New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
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

5. Lease Serial No.
NM 056376

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
Mescalero 30 Federal No. 2

2. Name of Operator
Gruy Petroleum Management Co.

9. API Well No.
30-025-36040

3a. Address
P. O. Box 140907 Irving, TX 75014-0907

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

10. Field and Pool, or Exploratory Area
Quail Ridge; Morrow

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1200' FSL & 1980' FWL
N-30-19S-34E

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			
☒ 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 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.)

Gruy Petroleum Management Co. respectfully requests approval for disposal of produced water from the above lease per the attached Water Production and Disposal information.

SUBJECT TO
LIKE APPROVAL
BY NMOCD

APPROVED
OCT 27 2004
GARY GOURLEY
PETROLEUM ENGINEER

OCT 2004
RECEIVED
Hobbs
OCD

RECEIVED
2004 OCT 26 P 1:51

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Zeno Farris

Title
Manager Operations Administration

Signature Zeno Farris

Date
October 20, 2004

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)

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: 7 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 ¼ ¼ SENE section 33 township 18S range 36E

7. Attach a copy of the state-issued permit for the Disposal Facility.

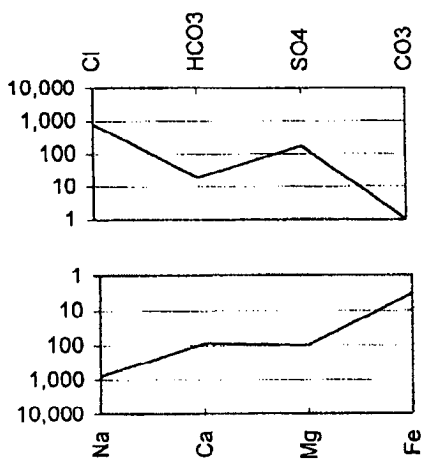
Submit to this office (**414 West Taylor; Hobbs, NM 88240**) the above-required information on a sundry notice 3160-5. Submit 1 original and 5 copies within the required time frame. This form may be used as an attachment to the sundry notice. Call me at 505-393-3612 if you need to further discuss this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

CAPITAN CHEMICAL
WATER ANALYSIS REPORT

	GRUY PETROLEUM	Date Sampled	: 10/23/04
Lease Name	: Mescalaro 30	Capitan Rep.	: J. Hughes, S. Seed
Well Number	: 2	Company Rep.	: R. Reston, D. Emerson
Location	: Lea County, N.M.		

ANALYSIS					
1. pH	6.23				
2. Specific Gravity @ 60/60 F.	1.036				
3. CaCO3 Saturation Index @ 80 F.	-0.283				
@ 140 F.	+0.647	'Calcium Carbonate Scale Possible'			
Dissolved Gasses					
4. Hydrogen Sulfide	0	PPM			
5. Carbon Dioxide	171	PPM			
6. Dissolved Oxygen	Not Determined				
Cations	mg/L	/	Eq. Wt.	=	MEQ/L
7. Calcium (Ca++)	1,800	/	20.1	=	89.55
8. Magnesium (Mg++)	1,215	/	12.2	=	99.59
9. Sodium (Na+) Calculated	18,026	/	23.0	=	783.72
10. Barium (Ba++)	Not Determined	/	68.7	=	0.00
Anions					
11. Hydroxyl (OH-)	0	/	17.0	=	0.00
12. Carbonate (CO3=)	0	/	30.0	=	0.00
13. Bicarbonate (HCO3-)	1,171	/	61.1	=	19.17
14. Sulfate (SO4=)	8,050	/	48.8	=	164.96
15. Chloride (Cl-)	28,000	/	35.5	=	788.73
Other					
16. Soluble Iron (Fe)	60	/	18.2	=	3.30
17. Total Dissolved Solids	58,262				
18. Total Hardness As CaCO3	9,500				
Calcium Sulfate Solubility @ 90 F.	4,020	'Calcium Sulfate Scale Possible'			
20. Resistivity (Measured)	Not Determined	Ohm/Meters	@ 72	Degrees (F)	

Logarithmic Water Pattern



PROBABLE MINERAL COMPOSITION

COMPOUND	Eq. Wt.	X	MEQ/L	=	mg/L
Ca(HCO3)2	81.04	X	19.17	=	1,553
CaSO4	68.07	X	70.38	=	4,791
CaCl2	55.50	X	0.00	=	0
Mg(HCO3)2	73.17	X	0.00	=	0
MgSO4	60.19	X	94.58	=	5,692
MgCl2	47.62	X	5.01	=	239
NaHCO3	84.00	X	0.00	=	0
NaSO4	71.03	X	0.00	=	0
NaCl	58.46	X	783.72	=	45,816