.62 E	0.00	1036.61	
11300.00	15.000	186.696	7752.43	11164.43	1055.24 S	123.89 W	430443.06 N	509809.61 E	0.00	1062.49	
11400.00	15.000	186.696	7849.03	11261.03	1080.94 S	126.91 W	430417.36 N	509806.59 E	0.00	1088.37	
11500.00	15.000	186.696	7945.62	11357.62	1106.65 S	129.93 W	430391.65 N	509803.57 E	0.00	1114.25	
11600.00	15.000	186.696	8042.21	11454.21	1132.36 S	132.95 W	430365.94 N	509800.55 E	0.00	1140.13	
11700.00	15.000	186.696	8138.81	11550.81	1158.06 S	135.97 W	430340.24 N	509797.53 E	0.00	1166.01	
11800.00	15.000	186.696	8235.40	11647.40	1183.77 S	138.98 W	430314.53 N	509794.52 E	0.00	1191.90	
11900.00	15.000	186.696	8331.99	11743.99	1209.47 S	142.00 W	430288.83 N	509791.50 E	0.00	1217.78	
12000.00	15.000	186.696	8428.58	11840.58	1235.18 S	145.02 W	430263.12 N	509788.48 E	0.00	1243.66	
12100.00	15.000	186.696	8525.18	11937.18	1260.88 S	148.04 W	430237.42 N	509785.46 E	0.00	1269.54	
12165.04	15.000	186.696	8588.00	12000.00	1277.60 S	150.00 W	430220.70 N	509783.50 E	0.00	1286.38	Target intercept
12200.00	15.000	186.696	8621.77	12033.77	1286.59 S	151.06 W	430211.71 N	509782.44 E	0.00	1295.42	

HALLIBURTON

Gruy Petroleum Management
New Mexico
Eddy County

Proposal Report for Sec 28-T24S-R26E - White City Penn 28 Gas Unit Com 3 #4 - Plan 3

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft)	Eastings (ft)	Map Coordinates Northings (ft)	Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
12300.00	15.000	186.696	8718.36	12130.36	1312.29 S	154.07 W	430186.01 N	509779.43 E	0.00	1321.31	
12400.00	15.000	186.696	8814.95	12226.95	1338.00 S	157.09 W	430160.30 N	509776.41 E	0.00	1347.19	
12500.00	15.000	186.696	8911.55	12323.55	1363.70 S	160.11 W	430134.60 N	509773.39 E	0.00	1373.07	
12600.00	15.000	186.696	9008.14	12420.14	1389.41 S	163.13 W	430108.89 N	509770.37 E	0.00	1398.95	
12700.00	15.000	186.696	9104.73	12516.73	1415.11 S	166.15 W	430083.19 N	509767.35 E	0.00	1424.83	
12800.00	15.000	186.696	9201.32	12613.32	1440.82 S	169.16 W	430057.48 N	509764.34 E	0.00	1450.71	
12900.00	15.000	186.696	9297.92	12709.92	1466.52 S	172.18 W	430031.78 N	509761.32 E	0.00	1476.60	
13000.00	15.000	186.696	9394.51	12806.51	1492.23 S	175.20 W	430006.07 N	509758.30 E	0.00	1502.48	
13100.00	15.000	186.696	9491.10	12903.10	1517.93 S	178.22 W	429980.37 N	509755.28 E	0.00	1528.36	
13200.00	15.000	186.696	9587.69	12999.69	1543.64 S	181.23 W	429954.66 N	509752.27 E	0.00	1554.24	
13200.32	15.000	186.696	9588.00	13000.00	1543.72 S	181.24 W	429954.58 N	509752.26 E	0.00	1554.32	Total Depth at 13200.32ft

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North.
Vertical depths are relative to RKB=3387+25est=3412. Northings and Eastings are relative to Well.
Global Northings and Eastings are relative to NAD27 New Mexico State Planes, Eastern Zone.

The Dogleg Severity is in Degrees per 100 feet.

Vertical Section is from Well and calculated along an Azimuth of 186.696° (Grid).

Based upon Minimum Curvature type calculations, at a Measured Depth of 13200.32ft.,
The Bottom Hole Displacement is 1554.32ft., in the Direction of 186.696° (Grid).

HALLIBURTON

Proposal Report for Sec 28-T24S-R26E - White City Penn 28 Gas Unit Com 3 #4 - Plan 3

Comments

Measured Depth (ft)	Station Coordinates		Comment
	TVD (ft)	Northings (ft)	
6822.00	6822.00	0.00 N	0.00 E
7197.00	7195.93	24.34 S	2.86 W
7572.00	7563.46	96.95 S	11.38 W
9868.52	9781.73	687.27 S	80.69 W
12165.04	12000.00	1277.60 S	150.00 W
13200.32	13000.00	1543.72 S	181.24 W
			Total Depth at 13200.32ft

North Reference Sheet for Sec 28-T24S-R26E - White City Penn 28 Gas Unit Com 3 #4

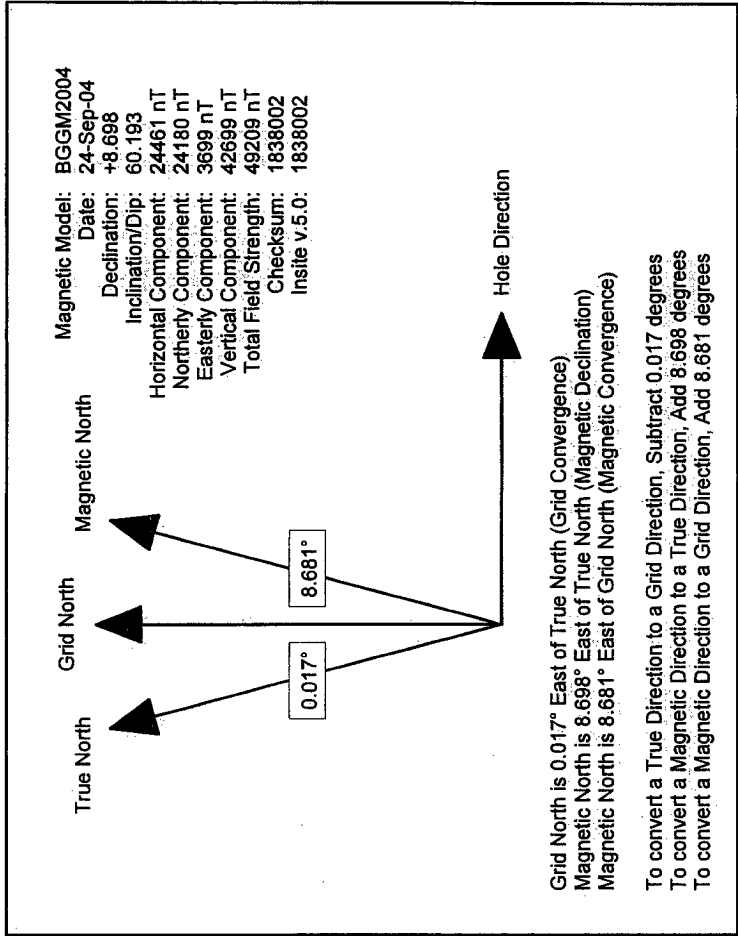
Coordinate System is NAD27 New Mexico State Planes, Eastern Zone, US Foot
Source: Snyder, J.P., 1987, Map Projections - A Working Manual

Datum is North American Datum of 1927 (US48, AK, HI, and Canada)

Spheroid is Clarke - 1866
Equatorial Radius: 6378206.400m.
Polar Radius: 6356583.800m.
Inverse Flattening: 294.978698213901

Projection method is Transverse Mercator or Gauss Kruger Projection
Central Meridian is -104.333°
Longitude Origin: 0.000°
Latitude Origin: 31.000°
False Easting: 152400.00m
False Northing: 0.00m
Scale Reduction: 0.99990909

Grid Coordinates of Well: 431498.30 N, 509933.50 E
Geographical Coordinates of Well: 32° 11' 10.6864" N, 104° 18' 04.4069" W
Surface Elevation of Well: 3412.00ft
Grid Convergence at Surface is +0.017°
Magnetic Convergence at Surface is -8.681° (24 September, 2004)



State of New Mexico

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, 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	Pool Name White City Penn (GAS)
Property Code	Property Name WHITE CITY PENN 28 GAS UNIT COM 3	Well Number 4
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3387'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	28	24-S	26-E		1980	SOUTH	1500	WEST	EDDY

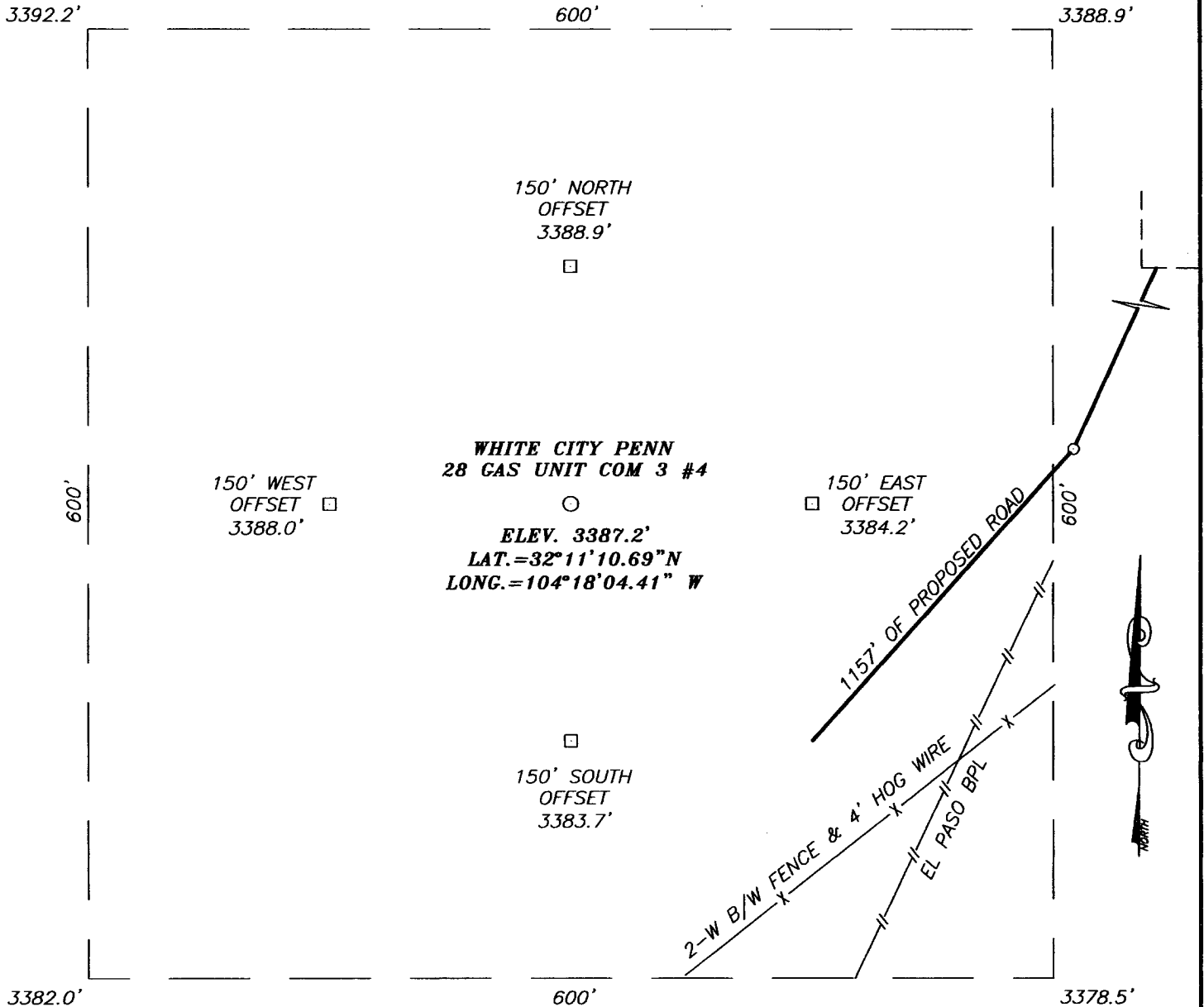
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	28	24-S	26-E		700	SOUTH	1350	WEST	EDDY
Dedicated Acres 640	Joint or Infill Y	Consolidation Code C	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

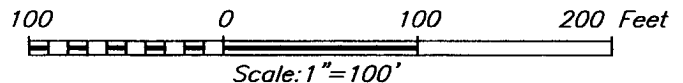
GEODETIC COORDINATES NAD 27 NME SURF LOC. Y=431498.3 N X=509933.5 E LAT.=32°11'10.69" N LONG.=104°18'04.41" W B.H. LOC. Y=430220.7 N X=509804.9 E	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <i>Zeno Farris</i> Signature Zeno Farris Printed Name Manager Operations Admin Title September 29, 2004 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. SEPTEMBER 14, 2004 Date Surveyed JR Signature & Seal of Professional Surveyor <i>Gary E. Gibson</i> 9/20/04 04.11.1168 Certificate No. GARY E. GIBSON 12841

SECTION 28, TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

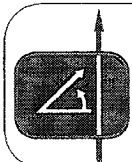
FROM THE INTERSECTION OF CO. RD. #772 (MEANS RD.) AND U.S. HWY 62-180, GO SE/S ON CO. RD. #772 FOR APPROX. 0.8 MILES TO A CALICHE ROAD ON THE LEFT. TURN LEFT (EAST) AND GO APPROX. 0.75 MILES TO A RIGHT BEND. GO RIGHT (SOUTH) APPROX. 0.1 MILES TO A LEFT BEND. GO LEFT (EAST) APPROX. 0.4 MILES TO A RIGHT BEND. GO RIGHT (SOUTH) APPROX. 0.4 MILES TO THE CHEVRON WHITECITY PENN UNIT 3 #1 WELL. GO TO PROPOSED ROAD SURVEY ON THE SW COR. OF PAD. FOLLOW PROPOSED ROAD SURVEY APPROX. 1000' SOUTH TO PROPOSED LOCATION.



GRUY PETROLEUM MANAGEMENT COMPANY

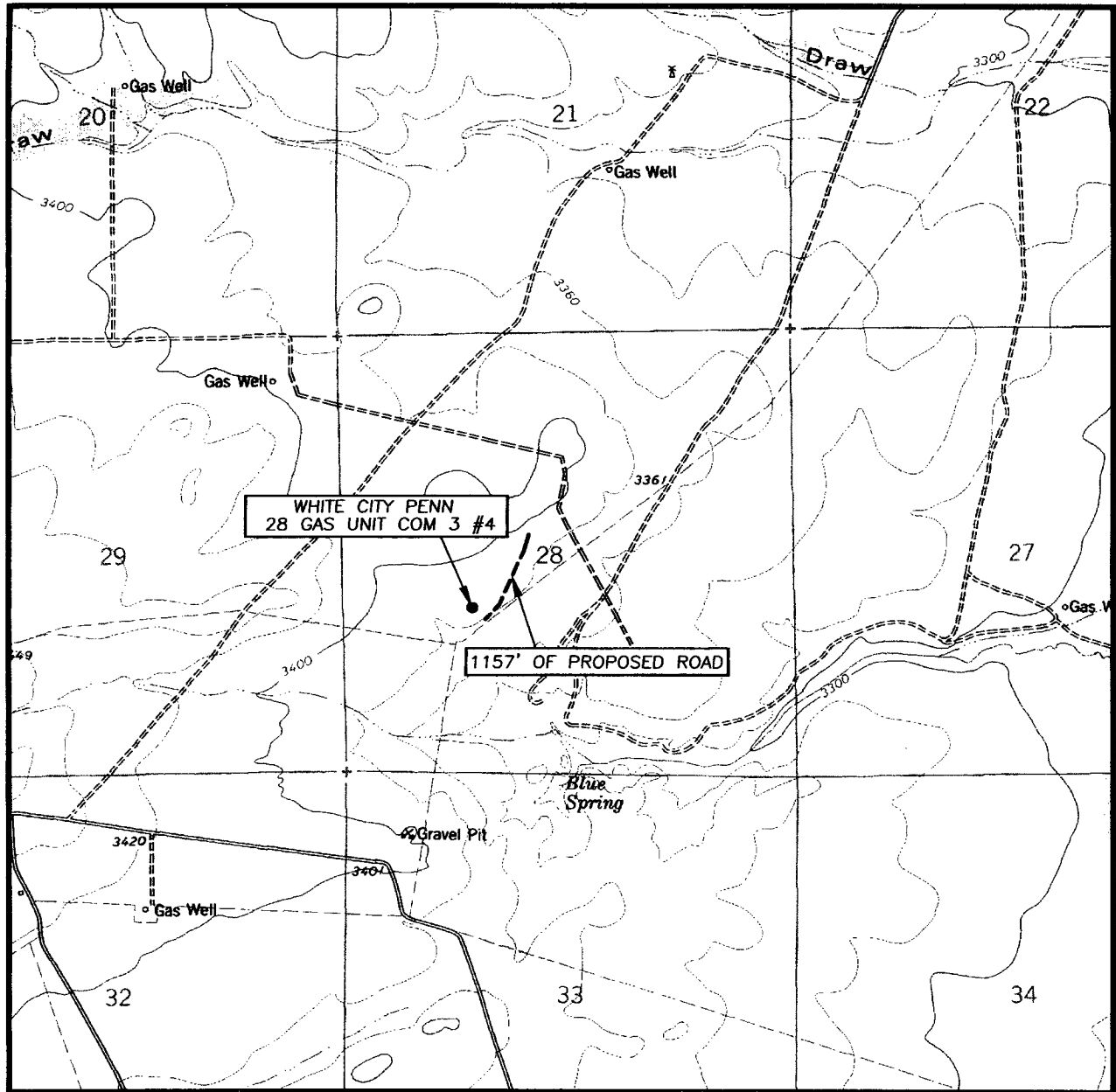
WHITE CITY PENN 28 GAS UNIT COM 3 #4 WELL
 LOCATED 1980 FEET FROM THE SOUTH LINE
 AND 1500 FEET FROM THE WEST LINE OF SECTION 28,
 TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 09/14/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1168	Dr By: J. RIVERO
Date: 09/15/04	Rev 1: N/A
Disk: CD#10	04111168
Scale: 1"=100'	



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
BLACK RIVER VILLAGE, N.M. - 20'

SEC. 28 TWP. 24-S RGE. 26-E

SURVEY _____ N.M.P.M. _____

COUNTY _____ EDDY _____

DESCRIPTION 1980' FSL & 1500' FWL

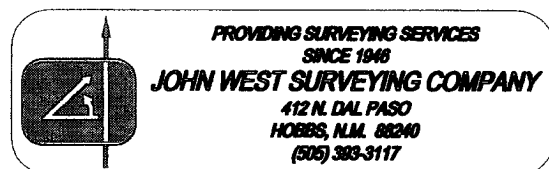
ELEVATION _____ 3387'

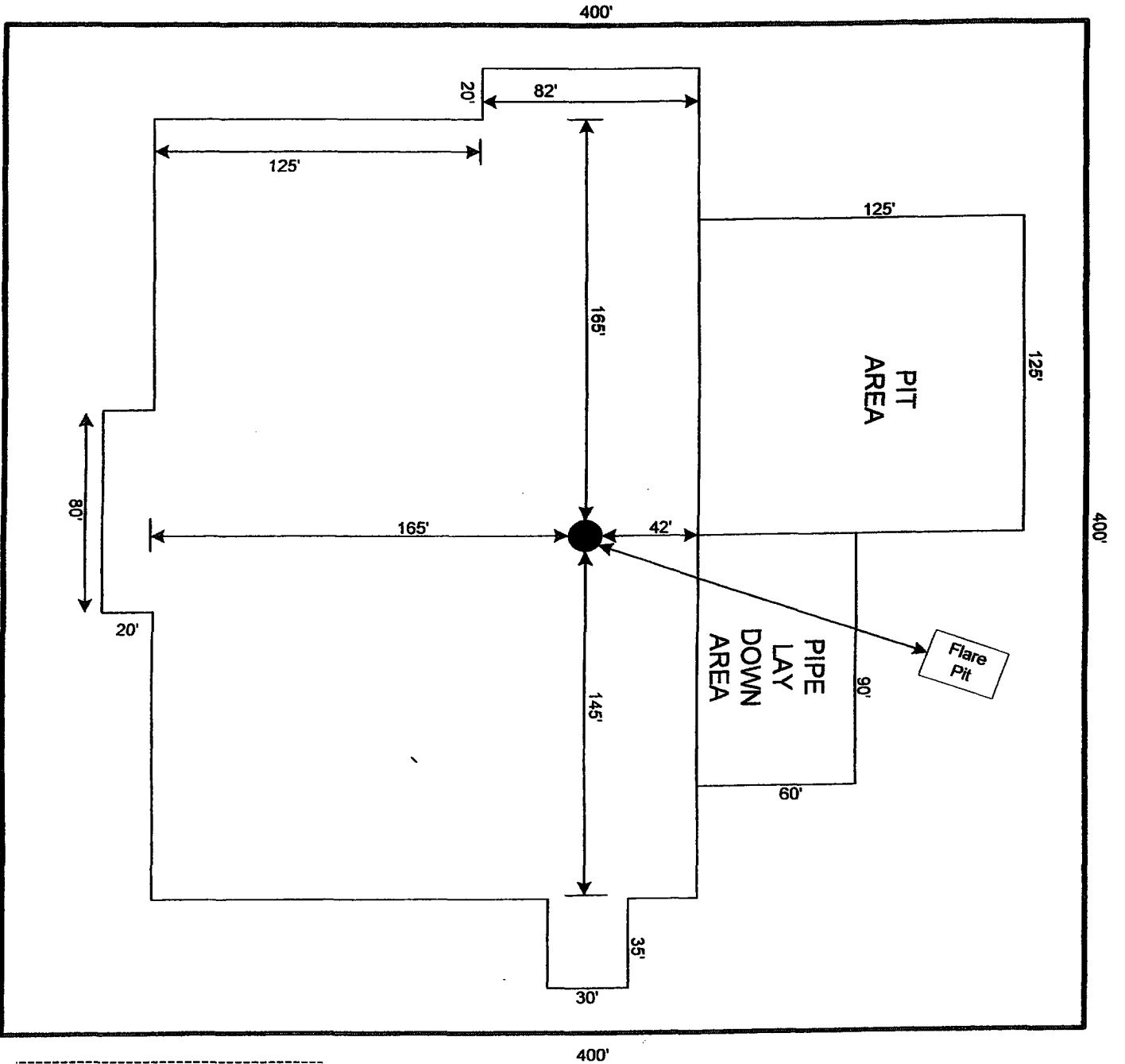
OPERATOR GRUY PETROLEUM
MANAGEMENT COMPANY

LEASE WHITE CITY PENN
28 GAS UNIT COM 3

U.S.G.S. TOPOGRAPHIC MAP
BLACK RIVER VILLAGE, N.M.

EXHIBIT C



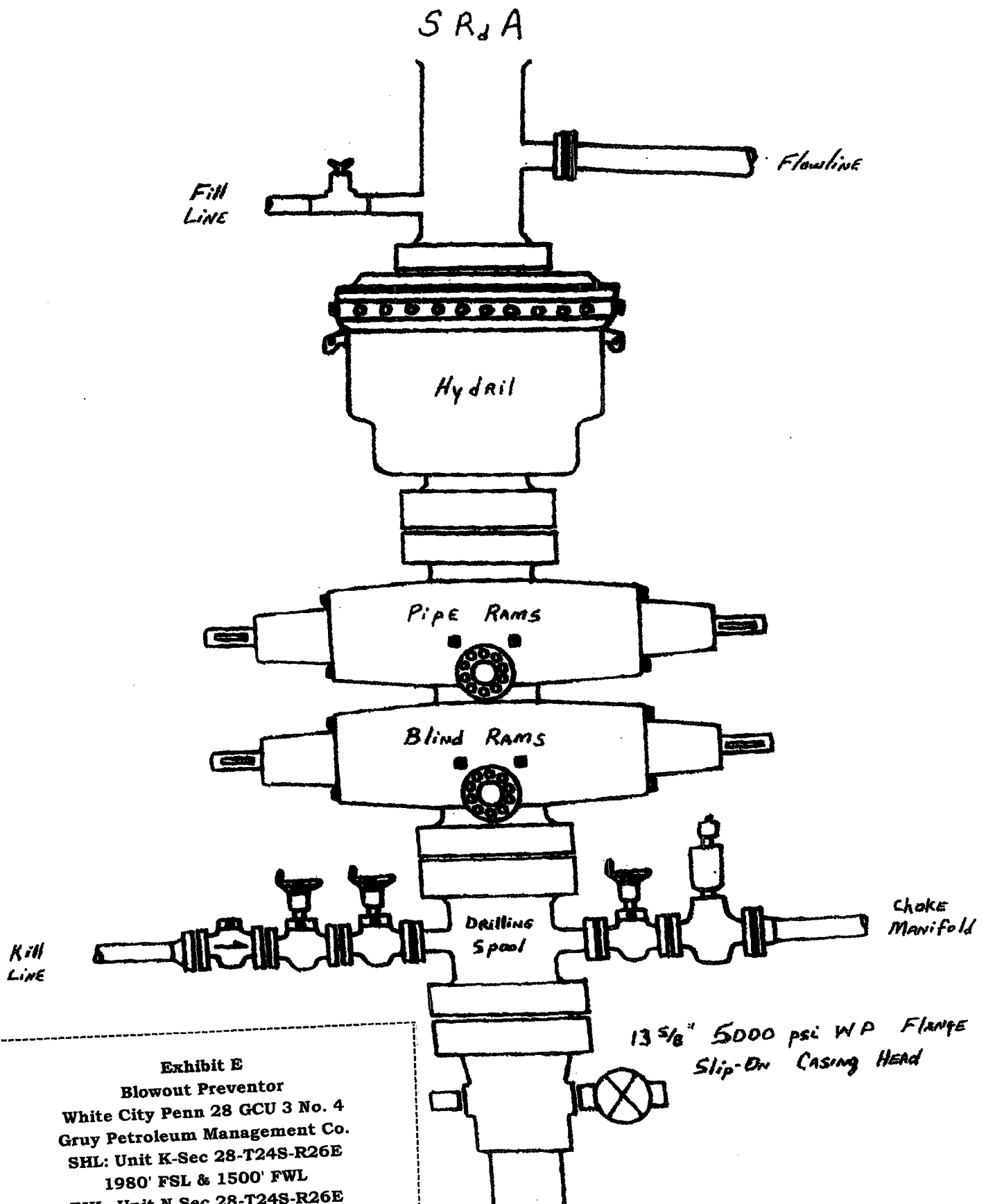


RIG #75

**GRUY PETROLEUM
MANAGEMENT COMPANY
IRVING TEXAS**

SCALE 1"=60'

Exhibit D
Rig Layout Plan
White City Penn 28 GCU 3 No. 4
Gruy Petroleum Management Co.
SHL: Unit K-Sec 28-T24S-R26E
1980' FSL & 1500' FWL
BHL: Unit N-Sec 28-T24S-R26E
700' FSL & 1350' FWL
Eddy County, NM



**DRILLING OPERATIONS
CHOKE MANIFOLD
5M SERVICE**

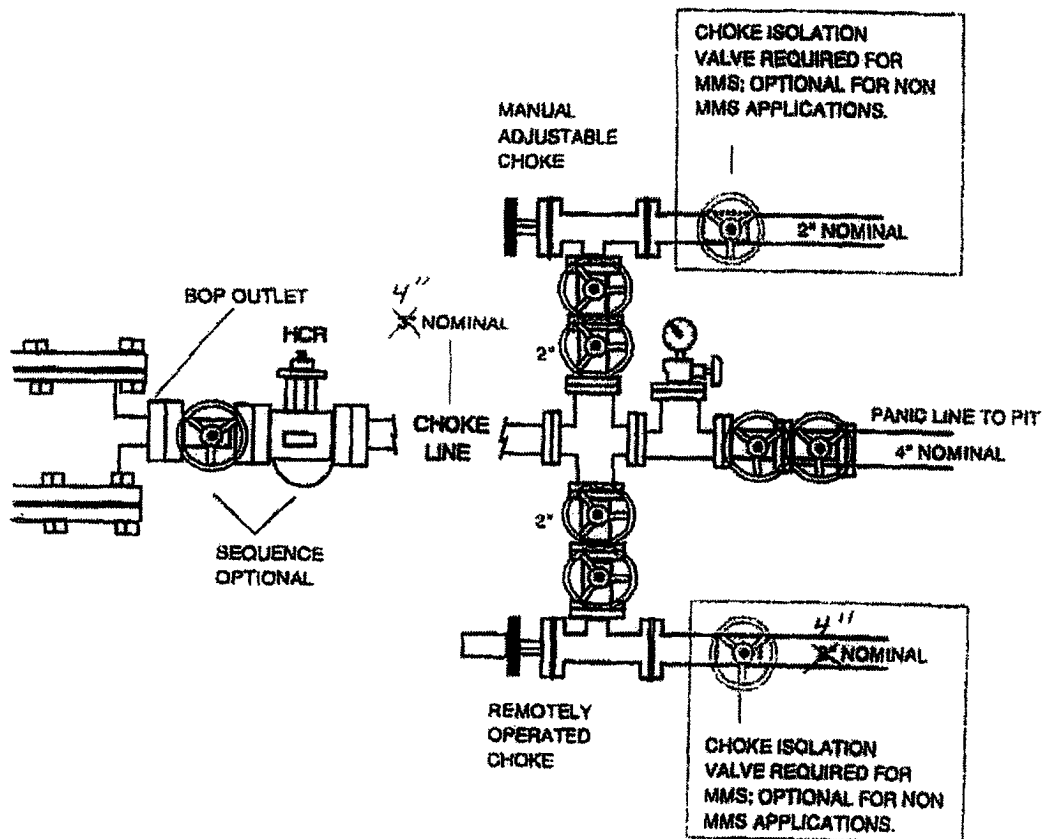


Exhibit E-Cont'd
Blowout Preventor-Choke Manifold
White City Penn 28 GCU 3 No. 4
Gruy Petroleum Management Co.
SHL: Unit K-Sec 28-T24S-R26E
1980' FSL & 1500' FWL
BHL: Unit N-Sec 28-T24S-R26E
700' FSL & 1350' FWL
Eddy County, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
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	RECEIVED
2. Name of Operator Gruy Petroleum Management Co.	NOV 19 2004
3a. Address P.O. Box 140907 Irving, TX 75014-0907	3b. Phone No. (include area code) 972.401.3111
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL 1980' FSL & 1500' FWL Sec 28 24S-26E BHL 700' FSL & 1350' FWL Sec 28 24S-26E	

5. Lease Serial No. LC -065347
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No. SW-94
8. Well Name and No. White City Penn 28 Gas Com Unit 3 # 4
9. API Well No.
10. Field and Pool, or Exploratory Area White City; Penn (Gas)
11. County or Parish, State Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☒ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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.)

Plan to change casing program as follows:

Set 350' of 13 3/8" J-55 54.5# casing and cement to surface.

Set 1600' 9 5/8" NS-110 40# casing and cement to surface.

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

Name (Printed/Typed)

Zeno Farris

Signature

Zeno Farris

Title

Manager, Operations Administration

Date

11-09-04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

NOV 18 2004

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

RFO

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)