



## Gruy Petroleum Management Co.

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A subsidiary of Cimarex Energy Co. ♦ A NYSE Listed Company ♦ "XEC"

October 6, 2005

New Mexico Oil Conservation  
1625 North French Dr.  
Hobbs, NM 88240  
Atten: Ms. Donna Mull



RE: Non-Concurrent Production Request Rhodes; Yates-Seven-Rivers (Gas)

Dear Ms. Mull:

Gruy Petroleum Management Co. has recently permitted or has permits pending for several wells in the Rhodes; Yates-Seven Rivers (Gas) pool. These wells are the second well and in one case the third well in the existing spacing units. As you are aware this pool is prorated and field rules allow for one gas well per 160.00 acre spacing. Exceptions to these rules can be granted after notification and opportunity for hearing.

We have recently filed for a hearing with the N.M.O.C.D. in Santa Fe requesting Simultaneous Dedication of the below wells. The hearing is scheduled on October 20, 2005. In addition we have been able to secure a shallow rig in a very tight market for October 15, 2005.

In this regard Gruy Petroleum Management Co. is requesting District approval of the following approved and pending permits based on Gruy's intent to shut-in any existing production prior to first sales of any of the proposed new drills.

Rhodes Federal Unit No. 226 – NE/4 Section 22-26S-37E. Approved permit. Gruy will shut-in the Rhodes Federal Unit No. 223 prior to first sales from the RFU 226.

Rhodes Federal Unit No. 227 – NW/4 Section 22-26S-37E. Approved permit. Gruy will shut-in the Rhodes Federal Unit No. 221 prior to first sales from the RFU 227.

Cagle C 6 Federal Com No. 1 – NW/4 Section 10-26S-37E. Approved permit. Gruy will shut-in the Rhodes Federal Unit No. 102 prior to first sales from the Cagle C 6 Fed Com 1.

Rhodes Federal Unit No. 98 – NE/4 Section 9-26S-37E. Pending permit. Gruy will shut-in the Rhodes Federal Unit No. 95 and 96 prior to first sales from the RFU 98.

Rhodes Federal Unit No. 56 – SW/4 Section 5-26S-37E. Pending permit. Gruy will shut-in the Rhodes Federal Unit No. 54 prior to first sales from the RFU 56.

It is anticipated that we will receive a Simultaneous Dedication Order before the above wells are completed and ready to produce. If we do not, Gruy will abide by the proposed non-concurrent production schedule.

Sincerely,

Zeno Farris  
Manager, Operations Administration  
Permian Basin Region