

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Div-Dist. 2
1801 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

RECEIVED

2. Name of Operator
Gruy Petroleum Management Co.

MAR 15 2005

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)
#1 - 660' FSL & 660' FWL; #2 - 1980' FSL & 660' FWL
M-28-18S-31E

5. Lease Serial No.
NMNM055648

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Keohane Et Al A Federal #1,2

9. API Well No.
30-015-05620, 30-015-05621

10. Field and Pool, or Exploratory Area
Shugart; Yates-7Riv-Qu-Gb

11. County or Parish, State
Eddy Co. NM

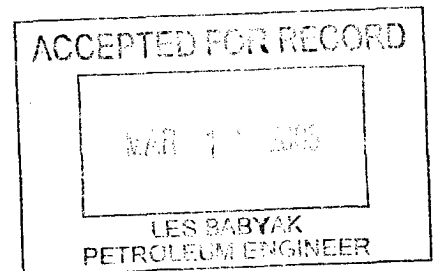
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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 Site facility diagram
	<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.)

Gruy respectfully requests approval of its site facility diagram on the above-mentioned lease.

Please see attached diagram.



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

Name (Printed/Typed)

Natalie Krueger

Title

Regulatory Analyst

Signature

Date

March 9, 2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

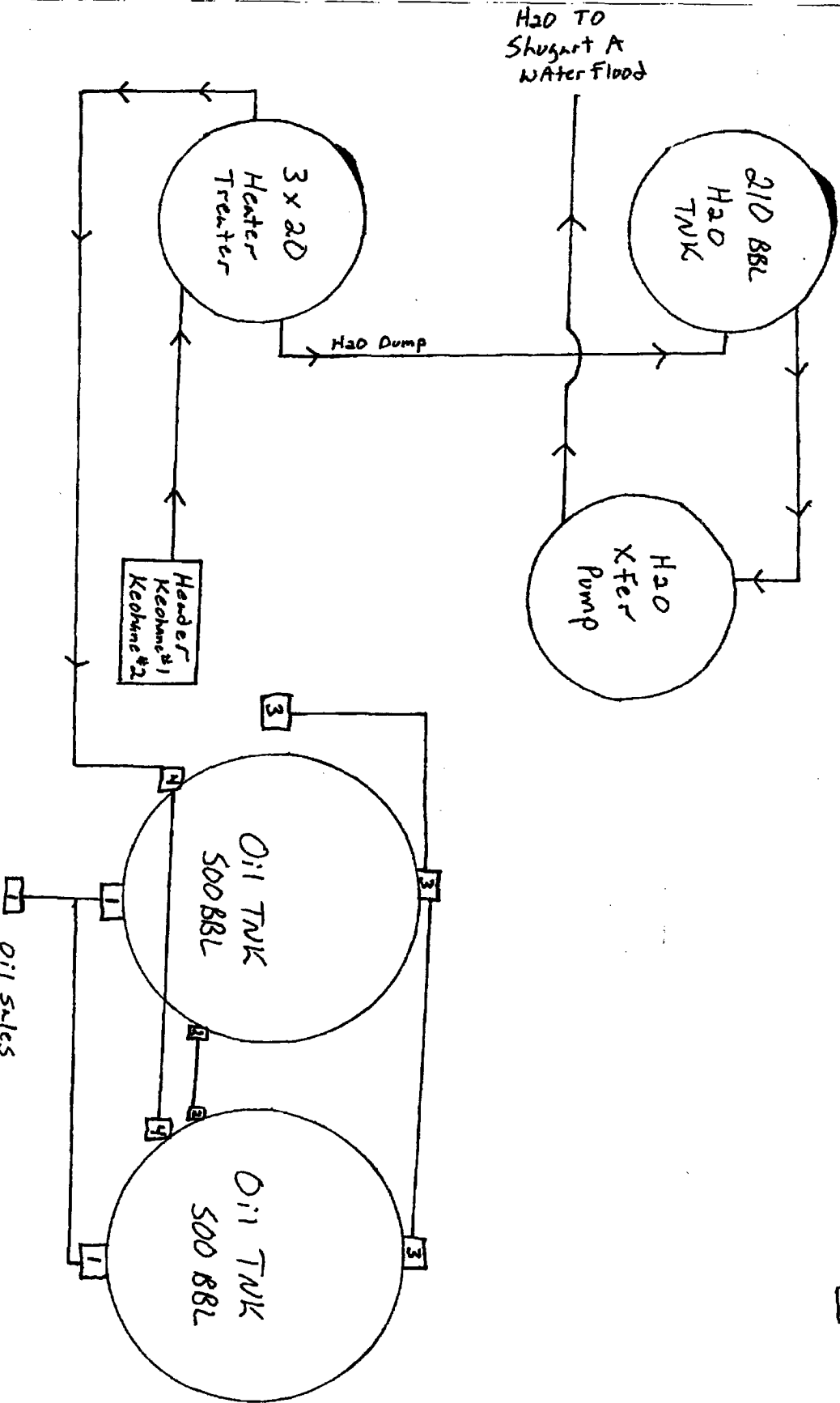
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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.

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S

Keohane Et Al A Federal Btly
Gruy Petroleum Management Co.
28-185-31E NE/SW



- [1] Load valve Normally closed + sealed
- [2] Equalizer - Normally open
- [3] circulating line Normally closed + sealed
- [4] Fill line

☒ Certified Mail - Return
Receipt Requested
70033110000511326913☐ Hand Delivered Received
byUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification
ID
Lease NMNM055648
CA
Unit
PA

Bureau of Land Management Office				Operator			
CARLSBAD FIELD OFFICE				GRUY PETROLEUM MANAGEMENT CO			
Address 620 E GREENE STREET CARLSBAD NM 88220				Address P O BOX 140907 IRVING TX 75014			
Telephone 505-234-5931				Attention			
Inspector SWARTZ				Attn Addr			
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
EOHANE ET AL FEDERAL BATTERY	A	NESW 28	18S	31E	NMP	EDDY	NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
(FACILITY)							

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
02/08/2005	13:45	43 CFR 3162.7-5(d), Onshore Order III.1.1.	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
03/09/2005			43 CFR 3163.10

Remarks

A current site facility diagram for this lease has not been filed. Submit a current and proper site facility diagram. The attached description and example diagram may assist. Include all of the separate elements of the example. For regulations @ <http://www.nm.blm.gov/> under Programs click Oil & Gas, then Onshore Oil & Gas Operations.

RECEIVED

MAR 15 2005

ODDARTEDIA

When violation is corrected, sign this notice and return to above address.

Company Representative Title Production Foreman Signature [Signature] Date 3-1-05

Company Comments This is a current facility diagram for this lease.

Please see attached 3160-5 and diagram.

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer

Paul R Swartz

Date

02/08/2005

Time

1440

FOR OFFICE USE ONLY

Number 15	Date	Assessment	Penalty	Termination
Type of Inspection PI				

SAMPLE SITE FACILITY DIAGRAM

43 CFR 3162.7-5(d)

- 1) Facility diagrams are required for all facilities which are used in storing oil/condensate produce from, or allocated to, Federal or Indian lands. Facility diagrams shall be filed within 60 days after new measurement facilities are installed or existing facilities are modified or following the inclusion of the facility into a federally supervised unit or communitization agreement.
- 2) No format is prescribed for facility diagrams. They are to be prepared on 8 1/2" x 11" paper, if possible, and be legible and comprehensible to a person with ordinary working knowledge of oilfield operations and equipment. The diagram need not be drawn to scale.
- 3) A site facility diagram shall accurately reflect the actual conditions at the site and shall, commencing with the header if applicable, clearly identify the vessels, piping, metering system, and pits, if any, which apply to the handling and disposal of oil, gas, and water. The diagram shall indicate which valves shall be sealed and in what position during the production or sales phase. The diagram shall clearly identify the lease on which the facility is located and the site security plan to which it is subject, along with the location of the plan. [47 FR 47765, Oct. 27, 1982. Redesignated at 48 36583-36586, Aug. 12, 1983, and amended at 52 FR 5392, Feb. 20, 1987]

GLOSSARY OF TERMS

APPROPRIATE VALVES – Those particular valves in a piping system, i.e., fill lines, equalizer lines, sales lines, circulating lines, drain lines, or other lines, that must be sealed to insure security of saleable oil during a given phase of operations..

SEAL – A devise, uniquely numbered, which completely secures a fitting.

EFFECTIVELY SEALED – The placement of a seal in such a manner that the position of the sealed fitting may not be altered or the fitting removed from the system without the seal being destroyed.

OPEN SYSTEM – A piping arrangement from one or more source points to one or more other points in a system which does have means of access, i. e., flat plugs, bull plugs, blanking caps, open-ended valves, or combinations thereof.

CLOSED SYSTEM – A piping arrangement from one or more source points to one or more other points in a system which does not have means of access, i. e., flat plugs, bull plugs, blanking caps, open-ended valves, or combinations thereof.

PRODUCTION PHASE – That period of time or mode of operation during which crude oil is delivered directly to or through production vessels to the storage facilities.

SALES PHASE – That period of time or mode of operation during which crude oil is removed from the storage facilities for sales, transportation or other purposes.

SITE SECURITY REQUIREMENT – Requirements which include a facility diagram and a plan which describes and operator's program to minimize the mishandling of oil and gas, provide accountability of production and prevent the theft of production from Federal or Indian leases. The operator may retain the plan but must notify the appropriate Bureau of Land Management office of its completion and which leases, unit and communitized areas are involved. The facility diagram shall be filed with the appropriate Bureau of Land Management office within 30 days after new measurement facilities are installed or existing facilities are modified. For a minimum of 6 years the operator shall maintain a record of seal numbers used and shall document on which valves or connections they were installed and removed.

Equipment Abbreviations:

DHY	Dehydrator
WHM	Well Header Manifold
FWKO	Free Water Knock Out
SEP	Separator
TSEP	Test Separator
HTRT	Heater Treater
GB	Gun Barrel
WT	Water Tank
TP	Transfer Pump

QT#	Oil Tank (include tank number)
TOI	Test Oil Tank
TP	Transfer Pump
CP	Circulating Pump
BP	Bull Plug
VE	Valve Number
CP	Circulating Pump
LACT	Lease Automatic Custody Transfer Meter

GASE	Electronic Orifice Gas Meter
GASO	Orifice Gas Meter
GAST	Gas Turbine
GAS	Venturi Measurement
TCAS	Well Test Gas Meter
GASC	Gas Compressor

SAMPLE SITE FACILITY DIAGRAM

Operator's Name
Facility (Site or Battery) Name
Lease Serial No.: Your #####
Your ¼ ¼, Sec, Tsp, Rg
Eddy County, New Mexico

Location of Site Security Plan

(mailing address of where plan is available)

Production System-Open

Oil sales description as: by tank gauge
to tank truck.

Seal requirements:

I. Production Phase (OT#1)

- (1) Valve 1 open
- (2) Valve 4 open.
- (3) Valve 5 sealed closed.
- (4) Valves on OT#2 positioned:
 - A. Valve 1 closed
 - B. Valve 2 closed or open
 - C. Valve 3 sealed
 - D. Valve 5 sealed closed

II. Sales Phase (OT#1)

- (1) Valves 1, 2, 3, & 4 sealed closed
- (2) Valve 5 on OT#1 open
- (3) Valves on OT#2 positioned:
 - A. Valve 1 open
 - B. Valve 2 closed
 - C. Valve 3 sealed
 - D. Valve 5 sealed closed

