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5180-3
(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Div. Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED

OMB NO. 1004-0136

Expires: February 28, 1995

LEASE DESIGNATION AND SERIAL NO.

LC 065347

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

RECEIVED

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.)

SHL 950' FSL & 1980' FWL Sec 20-24S-26E

SUBJECT TO LIKE
APPROVAL BY STATE

BHL 1000' FNL & 1100' FWL Sec 20-24S-26E

7. UNIT AGREEMENT NAME

FEB 01 2005

SW-93

UUCARTEA

8. FARM OR LEASE NAME, WELL NO.

White City Penn 20 Gas Com Unit 2 # 4

9. API WELL NO.

30-015-33914

10. FIELD AND POOL, OR WILDCAT

White City; Penn

11. SEC. T., R., M., BLOCK AND SURVEY

OR AREA

Sec. 20 T24S R26E

12. COUNTY OR PARISH

Eddy

13. STATE

NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, T.O

(Also to nearest drlg. unit line, if any)

950'

16. NO. OF ACRES IN LEASE

2318.08

17. NO. OF ACRES ASSIGNED
TO THIS WELL

640

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

1684'

19. PROPOSED DEPTH

13000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3413' GR

22. APPROX. DATE WORK WILL START*

02-30-05

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 # WITNESS	350'	490 sx circulate
12 1/4"	NS-110 9 5/8"	40 #	1500'	1200 sx circulate
7 7/8"	HCP-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 Zeno Famy TITLE Mgr. Ops. Admin DATE 11-29-04

(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 G. Lara

ACTING

TITLE

FIELD MANAGER

DATE

JAN 28 2005

*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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

APPROVAL FOR 1 YEAR

12641

Application to Drill

Gruy Petroleum Management Co.
White City Penn 20 Gas Com Unit 2 No. 4
Unit Letter C Section 20
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 950' FNL & 1980' FWL Sec. 20- 24S 26E
BHL 1000' FNL & 1100 FWL Sec. 20-24S-26E
- 2 Elevation above sea level: GR 3413'
- 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:

Wolfcamp	Oil
Atoka	Gas
Morrow	Gas

- 8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17 1/2"	0-350'	13 3/8"	54.5	8-R	ST&C	J-55
12 1/4"	0-1500'	9 5/8"	40	8-R	ST&C	NS-110
7 7/8"	0-13000'	5 1/2"	17	8-R	ST&C	HCP-110

Application to Drill

Gruy Petroleum Management Co.
White City Penn 20 Gas Com Unit 2 No. 4
Unit Letter C Section 20
T24S - R26E Eddy County, NM

9 Cementing & Setting Depth:

13 3/8"	Surface	Set 350' 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 1500' of 9 5/8" NS-110 40# ST&C casing or casing sufficient to reach the base of the reef complex. Cement in two stages, first stage cement with 1000 Sx. Of Class POZ/C Cement + additives, second stage cement with 200 Sx. Of Class "C" + additives, circulate cement to surface.
5 1/2"	Production	Set 13000' of 5 1/2" HCP-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 - 350'	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.
350' - 1500'	9.7 - 10.0	28 - 29	May lose circ	Fresh water. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.
1500' - 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 20 Gas Com Unit 2 No. 4
Unit Letter C Section 20
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.

Surface Use Plan

Gruy Petroleum Management Co.
White City Penn 20 Gas Com Unit 2 No. 4
Unit Letter C Section 20
T24S - R26E Eddy County, NM

- 1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Lea Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.
 - A. Exhibit "A" shows the proposed well site as staked.
 - B. From the intersection of US Highway #62-180 and County road # 720(Black River Village Rd.) and US Hwy 62-180 go SW on US hwy 62-180 for approx. 0.5 miles to a caliche road on the left (SE) and go approx. 800' to a proposed road survey for approx. 0.5 miles. Location is approx. 850' East.
- 2 PLANNED ACCESS ROADS: 921' of access road will be constructed.
- 3 LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A"
 - A. Water wells - None Known
 - B. Disposal wells - None known
 - C. Drilling wells - None known
 - D. Producing wells - As shown on Exhibit "A"
 - E. Abandoned wells - As shown on Exhibit "A"

Surface Use Plan

Gruy Petroleum Management Co.
White City Penn 20 Gas Com Unit 2 No. 4
Unit Letter C Section 20
T24S - R26E Eddy County, NM

- 4 If, on completion this well is a producer Gruy Petroleum Management Co. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

5 LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6 SOURCE OF CONSTRUCTION MATERIAL:

If possible construction will be obtained from the excavation of drill site, if additional material is needed it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

7 METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pit.
- B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
- D. Sewage from living quarters will drain into holding tanks and be cleaned out periodically. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Excess fluids will be suctioned out of the cuttings pit and hauled off by transports and be disposed of at a state approved disposal facility. Later pit area will be leveled and contoured to conform with the original and surrounding area. Water and any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8 ANCILLARY FACILITIES:

- A. No camps or airstrips to be constructed.

Surface Use Plan

Gruy Petroleum Management Co.
White City Penn 20 Gas Com Unit 2 No. 4
Unit Letter C Section 20
T24S - R26E Eddy County, NM

9 WELL SITE LAYOUT

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of reserve and trash pits; and living facilities.
- C. The mud system will be a closed circulating system with a cuttings pit. The cuttings pit is be lined with 4 oz felt with two 6 mil PVC or polyethelyne liner. Pit liner will extend a minimum 2' over the cuttings pit, where it will be anchored down.
- D. Upon completion of the well all excess fluids will be suctioned off from the cuttings pit and hauled off for proper disposal.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10 PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the excess fluids in the cuttings pit will be removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the soil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recoutered to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

Surface Use Plan

Gruy Petroleum Management Co.
White City Penn 20 Gas Com Unit 2 No. 4
Unit Letter C Section 20
T24S - R26E Eddy County, NM

11 OTHER INFORMATION:

- A. Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.
- B. The wellsite is on surface owned by The United States Department of the Interior, Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- C. An Archaeological survey will be conducted on the location and proposed roads, and this report will be filed with the Bureau of Land Management in the Carlsbad BLM office.
- D. The wes Ables residence in the SESE of section 20 is within 1 1/2 miles of this location.

12 OPERATORS REPRESENTATIVE:

Gruy Petroleum Management Company
P.O. Box 14097
Irving, TX 75014
Office Phone: (972) 443-6489
Zeno Farris

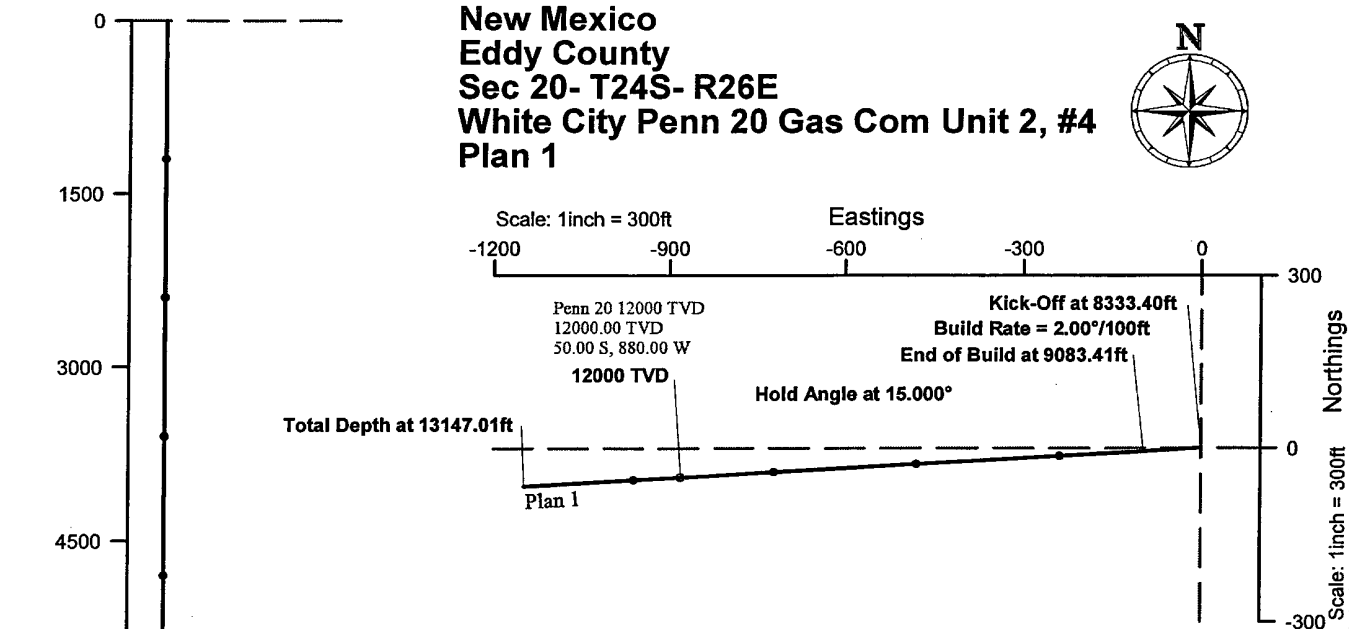
- 13 **CERTIFICATION:** I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Gruy Petroleum Management Company and/or it's contractors and subcontractors and will be conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME: Zeno Farris

DATE: 11/29/2004

TITLE: Manager, Operations Administration

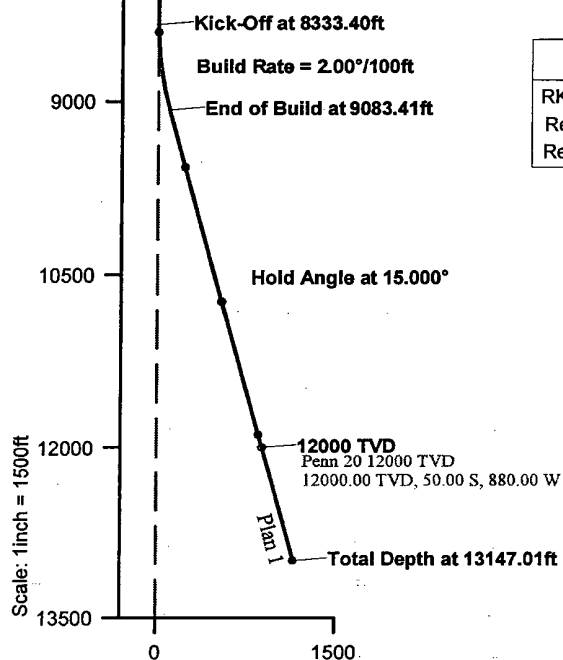
New Mexico
Eddy County
Sec 20- T24S- R26E
White City Penn 20 Gas Com Unit 2, #4
Plan 1



Plan 1 Proposal Data

Coordinate System : NAD27 New Mexico State Planes, Eastern Zone							
	Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Dogleg Section Rate
Kick-Off Point	8333.40	0.000	0.000	8333.40	0.00 N	0.00 E	0.00
Hold Angle	9083.41	15.000	266.748	9074.88	5.54 S	97.46 W	97.62
Continue Hold	12111.73	15.000	266.748	12000.00	50.00 S	880.00 W	881.42
Total Depth	13147.01	15.000	266.748	13000.00	65.20 S	1147.52 W	1149.37

Vertical Depth



White City Penn 20 Gas Com Unit 2 Surface Location

RKB Elevation Estimate:	3433.00ft above Mean Sea Level
Ref. Plat Coordinates:	Y = 439196.40 N, X = 505006.90 E
Ref. Geographical Coordinates:	32° 12' 26.8811" N, 104° 19' 01.7228" W

Section Azimuth: 266.748° (Grid North)

Vertical Section

Prepared by:
Raul FloresDate/Time:
19 November, 2004 - 8:23

Checked:

Approved:



Gruy Petroleum Management
New Mexico
Eddy County
Sec 20- T24S- R26E
White City Penn 20 Gas Com Unit 2, #4 - Plan 1

Sperry-Sun

Proposal Report

19 November, 2004

Proposal Ref: pro8836

HALLIBURTON

HALLIBURTON

Proposal Report for Sec 20- T24S-R26E - White City Penn 20 Gas Com Unit 2, #4 - Plan 1

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)			
0.00	0.000	0.000	-3433.00	0.00	0.00 N	0.00 E	439196.40 N	505006.90 E	0.00	0.00	Kick-Off at 8333.40ft
8333.40	0.000	0.000	4900.40	8333.40	0.00 N	0.00 E	439196.40 N	505006.90 E	0.00	0.00	
8400.00	1.332	266.748	4966.99	8399.99	0.04 S	0.77 W	439196.36 N	505006.13 E	2.00	0.77	
8500.00	3.332	266.748	5066.91	8499.91	0.27 S	4.84 W	439196.13 N	505002.06 E	2.00	4.84	
8600.00	5.332	266.748	5166.62	8599.62	0.70 S	12.38 W	439195.70 N	504994.52 E	2.00	12.40	
8700.00	7.332	266.748	5266.00	8699.00	1.33 S	23.39 W	439195.07 N	504983.51 E	2.00	23.42	
8708.41	7.500	266.748	5274.34	8707.34	1.39 S	24.47 W	439195.01 N	504982.43 E	2.00	24.51	
8800.00	9.332	266.748	5364.94	8797.94	2.15 S	37.85 W	439194.25 N	504969.05 E	2.00	37.91	
8900.00	11.332	266.748	5463.31	8896.31	3.17 S	55.76 W	439193.23 N	504951.14 E	2.00	55.85	
9000.00	13.332	266.748	5561.00	8994.00	4.38 S	77.08 W	439192.02 N	504929.82 E	2.00	77.21	
9083.41	15.000	266.748	5641.88	9074.88	5.54 S	97.46 W	439190.86 N	504909.44 E	2.00	97.62	End of Build at 9083.41ft
9100.00	15.000	266.748	5657.90	9090.90	5.78 S	101.75 W	439190.62 N	504905.15 E	0.00	101.91	
9200.00	15.000	266.748	5754.49	9187.49	7.25 S	127.59 W	439189.15 N	504879.31 E	0.00	127.79	
9300.00	15.000	266.748	5851.08	9284.08	8.72 S	153.43 W	439187.68 N	504853.47 E	0.00	153.68	
9400.00	15.000	266.748	5947.67	9380.67	10.19 S	179.27 W	439186.21 N	504827.63 E	0.00	179.56	
9500.00	15.000	266.748	6044.27	9477.27	11.65 S	205.11 W	439184.75 N	504801.79 E	0.00	205.44	
9600.00	15.000	266.748	6140.86	9573.86	13.12 S	230.95 W	439183.28 N	504775.96 E	0.00	231.32	
9700.00	15.000	266.748	6237.45	9670.45	14.59 S	256.79 W	439181.81 N	504750.11 E	0.00	257.21	
9800.00	15.000	266.748	6334.04	9767.04	16.06 S	282.63 W	439180.34 N	504724.27 E	0.00	283.09	
9900.00	15.000	266.748	6430.64	9863.64	17.53 S	308.47 W	439178.87 N	504698.43 E	0.00	308.97	
10000.00	15.000	266.748	6527.23	9960.23	19.00 S	334.31 W	439177.40 N	504672.59 E	0.00	334.85	
10100.00	15.000	266.748	6623.82	10056.82	20.46 S	360.15 W	439175.94 N	504646.75 E	0.00	360.74	
10200.00	15.000	266.748	6720.41	10153.41	21.93 S	386.00 W	439174.47 N	504620.90 E	0.00	386.62	
10300.00	15.000	266.748	6817.01	10250.01	23.40 S	411.84 W	439173.00 N	504595.06 E	0.00	412.50	
10400.00	15.000	266.748	6913.60	10346.60	24.87 S	437.68 W	439171.53 N	504569.22 E	0.00	438.38	
10500.00	15.000	266.748	7010.19	10443.19	26.34 S	463.52 W	439170.06 N	504543.38 E	0.00	464.27	
10597.57	15.000	266.748	7104.44	10537.44	27.77 S	488.73 W	439168.63 N	504518.17 E	0.00	489.52	Hold Angle at 15.000°
10600.00	15.000	266.748	7106.78	10539.78	27.80 S	489.36 W	439168.60 N	504517.54 E	0.00	490.15	
10700.00	15.000	266.748	7203.38	10636.38	29.27 S	515.20 W	439167.13 N	504491.70 E	0.00	516.03	
10800.00	15.000	266.748	7299.97	10732.97	30.74 S	541.04 W	439165.66 N	504465.86 E	0.00	541.91	

HALLIBURTON

Gruy Petroleum Management
New Mexico
Eddy County

Proposal Report for Sec 20- T24S- R26E - White City Penn 20 Gas Com Unit 2, #4 - Plan 1

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
10900.00	15.000	266.748	7396.56	10829.56	32.21 S	566.88 W	439164.19 N	504440.02 E	0.00	567.79	
11000.00	15.000	266.748	7493.15	10926.15	33.68 S	592.72 W	439162.72 N	504414.18 E	0.00	593.68	
11100.00	15.000	266.748	7589.75	11022.75	35.15 S	618.56 W	439161.25 N	504388.34 E	0.00	619.56	
11200.00	15.000	266.748	7686.34	11119.34	36.61 S	644.40 W	439159.79 N	504362.50 E	0.00	645.44	
11300.00	15.000	266.748	7782.93	11215.93	38.08 S	670.24 W	439158.32 N	504336.66 E	0.00	671.32	
11400.00	15.000	266.748	7879.52	11312.52	39.55 S	696.08 W	439156.85 N	504310.82 E	0.00	697.21	
11500.00	15.000	266.748	7976.12	11409.12	41.02 S	721.92 W	439155.38 N	504284.98 E	0.00	723.09	
11600.00	15.000	266.748	8072.71	11505.71	42.49 S	747.77 W	439153.91 N	504259.13 E	0.00	748.97	
11700.00	15.000	266.748	8169.30	11602.30	43.95 S	773.61 W	439152.45 N	504233.29 E	0.00	774.85	
11800.00	15.000	266.748	8265.89	11698.89	45.42 S	799.45 W	439150.98 N	504207.45 E	0.00	800.74	
11900.00	15.000	266.748	8362.48	11795.48	46.89 S	825.29 W	439149.51 N	504181.61 E	0.00	826.62	
12000.00	15.000	266.748	8459.08	11892.08	48.36 S	851.13 W	439148.04 N	504155.77 E	0.00	852.50	
12100.00	15.000	266.748	8555.67	11988.67	49.83 S	876.97 W	439146.57 N	504129.93 E	0.00	878.38	
12111.73	15.000	266.748	8567.00	12000.00	50.00 S	880.00 W	439146.40 N	504126.90 E	0.00	881.42	12000 TVD Target - Penn 20 12000 TVD, Current Target
12200.00	15.000	266.748	8652.26	12085.26	51.30 S	902.81 W	439145.10 N	504104.09 E	0.00	904.27	
12300.00	15.000	266.748	8748.85	12181.85	52.76 S	928.65 W	439143.64 N	504078.25 E	0.00	930.15	
12400.00	15.000	266.748	8845.45	12278.45	54.23 S	954.49 W	439142.17 N	504052.41 E	0.00	956.03	
12500.00	15.000	266.748	8942.04	12375.04	55.70 S	980.33 W	439140.70 N	504026.57 E	0.00	981.91	
12600.00	15.000	266.748	9038.63	12471.63	57.17 S	1006.17 W	439139.23 N	504000.73 E	0.00	1007.80	
12700.00	15.000	266.748	9135.22	12568.22	58.64 S	1032.01 W	439137.76 N	503974.89 E	0.00	1033.68	
12800.00	15.000	266.748	9231.82	12664.82	60.11 S	1057.85 W	439136.29 N	503949.05 E	0.00	1059.56	
12900.00	15.000	266.748	9328.41	12761.41	61.57 S	1083.69 W	439134.83 N	503923.21 E	0.00	1085.44	
13000.00	15.000	266.748	9425.00	12858.00	63.04 S	1109.54 W	439133.36 N	503897.36 E	0.00	1111.32	
13100.00	15.000	266.748	9521.59	12954.59	64.51 S	1135.38 W	439131.89 N	503871.52 E	0.00	1137.21	
13147.01	15.000	266.748	9567.00	13000.00	65.20 S	1147.52 W	439131.20 N	503859.38 E	0.00	1149.37	Total Depth at 13147.01ft

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North. Vertical depths are relative to RKB=3413+20est=3433. 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 266.748° (Grid).

Based upon Minimum Curvature type calculations, at a Measured Depth of 13147.01ft.,

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Proposal Report for Sec 20- T24S- R26E - White City Penn 20 Gas Com Unit 2, #4 - Plan 1

The Bottom Hole Displacement is 1149.37ft., in the Direction of 266.748° (Grid).

Comments

Measured Depth (ft)	Station Coordinates		Comment
	TVD (ft)	Northings (ft)	
8333.40	8333.40	0.00 N	Kick-Off at 8333.40ft Build Rate = 2.00°/100R End of Build at 9083.41ft Hold Angle at 15.000° 12000 TVD
8708.41	8707.34	1.39 S	
9083.41	9074.88	5.54 S	
10597.57	10537.44	27.77 S	
12111.73	12000.00	50.00 S	
13147.01	13000.00	65.20 S	Total Depth at 13147.01ft

Targets associated with this wellpath

Target Name	Target Entry Coordinates		Target Shape	Target Type
	TVD (ft)	Northings (ft)		
Penn 20 12000 TVD	12000.00	50.00 S	Point	Current Target
		880.00 W		

HALLIBURTON

Gruy Petroleum Management
New Mexico
Eddy County

North Reference Sheet for Sec 20- T24S- R26E - White City Penn 20 Gas Com Unit 2, #4

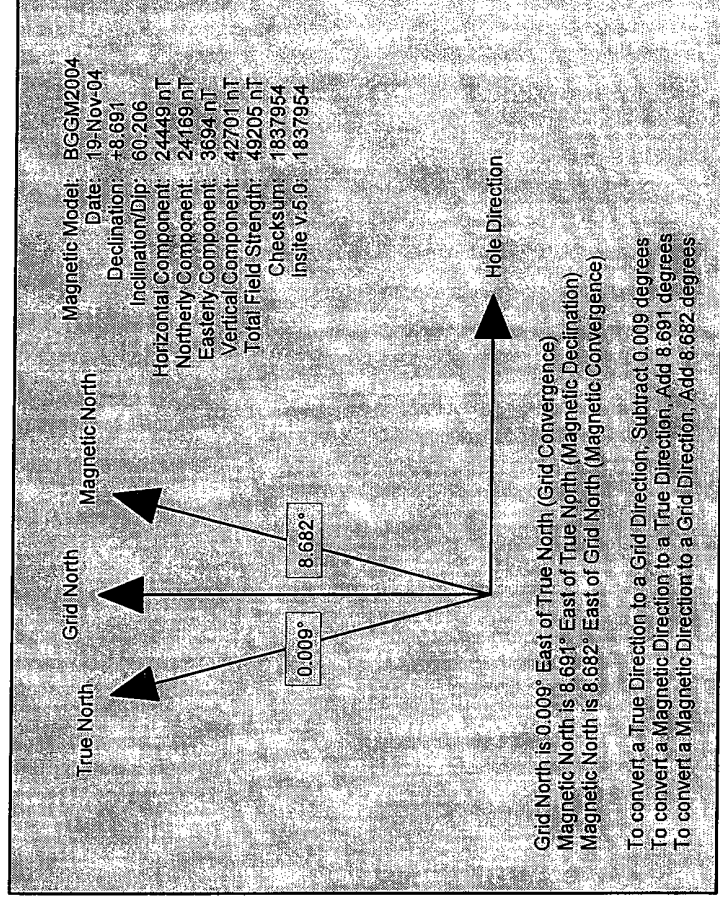
Coordinate System is NAD27 New Mexico State Planes, Eastern Zone, US Foot
Source: Snyder, J.P., 1987, Map Projections - A Working Manual

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

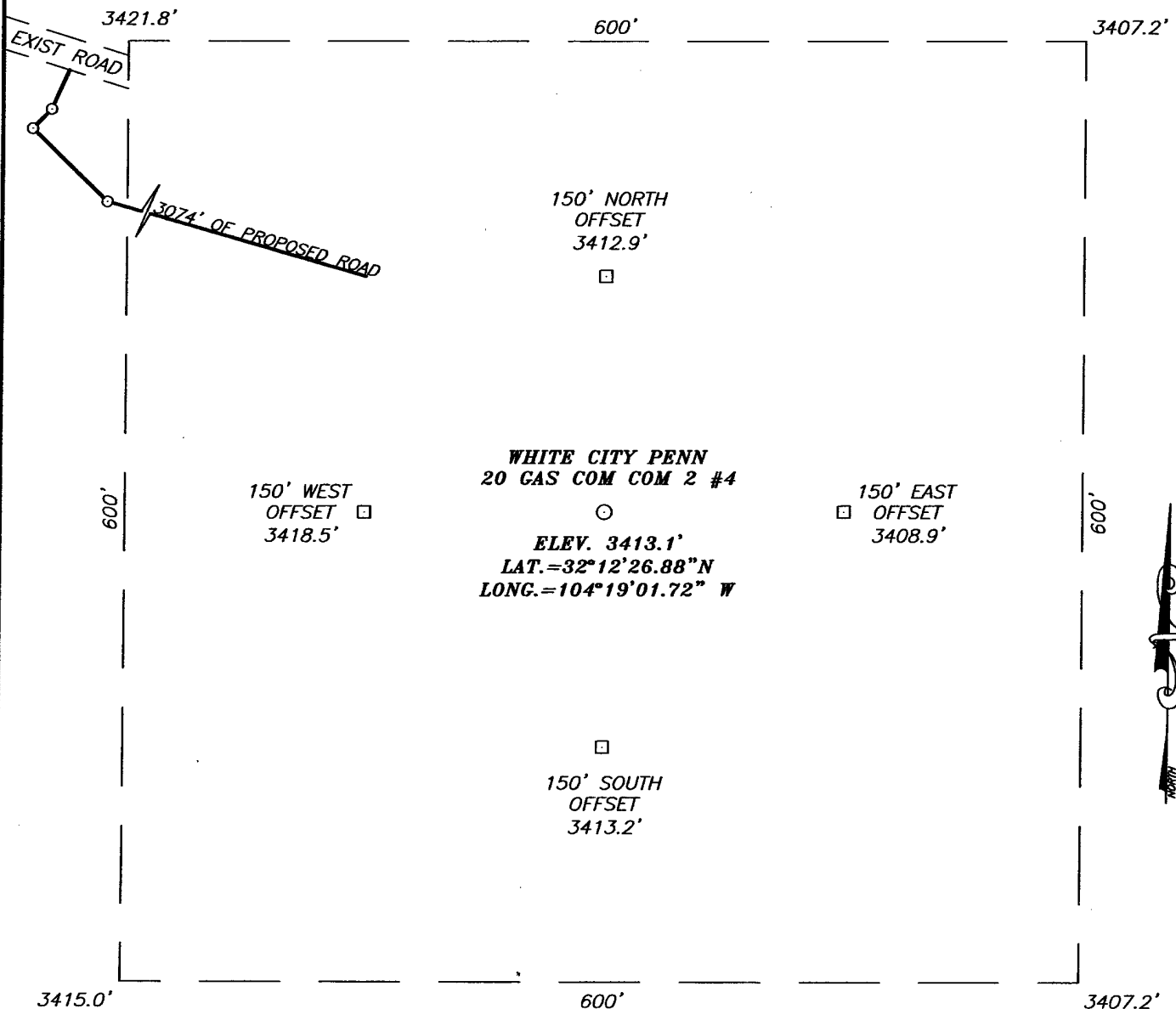
Spheroid is Clarke - 1866
Equatorial Radius: 6378206.400m.
Polar Radius: 6356583.800m.
Inverse Flattening: 294.978698213901

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: 439196.40 N, 505006.90 E
Geographical Coordinates of Well: 32° 12' 26.8811" N, 104° 19' 01.7228" W
Surface Elevation of Well: 3433.00ft
Grid Convergence at Surface is +0.009°
Magnetic Convergence at Surface is -8.682° (19 November, 2004)

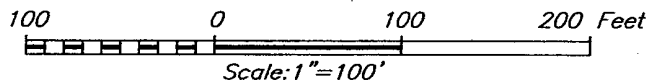


SECTION 20, TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

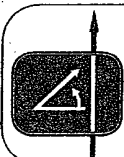
FROM THE INTERSECTION OF CO. RD. #720 (BLACK RIVER VILLAGE RD.) AND U.S. HWY 62-180, GO SW ON U.S. HWY. 62-180 FOR APPROX. 0.5 MILES TO A CALICHE ROAD ON THE LEFT, TURN LEFT (SE) AND GO APPROX. 800' TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY FOR APPROX. 0.5 MILES. PROPOSED LOCATION IS APPROX. 850' EAST.



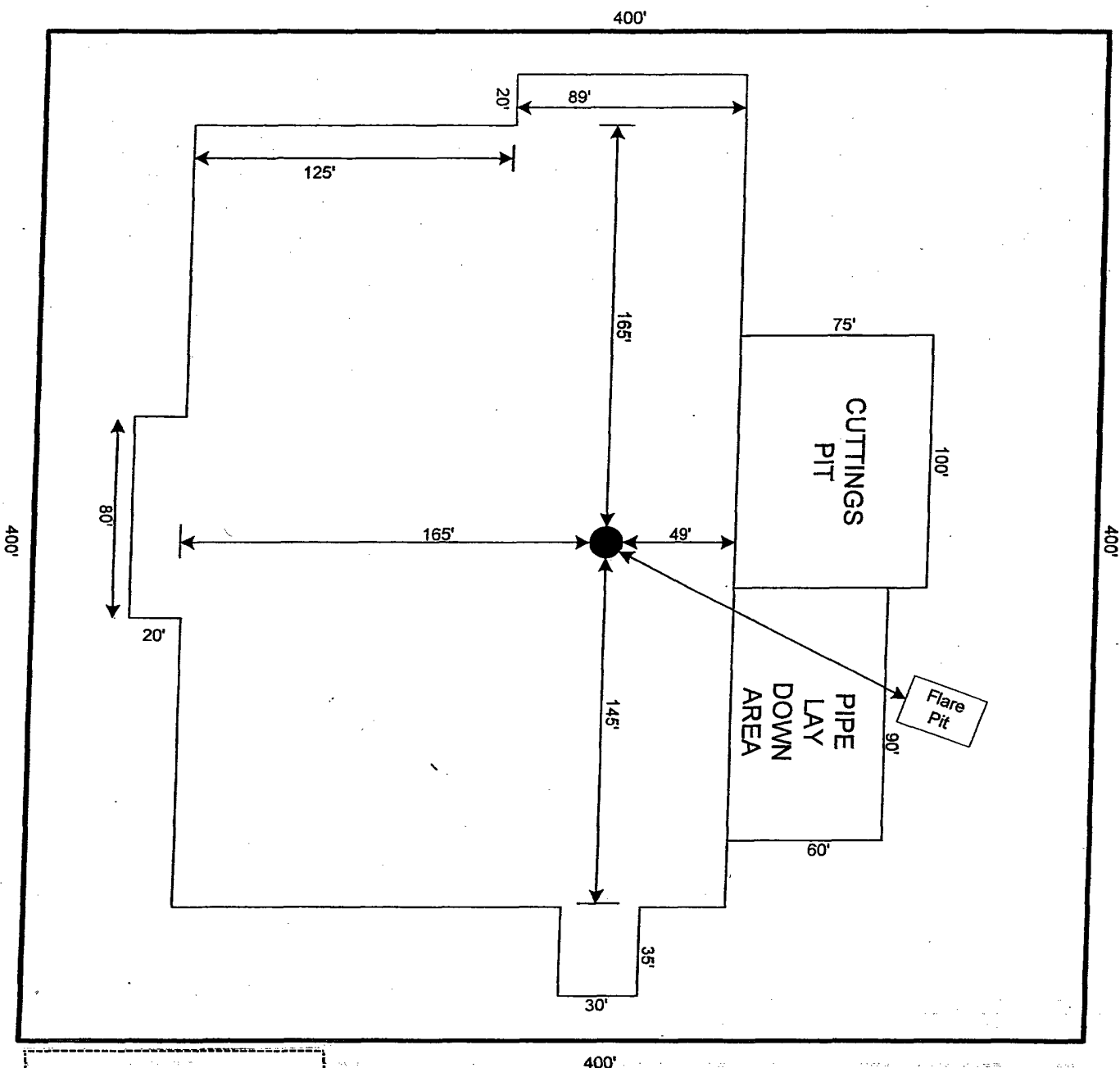
GRUY PETROLEUM MANAGEMENT COMPANY

WHITE CITY PENN 20 GAS COM UNIT 2 #4 WELL
 LOCATED 950 FEET FROM THE NORTH LINE
 AND 1980 FEET FROM THE WEST LINE OF SECTION 20,
 TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 11/11/04		Sheet 1 of 1 Sheets	
W.O. Number: 04.11.1393		Dr By: J. RIVERO	Rev 1:N/A
Date: 11/12/04	Disk: CD#10	04111393	Scale: 1"=100'



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



RIG # 80

GRUY PETROLEUM
MANAGEMENT COMPANY
IRVING TEXAS

SCALE 1"=60'

Exhibit D
Rig Layout Plan
White City Penn 20 Gas Com Unit 2 No. 4
Gruy Petroleum Management Co.
SHL: Unit C-Sec 20-T24S-R26E
950' FNL & 1980' FWL
BHL: Unit D-Sec 20-T24S-R26E
1000' FNL & 1100' FWL
Eddy County, NM

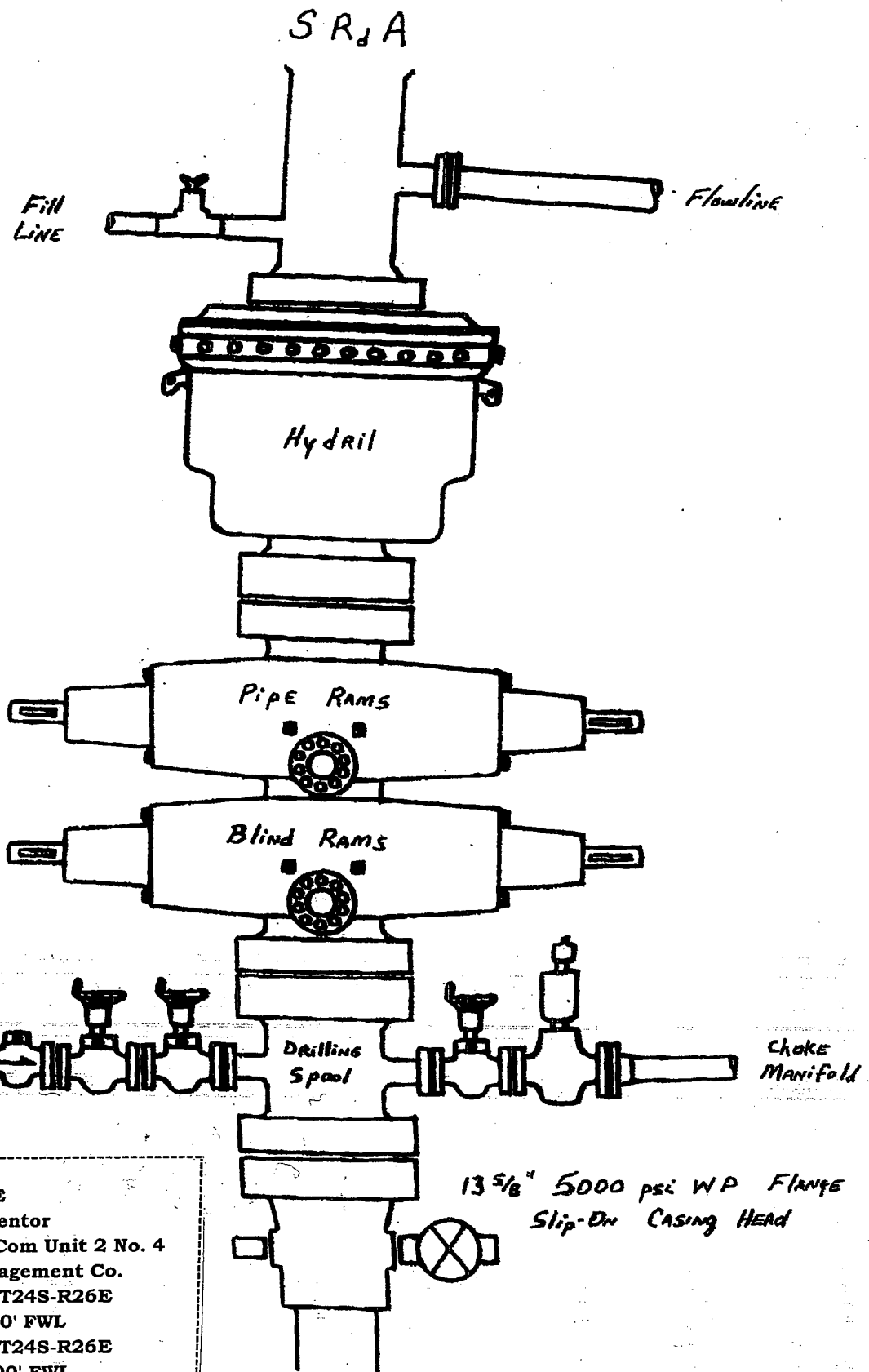


Exhibit E
Blowout Preventor
White City Penn 20 Gas Com Unit 2 No. 4
Gruy Petroleum Management Co.
SHL: Unit C-Sec 20-T24S-R26E
950' FNL & 1980' FWL
BHL: Unit D-Sec 20-T24S-R26E
1000' FNL & 1100' FWL
Eddy County, NM

**DRILLING OPERATIONS
CHOKE MANIFOLD
SM SERVICE**

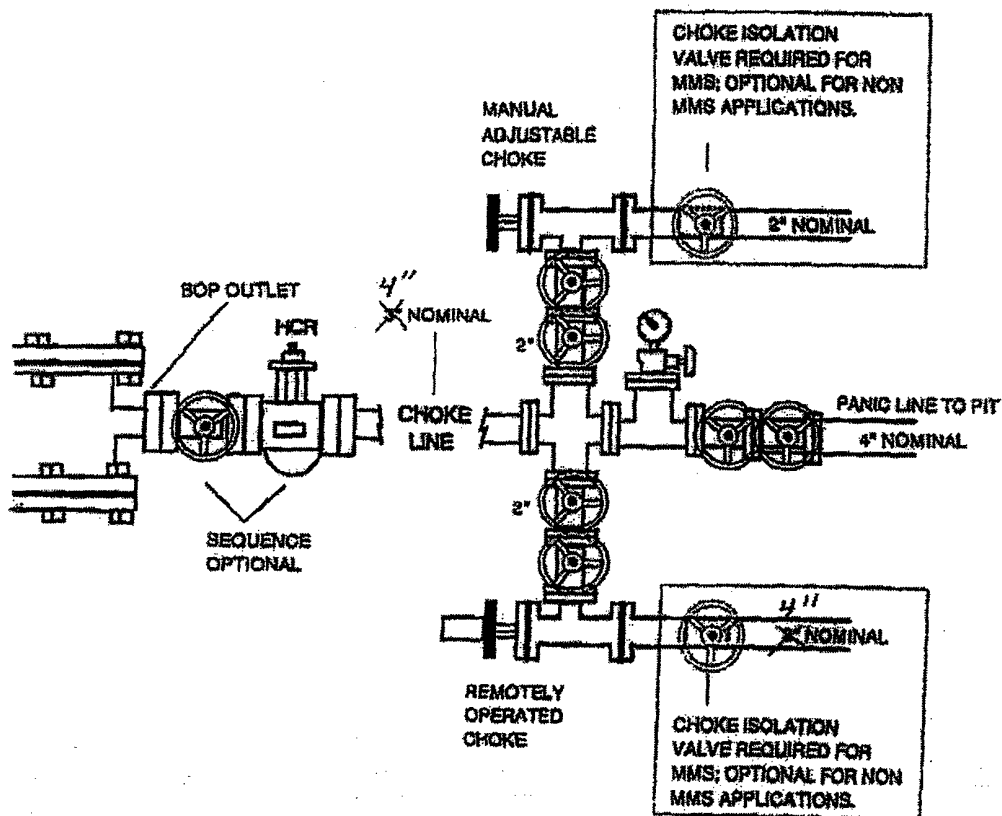


Exhibit E-Cont'd
Blowout Preventor-Choke Manifold
White City Penn 20 Gas Com Unit 2 No. 4
Gruy Petroleum Management Co.
SHL: Unit C-Sec 20-T24S-R26E
950' FNL & 1980' FWL
BHL: Unit D-Sec 20-T24S-R26E
1000' FNL & 1100' FWL
Eddy County, NM



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 3, 2005
Gruy Petroleum Management Company
P.O. Box 1480907
Irving, TX 75014
Attn Mr. Zeno Farris

**RE: Gruy Petroleum Management Company, surface hole located in Unit C
(950' FNL & 1980 FWL) of Section 20, Township 24 South Range 26 East Eddy County,
New Mexico.**

Dear Mr. Farris,

In regards to conditions for approval of the above captioned well, the New Mexico Oil Conservation Divisions' (NMOCD) will require the following:

This is for Gruy Petroleum Management Company to take samples from the flow line of the drilling mud every 100' in order to determine the chloride levels from the surface casing setting depth at a projected depth of @ 350' to the projected intermediate casing setting depth of @ 1500'.

The results of this data are to be submitted to the NMOCD.

In addition for conditions of approval of said well, please be aware that the NMOCD will require that the Capitan Reef be drilled with a fresh water mud as stated in your APD.

Please call our office if you have any questions regarding this matter.

Respectfully yours,


Bryan G. Arant

PES

CC: Tim Gum-District Supervisor-Artesia
Bureau of Land Mangement
Well File