

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.

5. Lease Serial No. NM 4313
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. Pipeline Deep 6 Federal No. 1
9. API Well No. 30-025- <u>37547</u>
10. Field and Pool, or Exploratory Area Quail Ridge; Morrow, North
11. County or Parish, State Lea Co., NM

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
2. Name of Operator Gruy Petroleum Management Co.
3a. Address P. O. Box 140907 Irving, TX 75014-0907
3b. Phone No. (include area code) 972-401-3111
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec. 6-T-19S-R-34E 2300' FSL & 1650' FEL <u>Unit J</u>

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 checked="" type="checkbox"/> Other <u>Alter pit and solid cuttings disposal</u>
	<input checked="" 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 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 proposes to alter cuttings pit construction by utilizing a zero discharge closed circulating system as detailed below:
Drill fluids will be contained in steel pits in a closed circulating system. Fluids will be cleaned and reused and drill cuttings will be seperated by a series of solids removal equipment. Drill cuttings will be hauled to a 100' x 70' cuttings drying area. The drying area will be lined with a 2' clay barrier and surrounded by a 2' x 2' ring levee and a 2' earthen berm. A 12 mil thick retention liner will cover the drying area and will extend a minimum of 2' over the earthen berm where the liner will be anchored down. A pump off system will pump any acumulated fluids in the ring levee to the rig holding tanks to be cleaned and reused. After drying, cuttings will be disposed of in a 50' X 50' cuttings burial cell. The bottom will be lined with a 2' clay barrier. Drill cuttings will be hauled from the cuttings drying area and encapsulated in a 12 mil liner. The 12 mil liner will be folded over the cuttings and capped with a 20 mil membrane cap. An additional 2' clay barrier will be added to prevent seepage and the cell will be filled with 3' to 4' of top soil and leveled and contoured to conform to the original surrounding area. See attached rig plat, cuttings burial cell diagram, and zero discharge overview.

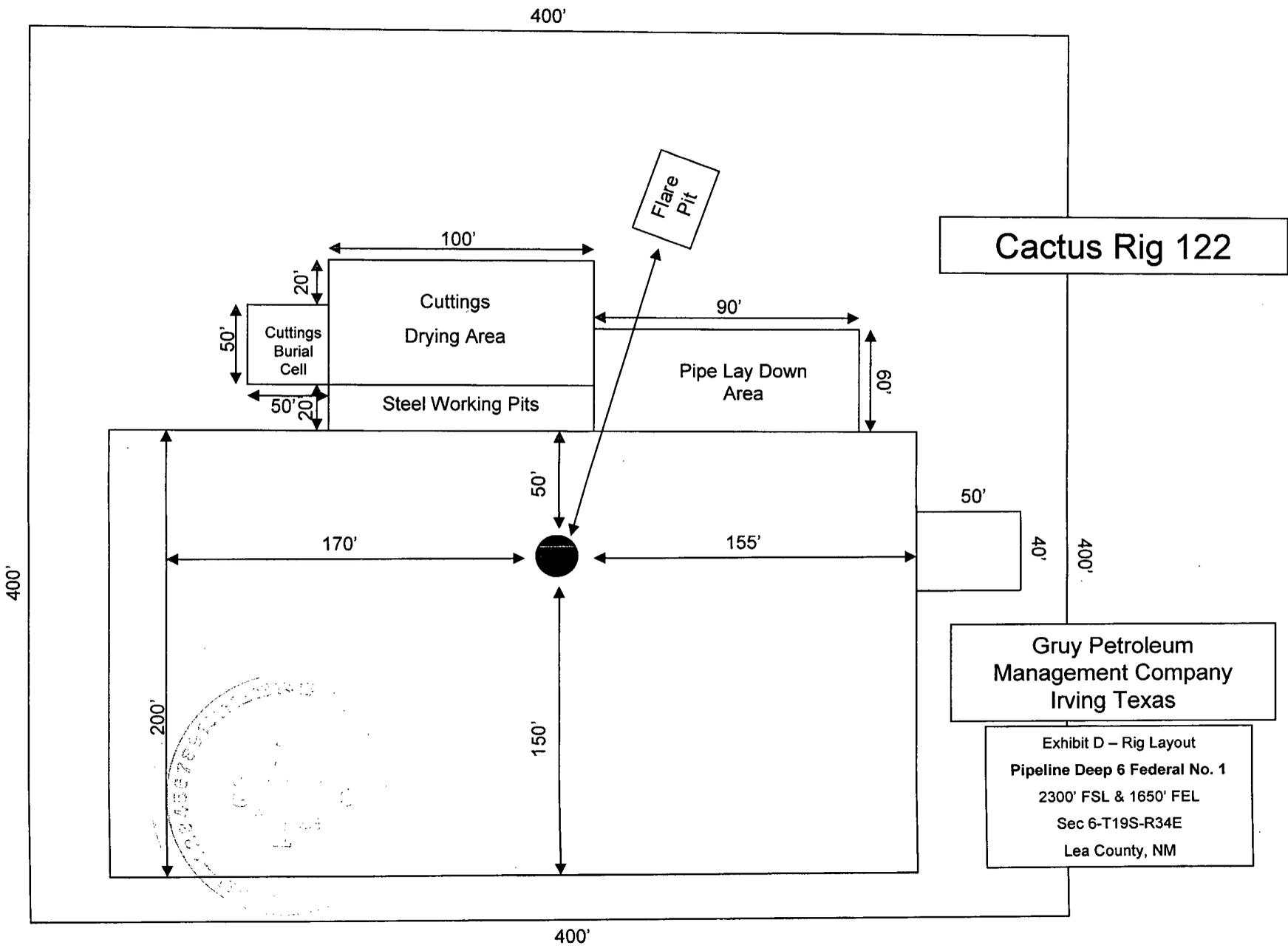
14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Zeno Farris	Title Manager Operations, Administration.
Signature <u>Zeno Farris</u>	Date 12-16-05

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <u>/s/ Joe G. Lara</u>	Title Petroleum Engineer	Date DEC 21 2005
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 CARLSBAD FIELD 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.

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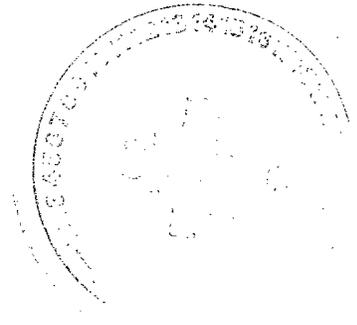
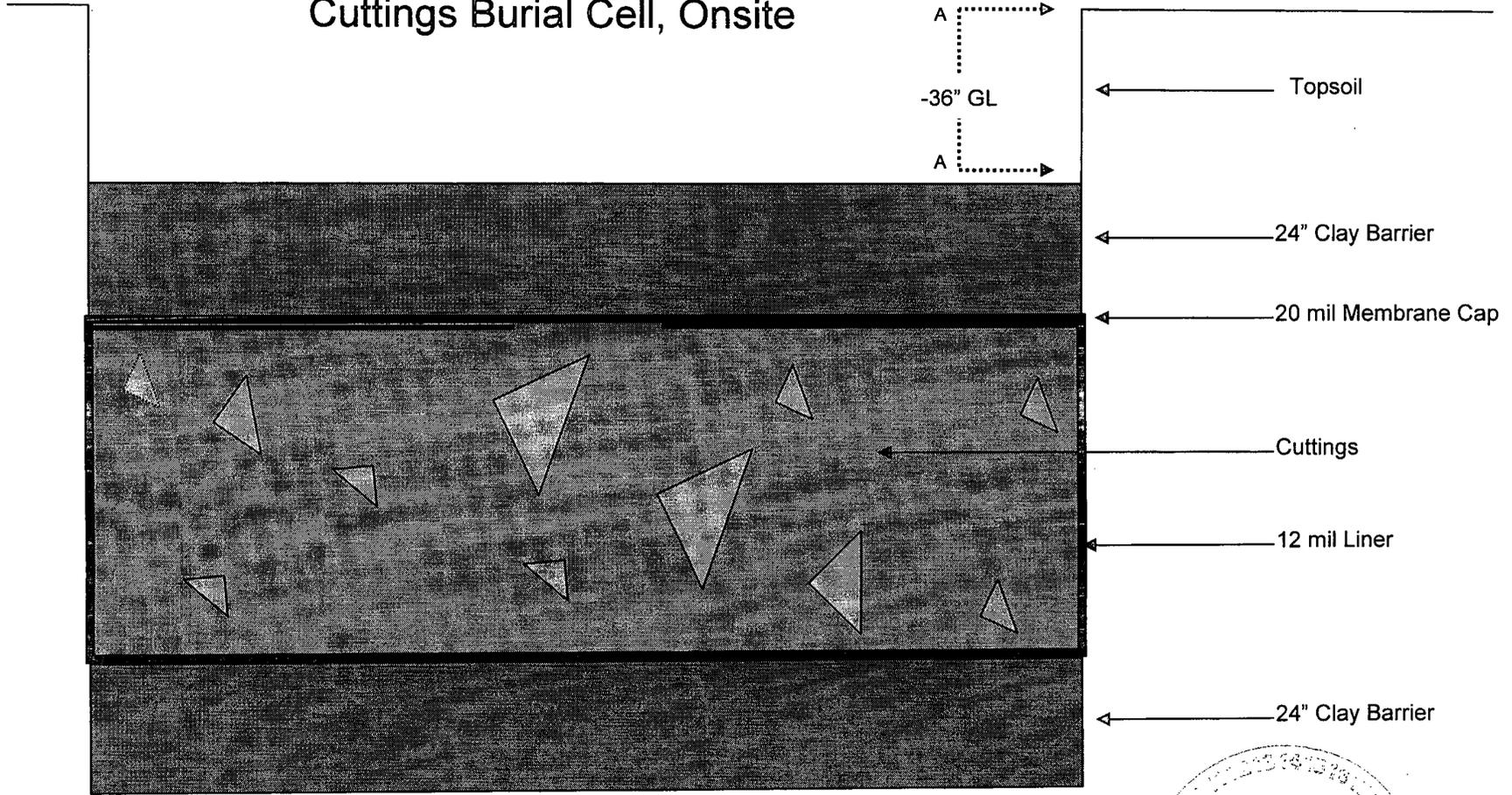


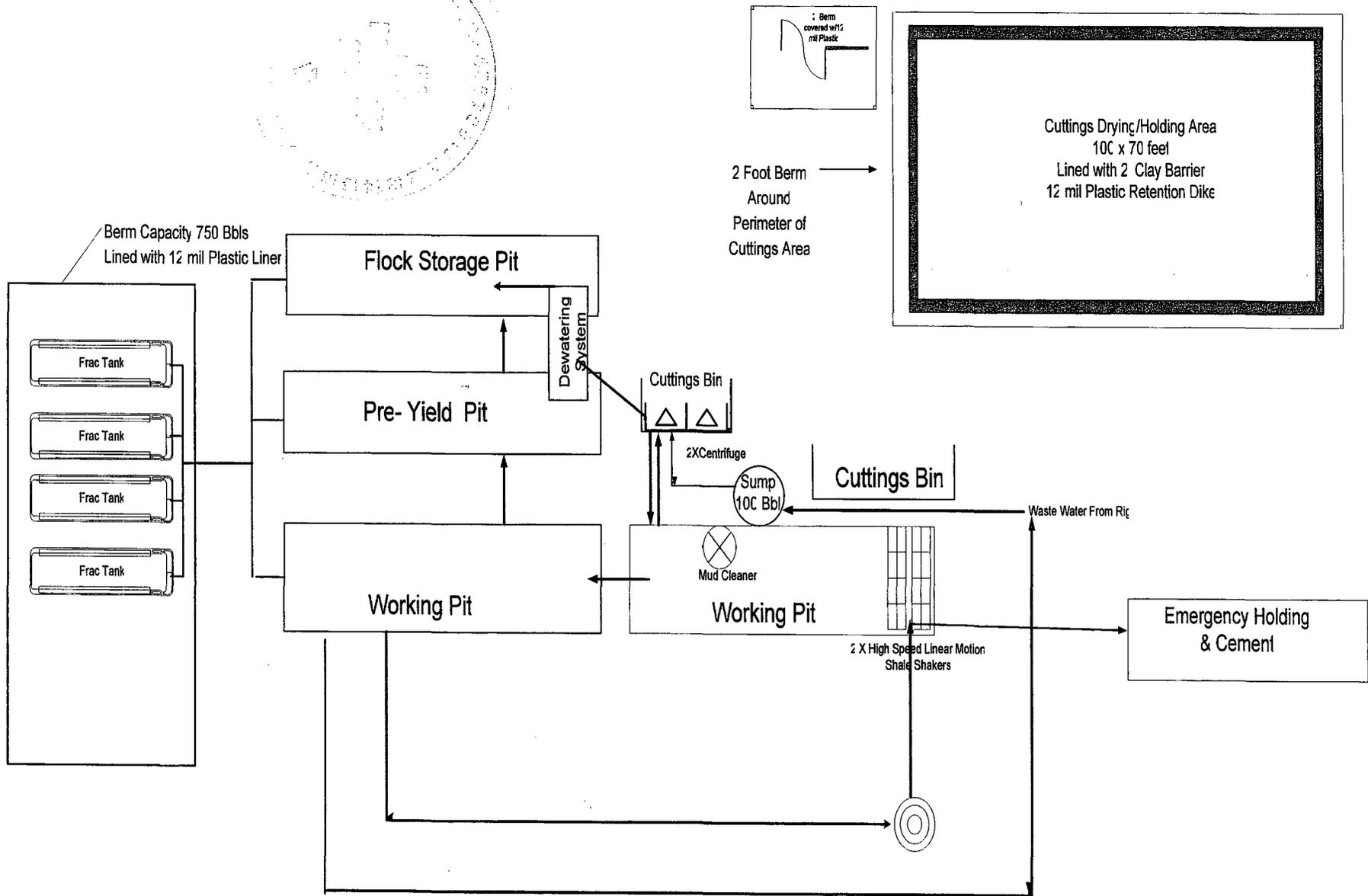
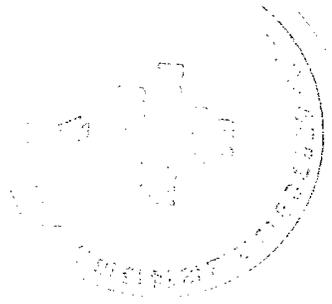
Cactus Rig 122

**Gruy Petroleum
Management Company
Irving Texas**

Exhibit D – Rig Layout
Pipeline Deep 6 Federal No. 1
 2300' FSL & 1650' FEL
 Sec 6-T19S-R34E
 Lea County, NM

Cuttings Burial Cell, Onsite





Zero Discharge Overview