

REVISED

OCD-HOBBS

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

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. LC-030181-C
2. Name of Operator Gruy Petroleum Management Co.		6. If Indian, Allottee or Tribe Name
3a. Address P. O. Box 140907 Irving, TX 75014-0907	3b. Phone No. (include area code) 972-401-3111	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FSL, 660' FWL, Sec. 21-26S-37E		8. Well Name and No. Moberly Rhodes Waterflood No. 7
		9. API Well No. 30-025-12025
		10. Field and Pool, or Exploratory Area Rhodes; Yates-7 Rivers
		11. County or Parish, State Lea Co., NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

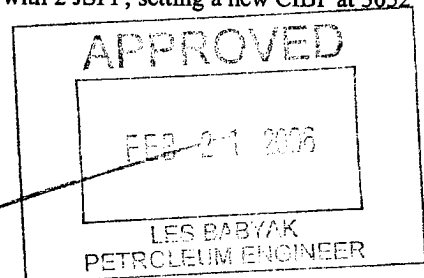
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Add perfs
	<input 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 Petroleum Management Co. withdraws its sundry to PA, approved 11-30-05.

We propose instead to drill out CIBP at 2700' and add Upper Yates perfs at 2960' to 3030' with 2 JSPF, setting a new CIBP at 3052' w/ 35' cement. Acidize and frac according to attached procedure.

APPROVED FOR 1 MONTH PERIOD
ENDING 3/31/06



IF WORK IS NOT STARTED BY THIS DATE AN INCIDENT OF NONCOMPLIANCE WILL BE FILED

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Zeno Farris	Title Manager Operations Administration
Signature <i>Zeno Farris</i>	Date February 15, 2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>Les Babyak (505) 234-5947</i>	Title <i>P.E.</i>	Date <i>3/1/06</i>
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

GRUY PETROLEUM MANAGEMENT COMPANY

Moberly Rhodes #7

Rhodes Field

COMPLETION PROCEDURE

January 3, 2006

OBJECTIVE:

Complete Well as Yates Producer

WELL DATA:

Elevation:	2976 GL
TD:	3313'
PBTD:	2665' (CIBP + 35' cmt)
Casing:	15 1/2" @ 30' Cmt Circulated
	8 1/2" @ 1212' Cmt Circulated
	7" @ 3102 TOC 250' calculated
	4 1/2" Slotted Liner @ 3313' TOL @ 3052'
Proposed Perfs	2960-2970, 3020-3030
Existing Perfs	NA
Tbg:	None: Will purchase 3000' 2 3/8"
Correlation Log	CBL to be ran

PROCEDURE:

- 1) MI & RU PU. Kill well w/ Produced water, ND WH. NU BOP
- 2) RU Reverse unit & TIH w/ Bit + DC's + 2 3/8" tbg, Drill out cement + CIBP @ 2700', Clean out well bore to TOL @ 3052.
- 3) RU Baker Atlas run Verta log casing inspection log from 3052 to surf, & Radian cement bond log from 3052 to TOC. Set CIBP @ 3052 dump 1 bailer cement. Pressure test plug and casing to 1000 psi. Logs will determine if frac string is to be used.
- 4) Run base temperature survey
- 5) Perf Yates 2960-2970 and 3020-3030 2 jspf, using premium charges phased 120 degrees.
- 6) TIH w/ packer on 2 3/8" tbg to 3030, Spot 5 bbl 7 1/2% NEFE HCL, Pull tbg to 2850+/-, reverse 5 bbl into tbg, set pkr @ 2850
- 7) Acidize perfs 2960-3030 w/ 1500 gal 7 1/2% NEFE HCL utilizing 60 ball sealers for diversion.
- 8) Swab or flow to recover load and test production
- 9) Frac via 7" or 3 1/2" frac string as per recommendation. Run Temperature survey via slickline after frac.

10) Swab or flow to recover load and test production

11) Turn well to production as soon as possible