



Gruy Petroleum Management Co.

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August 6, 2001

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe New Mexico 87505
Attn: Mr. Michael Stogner

Re: Myers B 8 & B 9
Section 11 & 13-24S-36E
Lea County New Mexico

Dear Mr. Stogner:

At the request of Mr. Paul Kautz of the NMOCD in Hobbs, we have shut-in the referenced wells at 4:00 PM MST on 7-25-01. The subject wells were permitted as Langlie Mattix oil wells at orthodox locations. The Langlie Mattix test was unsuccessful and the wells were completed as Jalmat gas wells. Therefore both wells will require unorthodox well location exceptions.

It is our understanding based on the enclosed copy of a letter dated 7-24-01 from Mr. Steven L. Burleson, that Lewis B. Burleson, Inc. is objecting to the location of our two Jalmat producers. In this regard we are requesting that as soon as possible, the NMOCD set a hearing date for our previously submitted simultaneous dedication and unorthodox well location applications for the Myers B 8 and B 9 wells.

If you have any questions or require additional information concerning this matter, please contact me at 972-443-6489.

Yours truly,

Zeno Farris
Manager, Operations Administration

Cc: N.M.O.C.D. – Hobbs
Lewis B. Burleson, Inc.