

**Gruy Petroleum Management Co.**

5215 North O'Connor Road ♦ Suite 1500 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6486  
Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

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January 30, 2006

30-025-37667

Oil Conservation Division  
1625 N. French Drive  
Hobbs, NM 88240  
Attn: Ms. Donna Mull

Re: Statewide Rule 118  
Hydrogen Sulfide Gas Contingency Plan  
Proposed Quail Ridge 32 State Com No. 1 Well

Dear Ms. Mull:

In accordance with NMAC 19.15.3.118 C. (1) governing the determination of the hydrogen sulfide concentration in gaseous mixtures in each of its operations, Gruy Petroleum Management Co. does not anticipate that there will be enough H<sub>2</sub>S from the surface to the Morrow/Atoka formations to meet the OCD's minimum requirements for the submission of a contingency plan for the drilling and completion of the following test(s):

**Quail Ridge 32 State Com No. 1**  
**Sec 32-T19S-R34E**  
**1980' FSL & 660' FEL**  
**Lea Co., NM**

If anything further is needed regarding this issue, or if you have any questions, please feel free to contact the undersigned at 972-443-6489.

Yours truly,

A handwritten signature in cursive script that reads "Zeno Farris".

Zeno Farris  
Manager, Operations Administration