

New Mexico Oil Conservation Division, District I
UNITED STATES 1625 N. French Drive
DEPARTMENT OF THE INTERIOR, NM 88240
BUREAU OF LAND MANAGEMENT

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-0141013
2. Name of Operator Gruy Petroleum Management Co.		6. If Indian, Allottee or Tribe Name
3a. Address P. O. Box 140907 Irving, TX 75014-0907	3b. Phone No. (include area code) 972-401-3111	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FSL & 1650' FEL Unit J, Sec. 19 T19S R 34E		8. Well Name and No. Mescalero 19 Federal No. 1
		9. API Well No. 30-025-35982
		10. Field and Pool, or Exploratory Area Quail Ridge; Morrow
		11. County or Parish, State Lea Co. NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 type="checkbox"/> Other _____
	<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 checked="" 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 Petroleum Management Co. respectfully requests approval for disposal of produced water from the above lease per the attached Water Production and Disposal information.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Zeno Farris	Title Manager Operations Administration
Signature <i>Zeno Farris</i>	Date October 20, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGD.) DAVID R. GLASS	Title	Date OCT 26 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

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)

GWW

Water Production & Disposal Information

In order to process your disposal request, the following information must be completed:

1. Name of formations producing water on this lease: Morrow

2. Amount of water produced from all formations in barrels per day:
_____ 0.5 bbls per day _____
3. Attach a current water analysis of produced water from all zones showing at least the total dissolved solids, PH, and the concentrations of chlorides and sulfates (one sample will suffice if the water is commingled): Attached _____

4. How water is stored on this lease: 300 bbl fiberglass tank _____
5. How water is moved to the disposal facility: Trucked _____
6. Identify the disposal facility by:
 - A. Facility Operator's Name: Basin Alliance LLC
 - B. Name of facility or well name and number: State AJ No. 1 well
 - C. Type of facility or well (WDW, WIW, ect.): WDW _____
 - D. Location by $\frac{1}{4}$ $\frac{1}{4}$ SENE__ section 33__ township 18S__ range 36E__
7. Attach a copy of the state-issued permit for the Disposal Facility.

Submit to this office (414 West Taylor; Hobbs, NM 88240) the above-required information on a sundry notice 3160-5. Submit 1 original and 5 copies within the required time frame. This form may be used as an attachment to the sundry notice. Call me at 505-393-3612 if you need to further discuss this matter.

**CAPITAN CHEMICAL
WATER ANALYSIS REPORT**

	Gruy Petroleum, Inc.	Date Sampled : 05/15/04
Lease Name :	Mescalero 19-1	Capitan Rep. : Sam Seed
Well Number :	1	Company Rep. : Reggie Reston
Location :	Lea County, N.M.	

ANALYSIS

- | | |
|---|--------|
| 1. pH | 6.51 |
| 2. Specific Gravity @ 60/60 F. | 1.052 |
| 3. CaCO ₃ Saturation Index @ 80 F. | -0.811 |
| @ 140 F. | -0.111 |

Dissolved Gasses

- | | | |
|---------------------|----------------|-----|
| 4. Hydrogen Sulfide | 0 | PPM |
| 5. Carbon Dioxide | 141 | PPM |
| 6. Dissolved Oxygen | Not Determined | |

Cations

- | | mg/L | / | Eq. Wt. | = | MEQ/L |
|----------------------------|----------------|---|---------|---|-------|
| 7. Calcium (Ca++) | 100 | / | 20.1 | = | 4.98 |
| 8. Magnesium (Mg++) | 1,215 | / | 12.2 | = | 99.59 |
| 9. Sodium (Na+) Calculated | 74 | / | 23.0 | = | 3.23 |
| 10. Barium (Ba++) | Not Determined | / | 68.7 | = | 0.00 |

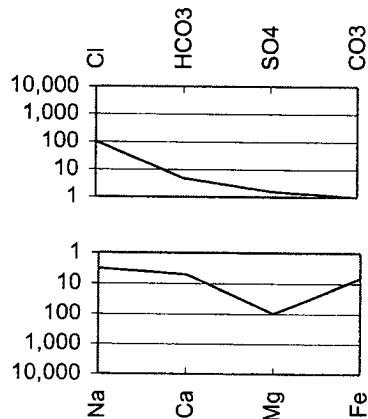
Anions

- | | | | | | |
|--------------------------------------|-------|---|------|---|--------|
| 11. Hydroxyl (OH-) | 0 | / | 17.0 | = | 0.00 |
| 12. Carbonate (CO ₃ =) | 0 | / | 30.0 | = | 0.00 |
| 13. Bicarbonate (HCO ₃ -) | 293 | / | 61.1 | = | 4.79 |
| 14. Sulfate (SO ₄ =) | 78 | / | 48.8 | = | 1.60 |
| 15. Chloride (Cl-) | 3,600 | / | 35.5 | = | 101.41 |

Other

- | | | | | | |
|---|-------|------------|------|-------------|------|
| 16. Soluble Iron (Fe) | 120 | / | 18.2 | = | 6.59 |
| 17. Total Dissolved Solids | 5,360 | | | | |
| 18. Total Hardness As CaCO ₃ | 5,250 | | | | |
| Calcium Sulfate Solubility @ 90 F. | 2,687 | | | | |
| 20. Resistivity (Measured) | 1.800 | Ohm/Meters | @ 70 | Degrees (F) | |

Logarithmic Water Pattern



PROBABLE MINERAL COMPOSITION

COMPOUND	Eq. Wt.	X	MEQ/L	=	mg/L
Ca(HCO ₃) ₂	81.04	X	4.79	=	388
CaSO ₄	68.07	X	0.18	=	12
CaCl ₂	55.50	X	0.00	=	0
Mg(HCO ₃) ₂	73.17	X	0.00	=	0
MgSO ₄	60.19	X	0.00	=	0
MgCl ₂	47.62	X	99.59	=	4,742
NaHCO ₃	84.00	X	0.00	=	0
NaSO ₄	71.03	X	1.42	=	101
NaCl	58.46	X	1.82	=	106