

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

Form C-101

May 27, 2004

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORTAPPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, **PLUGBACK**, OR ADD A ZONE

¹ Operator Name and Address Gruy Petroleum Management Co. PO Box 140907 Irving, TX 75014-0907		² OGRID Number 162683
		³ API Number 30 - 025-02774
⁴ Property Code 300528	⁵ Property Name Lea "A" State	⁶ Well No. 001
⁹ Proposed Pool 1 Townsend Permo Upper Penn		¹⁰ Proposed Pool 2

⁷ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	10	16S	35E		660	North	660	West	Lea

⁸ Proposed 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
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Additional Well Information

¹¹ Work Type Code P	¹² Well Type Code O	¹³ Cable/Rotary C	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4014' GR
¹⁶ Multiple No	¹⁷ Proposed Depth 10401'	¹⁸ Formation Wolfcamp	¹⁹ Contractor N/A	²⁰ Spud Date When Approved
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> __mils thick Clay <input type="checkbox"/> Pit Volume: __ bbls Drilling Method:				
Closed-Loop System <input checked="" type="checkbox"/> Flowback Tanks Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
15"	13-3/4" H-40	42#	351'	450sx	Surface
12-1/4"	8-5/8" J-55	32#	4666'	2250sx	Surface
7-7/8"	5-1/2" N-80	17#	10460'	600sx	Toc 7950'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Current Permo Penn open hole completion to PBTD 10506' behind CIBP at 10436' w 2 sx cement

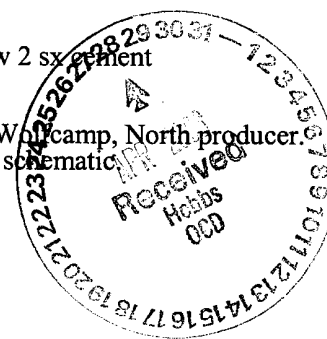
Perf Wolfcamp at 10212' - 10268' 2 SPF w 52 holes.

Acidize w 8000 gals of 7 1/2% NEFE acid swab well and bring on line as a Shoe Bar; Wolfcamp, North producer.

All fluids will be contained in flowback tanks. See attached procedure and well bore schematic

Gruy will use a 3000 psi manual BOP system.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway
Plugback



²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Zeno Farris		Approved by:	
Title: Manager Operations Administration		Title: PETROLEUM ENGINEER	
E-mail Address: zfarris@cimarex.com		Approval Date: MAY 03 2006	
Date: April 26, 2006		Expiration Date:	
Phone: 972-443-6489		Conditions of Approval Attached <input type="checkbox"/>	

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number 30-025-02774		² Pool Code 56295 59847		³ Pool Name Townsend Perm Shoe Bar; Wolfcamp, North	
⁴ Property Code 300528		⁵ Property Name Lea A State			⁶ Well Number 001
⁷ OGRID No. 162683		⁸ Operator Name Gruy Petroleum Management Co.			⁹ Elevation 4014' RDB

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	10	16S	35E		660	North	660	West	Lea

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature _____ Date 04-26-2006 Printed Name Zeno Farris			
					¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____			

10,212'-10,220', and 10,252'-10,268' for a total of 52 holes. Correlate to Gray Wireline Compensated Neutron Gamma Ray CCL dated 3/17/06. RDMOWL

- 4.) PU treating pkr for 5-1/2" 17# & 20# casing on new 2-7/8" 6.5# L-80 or N-80 tbg. Set pkr at $\pm 10120'$. ND BOP & NU rental tree.
- 5.) RU pump truck and test backside to ± 500 psi.
- 6.) Have 2 transports with 2% KCl present for acid job. Tbg capacity will be ± 58 bbls.
- 7.) RU stimulation company (to be determined). Test lines to ± 8500 psi. Acidize Wolfcamp perms 10,212'-10,268' with 8000 gals 7-1/2% NEFE acid. Pump job in three stages, 2500 gal, 2500 gal, and 3000 gal. Drop ± 39 1.2 sg. ball sealers in the last 3-5 bbls of stages 1 and 2. Increase the number of ball sealers pumped after the second stage if no pressure increase was seen after the balls hit during the second stage. Maximum rate will be whatever we can get under our maximum pressure. Maximum treating pressure will be 7500 psi. Make sure to include actual volumes pumped, maximum rate and pressure, average rate and pressure, load to recover, as well as ISIP, and 5, 10 and 15 minute SIP's. RD stimulation company. Prep to swab well.
- 8.) RU flowback tank. Swab well back and report results back to Midland.
- 9.) Kill well as necessary, unset treating pkr at $\pm 10120'$, and POH w/pkr and tbg.
- 10.) PU TAC for 5-1/2" 17# & 20# csg on 2-7/8" tbg as follows:
 - 2-7/8" 5.6# tbg N-80 or L-80
 - TAC at $\pm 10150'$
 - 2-7/8" tbg to ± 10280
 - standard API SN for 2-7/8" tbg
 - OE 2-7/8" slotted MA
 - and set TAC at $\pm 10150'$.
- 11.) Run rods and pump as follows:
 - Norris 97's
 - 7/8" - 3980' or 159
 - 3/4" - 6300' or 252
 - 1.5" insert pump - minimum pump length 20', minimum plunger length 6', spaced out $\pm 31'$ off bottom

This rod design assumes we would move over a 456-305-144 that is in inventory. It would be set up for 107" stroke, or the third crank hole, and ± 7 spm. This design assumes total fluid production of 100 BFPD. The pumping unit structure is loaded 97%, the gearbox is loaded 67%, and the rods are loaded 82%
- 12.) Space out pump, hang well on, NU pumping tee. Maintain well on report for at least 2 weeks after completion of work, reporting daily Wolfcamp fluid and gas volumes, as well as any and all available pressures.

C IMAREX ENERGY COMPANY

LEA A STATE #1

ROUGH RECOMPLETION PROCEDURE

April 2006

**TOWNSEND PERMO UPPER PENN FIELD
LEA COUNTY, NEW MEXICO**

OBJECTIVE: Recomplete to Wolfcamp.

AFE #: 376116 **PROPERTY #:** 309676-007

WELL DATA (also see wellbore schematic)

SPUD DATE: 8/6/52
PERM. ZERO PT.: GL= 4014', DF= 4022' (18')
TOTAL DEPTH: 10,585'
PBTD : currently CIBP @ 10,436' above Cisco open hole perms
SURFACE CSG: 13-3/8", 42#, H-40 @ 351'
INTER CSG : 8-5/8", 24# & 32#, J-55 & H-40 @ 4666'
PROD CSG: 5-1/2", 20# & 17#, N-80 & J-55 @ 10,460'
Drift ID 4.653" 80% of lowest burst is 4250 psi (assumes J-55)
PERFS: Cicso open hole 10,460'-10,585'
TBG: NA
PKR: NA
OTHER: Well is TA'd - CIBP above the Cisco open hole, no tbg in hole, casing has been tested to 1000 psi

***** SAFETY IS TOP PRIORITY *****

PROCEDURE:

- 1.) MIRU rig. ND Wellhead/pumping tee. NU BOP.
- 2.) RU pump truck and re-test CIBP at 10436' to 1000 psi. Hold for at least 20 minutes. CIBP and csg were originally tested to 1000 psi in March 2006.
- 3.) RU EL. Packoff should be sufficient. PU 3-1/8" casing guns loaded with Owen 23 gram HSC-4000-311T charges and perforate and perforate Wolfcamp 2 spf 90 deg phased, as follows:

GRUY PETROLEUM MANAGEMENT CO.

Townsend Permo Upper Penn
Shoe Bar; Wolfcamp, North - prop.

LEA A STATE #1

Spudded 8/6/52
API 30-025-02774

State Lease # 011470 or B-10029-1

WI = 100% NI = 87.5%

CURRENT COMPLETION

ERE 4/4/06

DF: 4022'
GL: 4014'

13-3/4" (15" hole), 42#, H-40
@ 351' w/ 450 sx cmt
TOC @ surface - circ

drilled by The Pure Oil Company, then Unocal,
Matador, Tom Brown, Gruy, and Cimarex
nothing in file except from Pure & Unocal

8-5/8" (7" hole), 28or24?# & 32# J-55 & H-40
@ 4666' w/ 2250 sx cmt
TOC @ surface - circ

Tops from completion report:

Yates 3030, Grayburg 4210, SA 4560, Glorietta 6205
Tubb 7350, Abo 9595, Penn 10350

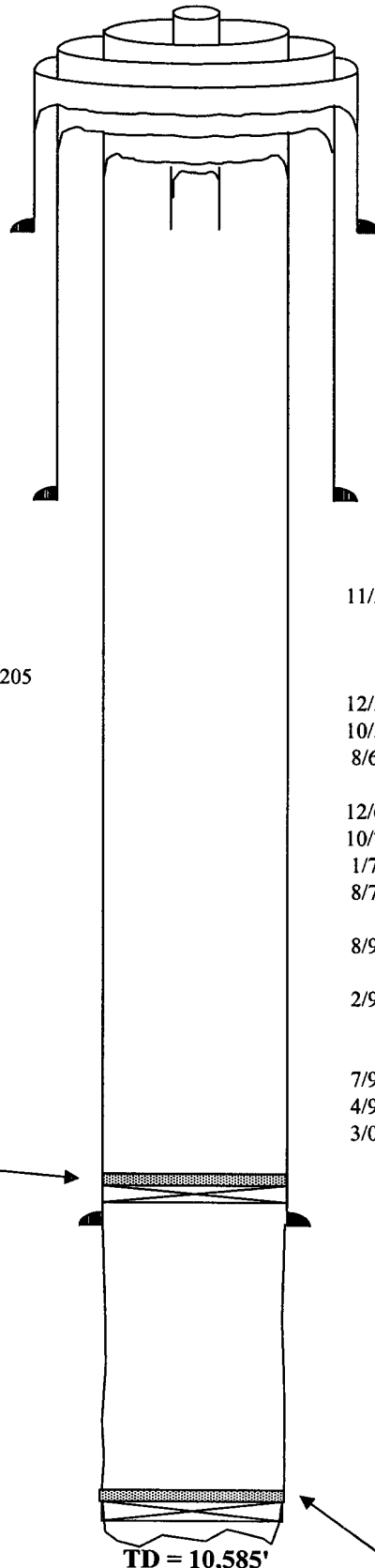
Tbg & rods -

no tbg or rods in hole as of 3/2006

CIBP @ 10436 3/06 2 sx cmt on top

5-1/2" (7-7/8" hole), 20# & 17# N-80 & J-55
@ 10460' w/ 600 sx cmt
TOC @ 7950' TS

Baker open hole bridge plug set @ 10519'
w/1-1/2 sx cmt on top 11/52



Surface: 660' FNL & 660' FWL
Sec 10, T-16-S, R-35-E
Unit Letter D
Lea County, New Mexico

Cum Production (from PI Dwrights)
282.7 MBO 231.9 MMCF .8 MBW
Upper Permo Penn (Cisco)

last prod in PI 12/2003, 2003 prod looks like mistake
DST's

10190'-10329' - open 3 hrs, strong blow, no wtr
blanket rec 180' GCM, no oil or wtr FP 55-110 psi
FSIP 395

10428'-10515' - open 1 hr 45 min strong air blow,
GTS 3 min, mud to surf 11 min, oil to surf 13 min
14 hr flow test rec 126 BO, 40.4 grav, GOR 903
FP 510-2980 psi, 25 min SIP 3988 psi

Cored - 10175'-10515'

Well History:

- 11/52 Complete well open hole in the Cisco. IP flowing
3 hrs on 48/64 200 bbls 500 psi GOR 1485 then
flowed 3 hrs on 32/64 174 bbls GOR 1625, 800 psi
no stimulation, pkr set @ 10348' tbg to 10510'
- 12/52 BHP ± 3979 psi, hit obstruction at 10500
- 10/53 BHP ± 3552 psi
- 8/61 well shut in - uneconomical to produce - NMOCD
form says that Unocal is evaluating the Wolfcamp
- 12/67 BHP 48 psi ??? Says shut in time - 4 years....
- 10/72 POH LD tbg & pkr
- 1/73 well SI - insufficient gas lift?? Test 15 BOPD 3 BW
- 8/79 NMOCD form says all gas on lease is used to
operate gas engine on pumping unit ???
- 8/90 returned to production - 2 BOPD 1 BWPD
ran rods & pump SN @ 10348 TAC @ 10127
- 2/91 acidize - pull rods & tbg, spot scale converter & soak
then acidize w/3500 gal 15% HCl 1-2 bpm 2 stages
RS block in middle treated entire job `on vac
- 7/92 **last Cisco production**
- 4/97 Unocal proposed to P&A well - never P&A'd
- 3/06 set CIBP at 10436 w/2 sx cmt, run GR/neutron and
CBL 10450-5900, planning Wolfcamp recompletion
TOC 7820', good cmt across potential wolfcamp
tested csg to 1000 psi held ok

Cisco Open hole
10460'-10514'
cum production 282 MBO 232 MMCF

PBTD noted as 10506' 8/90
original PBTD 10514' 11/52



Gruy Petroleum Management Co.

5215 N. O'Connor Blvd. ♦ Suite 1500 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6486

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

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

April 26, 2006

Oil Conservation Division
District I Office
1625 North French Drive
Hobbs, New Mexico 88240
Attn: Ms. Donna Mull

Re: Statewide Rule 118
Hydrogen Sulfide Gas Contingency Plan
Proposed Lea A State No. 2 Plugback to Wolfcamp 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 H₂S 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):


Lea A State No. 2 (Wolfcamp)
D-10-16S-35E
660' FNL & 660' FWL
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". The ink is dark and the signature is fluid.

Zeno Farris
Manager, Operations Administration

 The sender of this message has requested a read receipt. [Click here to send a receipt.](#)

Mull, Donna, EMNRD

From: Phillips, Dorothy, EMNRD
To: Mull, Donna, EMNRD
Cc:
Subject: RE: Financial Assurance Requirement
Attachments:

Sent: Wed 5/3/2006 8:59 AM

All have blankets and do not appear on Jane's list.

From: Mull, Donna, EMNRD
Sent: Wednesday, May 03, 2006 8:35 AM
To: Phillips, Dorothy, EMNRD
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Financial Assurance Requirement

Dorothy,

Is the Financial Assurance Requirement for these Operators OK?

Gruy Petroleum Management Co (162683)
Samson Resources Co (20165)
Marbob Energy Corp (14049)
Patterson Petroleum LP (141928)
Petrohawk Operating Co (148381)
Texland Petroleum-Hobbs LLC (113315)
Yates Petroleum Corp (25575)
Range Operating New Mexico Inc, (227588)

Please let me know. Thanks and have a nice day. Donna