

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
 P. O. Box 140907 Irving, TX 75014-0907

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 1200' FNL & 1400' FEL Sec. 8 T24S - R26E

3b. Phone No. (include area code)
 972-401-3111

RECEIVED

NOV - 7 2003

OCD-ARTESIA

5. Lease Serial No.
 NM 15295

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
 C & K Federal 3

9. API Well No.
 30-015-32947

10. Field and Pool, or Exploratory Area
 White City; Penn (Gas)

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 <u>Set surface & intermediate casing</u>
	<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 recomplete 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 recompletion 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.)

- 9-13-03 Spudded well. Ran 7 jts 13-3/8" 54.5 J55 STC casing to 308.'
- 9-14-03 Cemented with 150 sx 13.7# Prem Lead, 150 sx 14.8# Prem Tail and 41.5 bbl FW displacement. Circulated 45 sx cement to reserve pit. WOC 17 hrs.
- 9-17-03 TD intermediate hole. Ran 45 jts 9-5/8" 40 NS 110 HC LTC casing to 1928.' Cement with 500 sx Thixotropic, 500 sx Interfill C & 200 sx Prem Plus. No returns or increase in pressure.
- 9-18-03 Ran temperature survey and found top at 1008.' One-inched to surface with 778 sx cement. WOC 17.5 hrs.

Please see attached drilling report.

ACCEPTED FOR RECORD

NOV 3 2003

LES BABYAK
 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
 October 21, 2003

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

September 13, 2003 Thru September 18, 2003

OPERATED

WHITE CITY PROSPECT

GRUY PETROLEUM MANAGEMENT CO

77154 C & K FEDERAL #3

EDDY, NM

Sec 8, T24S, R26E

W.I. Pct BCP 67.41 %

W.I. Pct ACP 33.70 %

Morrow / 12,000'

09/13/2003 Depth 308
Progress 308
AFE: 23395 Present Operation: Cementing Surface Casing

RU, mix spud mud, haul water; drlg f/58' to 308', very hard drilling down to 270' then took off drilling at 30'/hr; CIRC sweep around for trip out of hole; TOH; RU casing crew & run 7 jts 13-3/8" 54.5 J55 STC casing to 308'; CIRC casing on btm & RU Hall to cmt.

09/14/2003 Depth 410
Progress 102
AFE: 23395 Present Operation: Drlg

CIRC & hook up Hall; cmt with 150 sx of 13.7# Prem Lead, 150 sx of 14.8# Prem Tail & 41.5 bbls of FW displacement, bumped plug & float held, CIRC 45 sx cmt to reserve pit; wait on cmt & clean out flowline; cut conductor & casing, weld on wellhead & test to 500#; NU BOP stack, manifold & flowline; test blind rams & casing to 500#; PU bit, motor, RMR, DC, IBS, shock sub & DCs, TIH to 250' & tag cmt; drill cmt to top of float collar at 265' & CIRC clean; test pipe rams & annular preventer to 500#; drill float collar, hard cmt & shoe at 308'; drilling new formation to 410'.

09/15/2003 Depth 815
Progress 405
AFE: 23395 Present Operation: LDDP used to Cmt/Tag Cmt

Drlg f/410' to 705' with 45K WOB & 50 RPM, lost returns at 615' & dry drill to 705', pump 90 bbls of 15#/bbl LCM with no returns, ran o9ut of water; TOH; LD motor & IBS, TIH with bit & RMR; dry drilling from 705' to 815' with no returns, no hole problems otherwise, Hall showed up with cmt; TOH; PU 18 jts of DP to cmt, set DP at 580'; pump 300 sx of Class C with 10# gilsonite, 10# calseal, 2% CACL2 & 5# flocele; pull DP out of hole; wait on cmt to set; TIH with DP & tag cmt at 600', LDDP; presently - TIH with drlg assy.

09/16/2003 Depth 1,576
Progress 761
AFE: 23395 Present Operation: Dry Drlg

LDDP & TIH with BHA; W&R through cmt f/600' to 815', lost returns at 620' & regained at 680'; LD 4 jts of DP & run remainder of DC in derrick; drlg f/815' to 1004' with full returns, lost circulation at 1004' & dry drill to 1196'; work stuck pipe loose on connection, sweep hole with 60 bbls of high visc mud; drlg f/1196' to 1241'; WLS at 1156' = 1 deg; drlg f/1241' to 1471' with no returns pumping 25 bbls of mud every other conn; work stuck pipe on conn at 1471'; drlg with no returns from 1471' to 1576' pumping 25 bbls of mud sweep every conn, have had no other problems with drag.

09/17/2003 Depth 1,935
Progress 359
AFE: 23395 Present Operation: Wait to Run Temp Survey

Dry drlg f/1576' to 1618', began losing volume in pits; pull up & rotate while waiting on water truck drivers to chg out; WLS at 1548' = .5 degs; dry drlg from 1618' to 1694', sweeping hole on every conn; rig service; drlg drlg from 1694' to 1935', TD intermediate hole; sweep hole with high visc pill; TOH to 8" DC; RU LD machine; LD 8" DC , motor & bit; RU casers; run 45 jts of 9-5/8" 40 NS110HC LTC casing to 1928', tag fill on btm; wash to btm at 1935'; RU Hall & cmt with 500 sx Thixotropic, 500 sx interfill C & 200 sx Prem Plus; did not have any returns or increase in press, bumped plug & held, notified BLM; wait on cmt to set, WL truck to run temp survey at 0730 hrs.

09/18/2003 Depth 1,935
Progress 0
AFE: 23395 Present Operation: NU BOP

ND BOP stack & hang off; ran temp survey & found cmt top at 1008'; unload & PU hydril one inch tubing & RIH to hard tag at 743'; cmt with 100 sx of Prem Plus w/3% CACL2, no returns, BLM reps on loc; pull one inch & wait one hr for second one inch job; tag up at 503' & cmt w/200 sx of Prem Plus w/3% CACL2, no returns; ordered 300 sx of cmt, wait 3 hrs & run one inch in hole, dumped several buckets of gravel down annulus as OK'd by BLM reps, tagged up at 100'; cmt with 150 sx of Prem Plus w/3% CACL2, no returns; wait on cmt to set while dumping buckets of pea gravel down annulus, centered [o]e om WH; ran one inch to 40' & cmt with 28 sx of Prem Plus w/3% CACL2, CIRC 10 sx to surface; set slips & cut off 9-5/8" casing; NU WH & test seals to 2000#, PU BOP & set on WH; NU BOP stack & choke manifold.