

New Mexico Oil Conservation Division, District 1  
1625 N. French Drive  
Hobbs, NM 88401  
SUBMIT IN TRIPPLICATE\*

Form 3180-3  
(July 1992)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

(Other instructions on  
reverse side)

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			7. UNIT AGREEMENT NAME Pending		
1b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> WELL WELL OTHER ZONE SINGLE <input type="checkbox"/> MULTIPLE <input type="checkbox"/>			8. FARM OR LEASE NAME, WELL NO. <u>&lt;34780&gt;</u> Pipeline 9 Federal Com No. 1		
2. NAME OF OPERATOR Gruy Petroleum Management Co.			9. API WELL NO. 30-025- <u>3720R</u>		
3. ADDRESS AND TELEPHONE NO. P.O. Box 140907 Irving TX 75014 972-401-3111			10. FIELD AND POOL, OR WILDCAT Quail Ridge, Morrow North <u>&lt;83320&gt;</u>		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) <u>Unit 3</u> 1600' FSL & 1400' FEL <u>Captain Controlled Water Basin</u>			11. SEC. T., R., M., BLOCK AND SURVEY OR AREA Sec. 9 T19S R34E		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 33 miles West of Hobbs NM			12. COUNTY OR PARISH Lea		
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O. (Also to nearest drlg. unit line, if any) 1400'			13. STATE NM		
16. NO. OF ACRES IN LEASE 320			17. NO. OF ACRES ASSIGNED TO THIS WELL S/2 320		
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. NA			20. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3842' GR			22. APPROX. DATE WORK WILL START* 6-15-05		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	J-55 13 3/8"	54.5#	425'	490 sx C circ surface
12 1/4"	NS-110 9 5/8"	40 #	3500'	1050 sx C circ sur
7 7/8"	P-110 5 1/2"	17 #	14000'	1620 sx TCC 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 manufacturer's 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 to 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.

SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 03-15-05

(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 /s/ Joe G. Lara TITLE Acting FIELD MANAGER DATE APR 25 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 or to furnish any false, fictitious or fraudulent information within its jurisdiction.

GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

APPROVAL FOR 1 YEAR

KE



## Gruy Petroleum Management Co.

600 East Las Colinas Blvd. • Suite 1100 • Irving, TX 75039 • (972) 401-3111 • Fax (972) 443-6450

Mailing Address: P.O. Box 140907 • Irving, TX 75014-0907

*A wholly-owned subsidiary of Magnum Hunter Resources, Inc., an American Stock Exchange company*

### STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Bureau of Land Management  
2909 West 2<sup>nd</sup> Street  
Roswell New Mexico 88201-2019  
Attn: Ms. Linda Askwig

Gruy Petroleum Management Co. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: NM-10474

Legal Description: S/2 Sec 9, T19S-R34E  
Containing 320.00 acres, Lea County New Mexico

Formation (S): Morrow

Bond Coverage: Nationwide BLM Bond

BLM Bond File No.: NM 2575

Authorized Signature: \_\_\_\_\_

*Zeno Farris*

Representing Gruy Petroleum Management Co.

Name: Zeno Farris

Title: Manager, Operations Administration

Date: 03/15/05

## Application to Drill

Gruy Petroleum Management Co.  
Pipeline 9 Federal Com No. 1  
Unit J Section 9  
T19S - R34E Lea 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: 1600' FSL & 1400' FEL Section 9-T19S-R34E

2 Elevation above sea level: GR 3842'

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: 14000'

6 Estimated tops of geological markers:

T/Salt	1658'	Strawn	12164
B/Salt	3232'	Atoka	12416
Delaware	6070'	Morrow	12,747
Bone Spring	8136'		
Wolfcamp	10861		

7 Possible mineral bearing formation:

Bone Spring	Oil
Wolfcamp	Oil
Atoka	Gas
Morrow	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17 1/2"	0-425'	13 3/8"	54.5	8-R	ST&C	J-55
12 1/4"	0-3500'	9 5/8"	40	8-R	ST&C	NS-110
7 7/8"	0-14000'	5 1/2"	17	8-R	ST&C	P-110

## Application to Drill

Gruy Petroleum Management Co.  
Pipeline 9 Federal Com No. 1  
Unit J Section 9  
T19S - R34E Lea County, NM

### 9 Cementing & Setting Depth:

13 3/8"	Surface	Set 425' 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 3500' of 9 5/8" NS-110 40 # ST&C casing. Cement in two stages, first stage cement with 850 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 14000' of 5 1/2" P-110 17# ST&C casing. Cement in two stages, first stage cement with 1100 Sx. of Class POZ/C Cement + additives. Second stage cement with 520 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

### 11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 450'	8.7 - 9.2	32 - 34	May lose circ.	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
450' - 1600'	10 - 10.3	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.
1600' - 3500'	8.4 - 9.9	28 - 29	NC	Brine water. Paper for seepage. Lime for pH (9 - 9.5)
3500' - 8300'	8.4 - 9.9	28 - 29	NC	Brine water. Paper for seepage. Lime for pH (9 - 9.5)
8300' - 10000'	9.2 - 9.4	28 - 29	NC	Cut brine. Caustic for pH control.
10000' - 14000'	9.2 - 10.6	32 - 34	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.  
Pipeline 9 Federal Com No. 1  
Unit J Section 9  
T19S - R34E Lea 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 H<sub>2</sub>S 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 3000 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 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.  
Pipeline 9 Federal Com No. 1  
Unit J Section 9  
T19S - R34E Lea 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 junction of US HWY 62-180 and the Smith Ranch Road go NE 2.7 miles to lease road north. Go north 2.7 miles, then 0.1 miles west, then north 0.1 miles then 1.0 miles north to proposed road. Follow proposed road to location.
- 2 PLANNED ACCESS ROADS: 2800.7' of new 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.  
Pipeline 9 Federal Com No. 1  
Unit J Section 9  
T19S - R34E Lea 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 by 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 an 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 holes with a minimum depth of 10'. These holes will be covered during drilling and will be back filled upon completion. 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. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time they will be hauled off by transports and be disposed of at a state approved disposal facility. Later pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. 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.  
Pipeline 9 Federal Com No. 1  
Unit J Section 9  
T19S - R34E Lea 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. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface condition encountered during pit construction indicates that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with PVC or polyethylene line. The pit liner will be 12 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- 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 reserve pit will be allowed to dry properly, and fluid 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 spoil 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 recontoured 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.  
Pipeline 9 Federal Com No. 1  
Unit J Section 9  
T19S - R34E Lea County, NM

### 11 OTHER INFORMATION:

- A. The location is located in 1 m coppice dunes in loose tar sands. Vegetation in the area is mesquite, shin oak, and grasses.
- B. The wellsite is on surface owned by the Bureau of Land Management, Department of the Interior. The land is used mainly for farming, cattle ranching and oil and gas production.
- C. An Archaeological survey will be conducted by Southern New Mexico Archaeological Services on the location and access road, and this report will be on file with the Bureau of Land Management in the Carlsbad BLM office.
- D. Within 1 1/2 miles of this location, there are no dwellings.

### 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 its contractors/subcontractors and be in 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: 3/15/2005

TITLE: Manager, Operations Administration

DISTRICT I  
1625 N. French Dr., Hobbs, NM 58240

DISTRICT II  
811 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>3D-025-37209</b>	Pool Code <b>83320</b>	Pool Name Quail Ridge; Morrow, North
Property Code <b>34780</b>	Property Name <b>PIPELINE "9" FEDERAL COM</b>	Well Number <b>1</b>
OGRID No. <b>162683</b>	Operator Name <b>GRUY PETROLEUM MANGEMENT CO.</b>	Elevation <b>3842'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>J</b>	<b>9</b>	<b>19 S</b>	<b>34 E</b>		<b>1600</b>	<b>SOUTH</b>	<b>1400</b>	<b>EAST</b>	<b>LEA</b>

Bottom Hole Location If Different From Surface

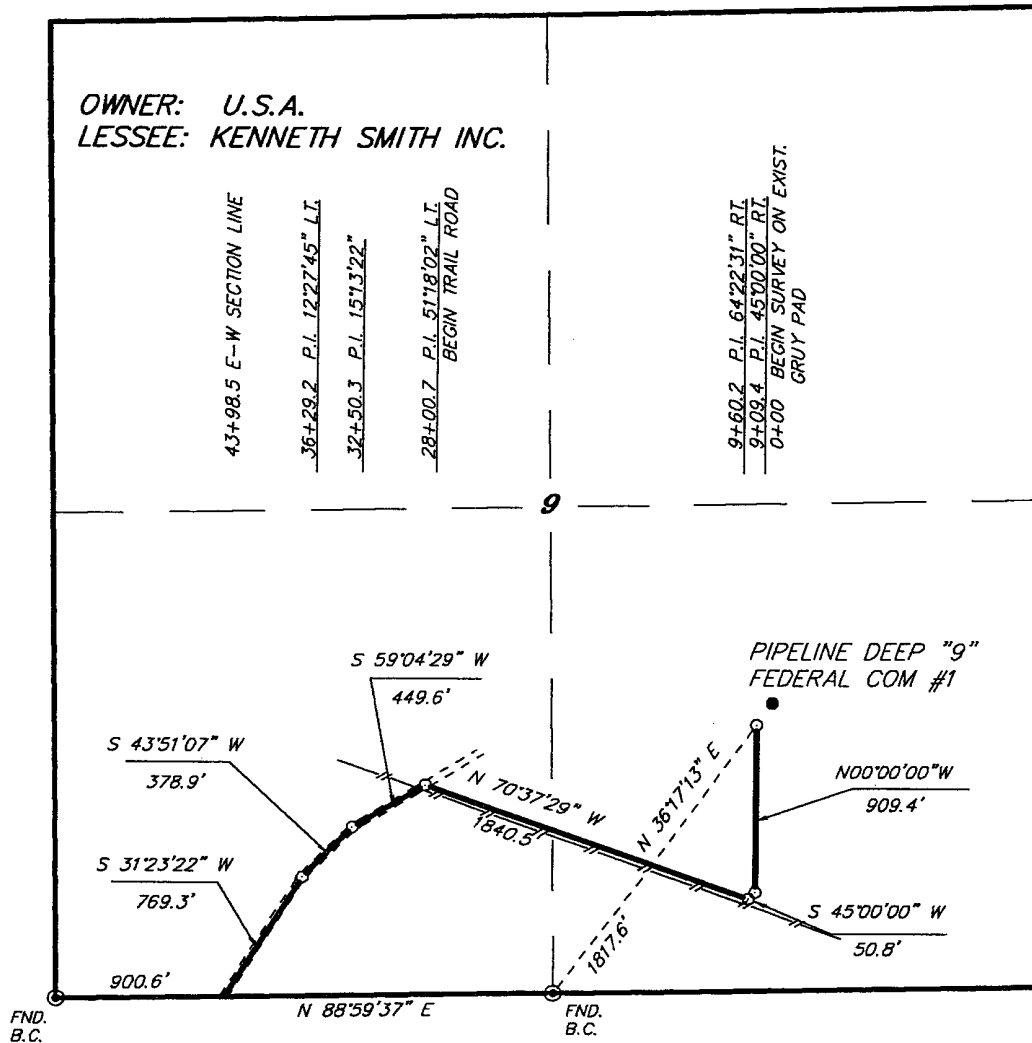
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>320</b>	Joint or Infill <b>Y</b>	Consolidation Code <b>C</b>	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b>  <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i>  <b>Zeno Farris</b> Signature <b>Zeno Farris</b> Printed Name <b>Mgr Operations Admin</b> Title <b>March 15, 2005</b> Date
	<b>SURVEYOR CERTIFICATION</b>  <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>  <b>December 1, 2004</b> Date Surveyed <b>GARY L. JONES</b> Signature <b>PROFESSIONAL LAND SURVEYOR</b> NEW MEXICO <b>W.O. No. 4799</b> Certificate No. <b>GARY L. JONES 7977</b> JLP

SECTION 9, TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

OWNER: U.S.A.  
LESSEE: KENNETH SMITH INC.



**LEGAL DESCRIPTION**

A STRIP OF LAND 50.0 FEET WIDE, LOCATED IN SECTION 9, TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

4398.5 FEET = 266.58 RODS = 0.83 MILES = 5.05 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES, N.M. P.S.  
TEXAS P.L.S.



**BASIN SURVEYS** P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 5117 Drawn By: James Presley

Date: 02/15/05 Disk: JLP #1 - GRUY5117

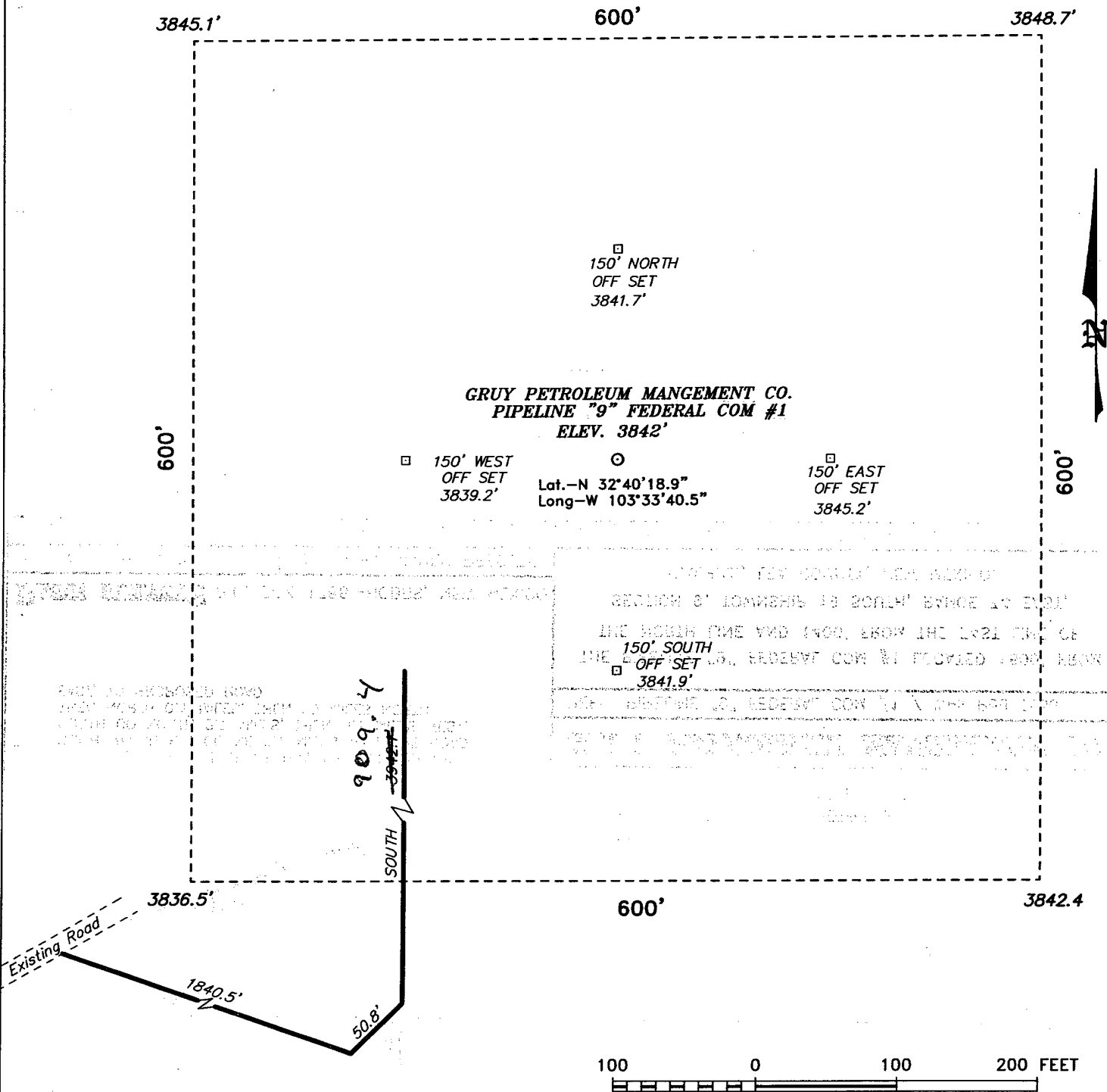
**GRUY PETROLEUM MANAGEMENT CO.**

REF: ROAD TO THE GRUY-PIPELINE DEEP "9" FED. COM #1

A ROAD CROSSING U.S.A. LAND IN  
SECTION 9, TOWNSHIP 19 SOUTH, RANGE 34 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 02/10/05 Sheet 1 of 6 Sheets

SECTION 9, TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF US HWY 62-180 AND THE  
SMITH RANCH RD. GO NE 2.7 MILES TO LEASE ROAD  
NORTH GO NORTH 2.7 MILES, THEN 0.1 MILES WEST,  
THEN NORTH 0.1 MILES, THEN 1.0 MILES NORTH  
EAST, TO PROPOSED ROAD.

**GRUY PETROLEUM MANGEMENT CO.**

REF: PIPELINE "9" FEDERAL COM #1 / Well Pad Topo

THE PIPELINE "9" FEDERAL COM #1 LOCATED 1600' FROM  
THE NORTH LINE AND 1400' FROM THE EAST LINE OF  
SECTION 9, TOWNSHIP 19 SOUTH, RANGE 34 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 4799

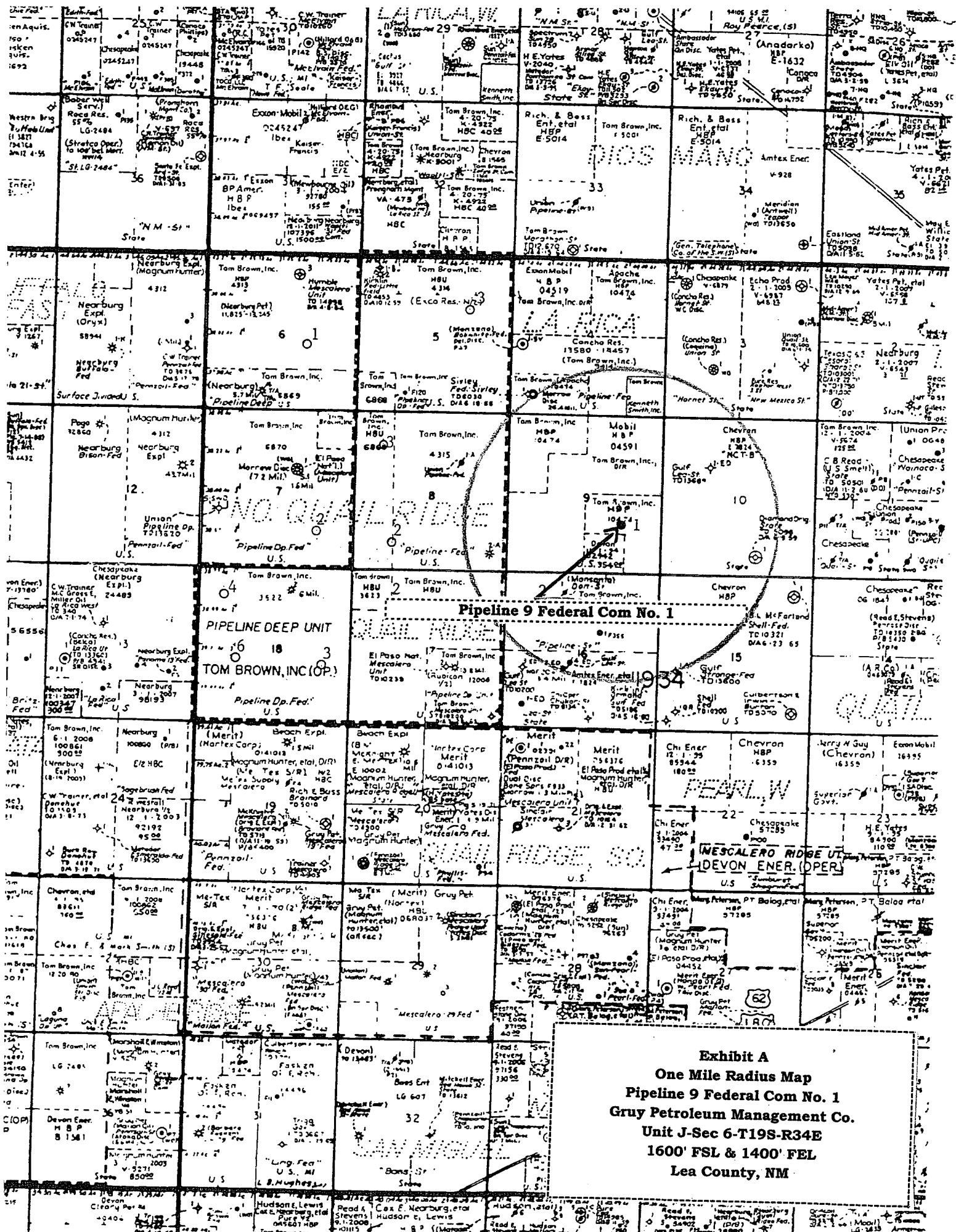
Drawn By: JAMES PRESLEY

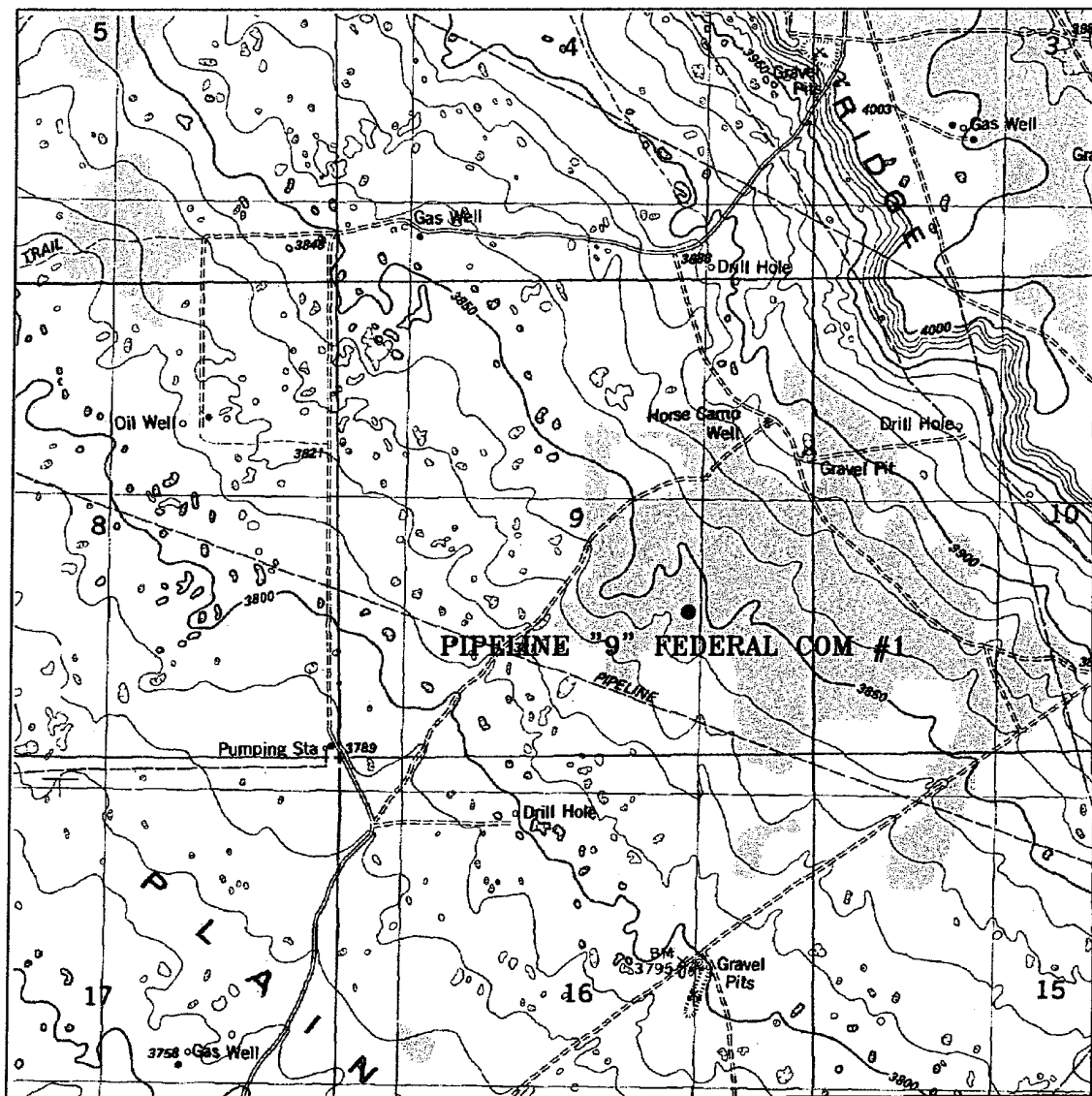
Date: 12/07/04

Disk: JLP #1 - 4799A.DWG

Survey Date: 12/01/2004

Sheet 1 of 1 Sheets





**PIPELINE "9" FEDERAL COM #1**  
 Located at 1600' FSL and 1400' FEL  
 Section 9, Township 19 South, Range 34 East,  
 N.M.P.M., Lea County, New Mexico.

Exhibit B

**basin**  
**surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

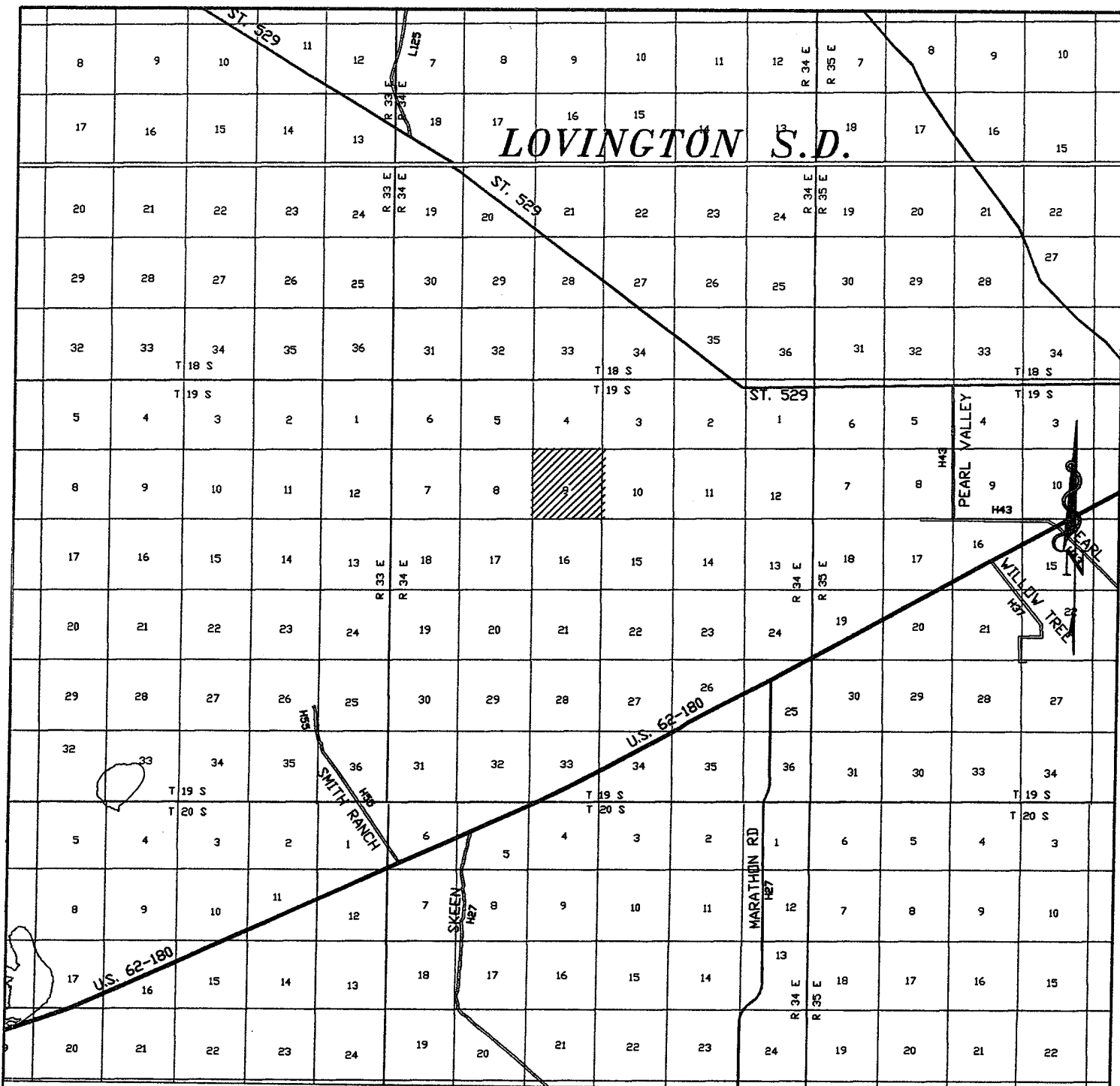
W.O. Number: 4799AA - JLP #1

Survey Date: 12/1/04

Scale: 1" = 2000'

Date: 12/07/04

**GRUY**  
**PETROLEUM**  
**MANGEMENT**  
**COMPANY**



PIPELINE "9" FEDERAL COM #1  
 Located at 1600' FSL and 1400' FEL  
 Section 9, Township 19 South, Range 34 East,  
 N.M.P.M., Lea County, New Mexico.

Exhibit C



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

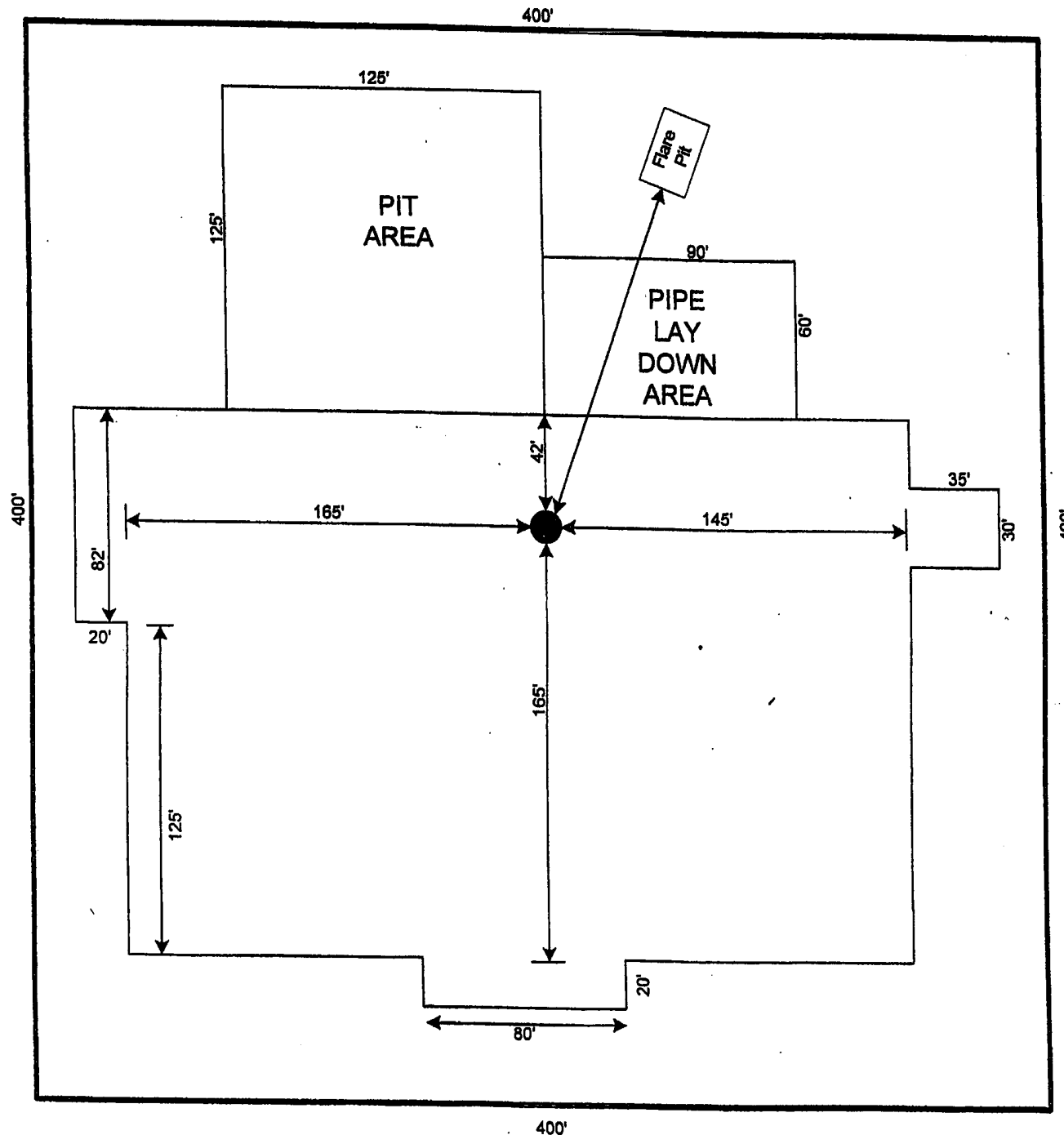
W.O. Number: 4799AA - JLP #1

Survey Date: 12/1/04

Scale: 1" = 2000'

Date: 12/07/04

GRUY  
 PETROLEUM  
 MANGEMENT  
 COMPANY



**RIG**  
**# 46**

**GRUY PETROLEUM  
MANAGEMENT COMPANY  
IRVING TEXAS**

Exhibit D - Rig Layout Plan  
Pipeline 9 Federal Com No. 1  
Gruy Petroleum Management Co.  
Unit J - Sec. 9 - T19S - R34E  
1600' FSL & 1400' FEL  
Lea County, NM



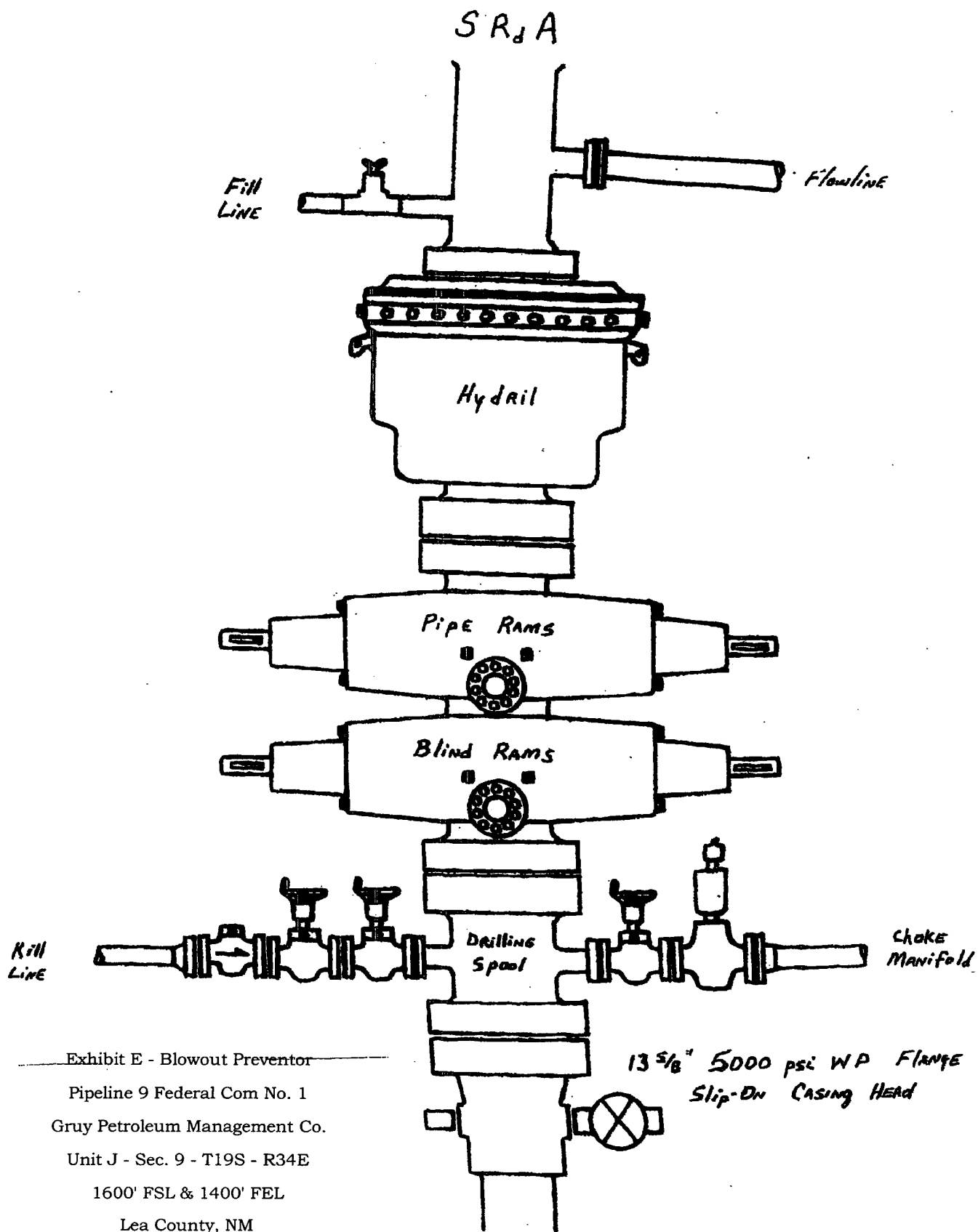


Exhibit E - Blowout Preventor

Pipeline 9 Federal Com No. 1

Gruy Petroleum Management Co.

Unit J - Sec. 9 - T19S - R34E

1600' FSL & 1400' FEL

Lea County, NM

DRILLING OPERATIONS  
CHOKE MANIFOLD  
5M SERVICE

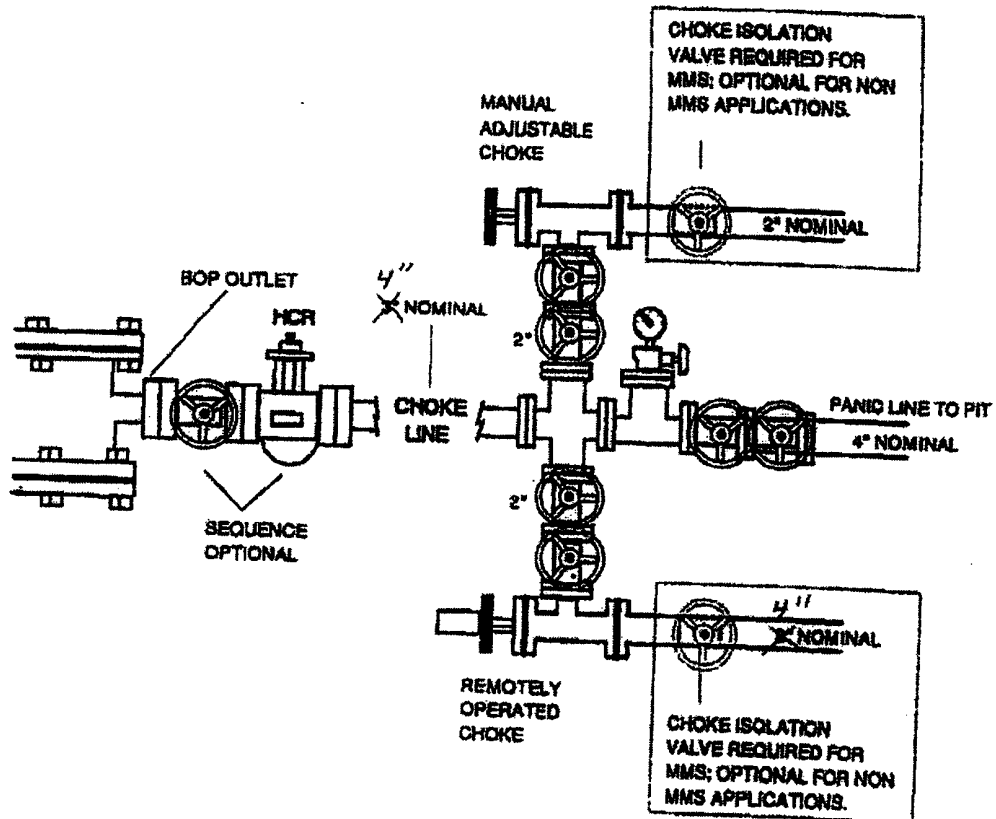


Exhibit E-1 - Choke Manifold Diagram

Pipeline 9 Federal Com No. 1

Gruy Petroleum Management Co.

Unit J - Sec. 9 - T19S - R34E

1600' FSL & 1400' FEL

Lea County, NM

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144  
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Gruy Petroleum Management Co. Telephone: 972-443-6489 e-mail address: zfarris@magnumhunter.com  
Address: P.O. Box 140907, Irving, Tx 75014-0907  
Facility or well name: Pipeline 9 Fed Com No. 1 API #: 30-025-37209 U/L or Qtr/Qtr J Sec 9 T 19S R 34E  
County: Lea Latitude 324018.9 N Longitude 1033340.5 W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☐ Indian ☐

<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/> Volume 7500 bbl	<b>Below-grade tank</b> Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	No	(0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(0 points)
<b>Ranking Score (Total Points)</b>		-0-

**If this is a pit closure:** (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Date: 3-15-05

Printed Name/Title Zeno Farris Manager Operations Administration

Signature Zeno Farris

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: APR 27 2005 PETROLEUM ENGINEER

Printed Name/Title \_\_\_\_\_

Signature [Signature]