

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980  
DISTRICT II  
811 South First St., Artesia, NM 88210-2835  
DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico  
Energy, Minerals and Natural Resources Department  
OIL CONSERVATION DIVISION  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Form C-107A  
New 3-12-96

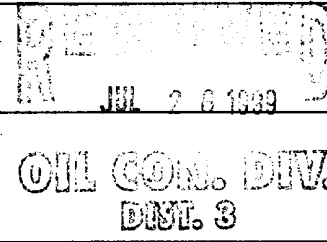
APPROVAL PROCESS:  
☒ Administrative ☐ Hearing

EXISTING WELLBORE  
☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Greystone Energy, Inc. 5802 Hwy 64 Farmington NM 87401

Operator Address  
Champlin 7 H A-25-27N-4W Rio Arriba  
Lease Well No. Unit Ltr. - Sec - Twp - Rge County  
Spacing Unit Lease Type: (Check 1 or more)  
OGRID NO. 173252 Property Code 24023 API NO. 30-039-06915 Federa X State (and/or) Fee

| The following facts are submitted in support of downhole commingling:                                                                                                                              | Upper Zone                                           | Intermediate Zone                                                                            | Lower Zone                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------|
| 1. Pool Name and Pool Code                                                                                                                                                                         | Tapacito (Picture Cliffs) '85920                     |                                                                                              | Blanco (Mesaverde) '72319                 |
| 2. Top and Bottom of Pay Section (Perforations)                                                                                                                                                    | 4022'-4092'                                          |                                                                                              | 6156'-6294'                               |
| 3. Type of production (Oil or Gas)                                                                                                                                                                 | Gas                                                  |                                                                                              | Gas                                       |
| 4. Method of Production (Flowing or Artificial Lift)                                                                                                                                               | Flowing                                              |                                                                                              | Flowing                                   |
| 5. Bottomhole Pressure<br>Oil Zones - Artificial Lift:<br>Estimated Current<br>Gas & Oil - Flowing:<br>Measured Current<br>All Gas Zones:<br>Estimated Or Measured Original                        | a. (Current)<br>375 psi<br>b. (Original)<br>1350 psi | a. <br>b. | a. 410 psi<br>b. 1390 psi                 |
| 6. Oil Gravity ( API) or Gas BTU Content                                                                                                                                                           | 1.210                                                |                                                                                              | 1.202                                     |
| 7. Producing or Shut-in?                                                                                                                                                                           | Producing                                            |                                                                                              | Producing                                 |
| Production Marginal? (yes or no)                                                                                                                                                                   | yes                                                  |                                                                                              | yes                                       |
| * If Shut-In give date and oil/gas/water rates or last production<br>Note: For new zones with no production history applicant shall be required to attach production estimates and supporting data | Date:<br>Rates:                                      | Date:<br>Rates:                                                                              | Date:<br>Rates:                           |
| * If Producing, give date and oil/gas/water rates of recent test (Within 60 days)                                                                                                                  | Date: 6/30/99<br>Rates: 65 mcf/d 0 bopd              | Date:<br>Rates:                                                                              | Date: 6/30/99<br>Rates: 65 mcf/d 0.2 bopd |
| 8. Fixed Percentage Allocation<br>Formula - % for each zone                                                                                                                                        | Oil: 0 % Gas: 50.5 %                                 | Oil: % Gas: %                                                                                | Oil: 100 % Gas: 49.5 %                    |

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No  
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No  
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No
11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross flowed production be recovered, and will the allocation formula be reliable? ☒ Yes ☐ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No
13. Will the value of production be decreased by commingling? ☒ Yes ☐ No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No
15. NMOCD Reference Cases for Rule 303(D) exceptions: ORDER NO(S). \_\_\_\_\_
16. ATTACHMENTS:
- \* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
  - \* Production curve for each zone for at least one year. (If not available, attach explanation.)
  - \* For zones with no production history, estimated production rates and supporting data.
  - \* Data to support allocation method or formula.
  - \* Notification list of all offset operators.
  - \* Notification list of working, overriding, and royalty interests for uncommon interest cases.
  - \* Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Brian D. Voigt TITLE VP DATE 7/26/99  
TYPE OR PRINT NAME Brian D. Voigt TELEPHONE NO. (505) 632-8056

Date 5-22-63

Section A.

Operator CONSOLIDATED OIL AND GAS, INC. Lease CHAMPLIN  
 Well No. 7-25 Unit Letter H Section 25 Township 27 NORTH Range 4 WEST NMPM  
 Located 1650 Feet From the NORTH Line, 990 Feet From the EAST Line  
 County RIO ARriba G. L. Elevation 7208.8 Dedicated Acreage 160 Acres  
 Name of Producing Formation PICTURED CLIFFS Pool TAPICITO

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?

Yes X No \_\_\_\_\_

2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes \_\_\_\_\_ No \_\_\_\_\_. If answer is "yes", Type of Consolidation.

3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

Land Description

RECEIVED  
JUN 10 1963

Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Consolidated Oil & Gas, Inc.

(Operator)

Wayne Rogers  
(Representative)

General Production Superintendent

(Address)

Writer Building

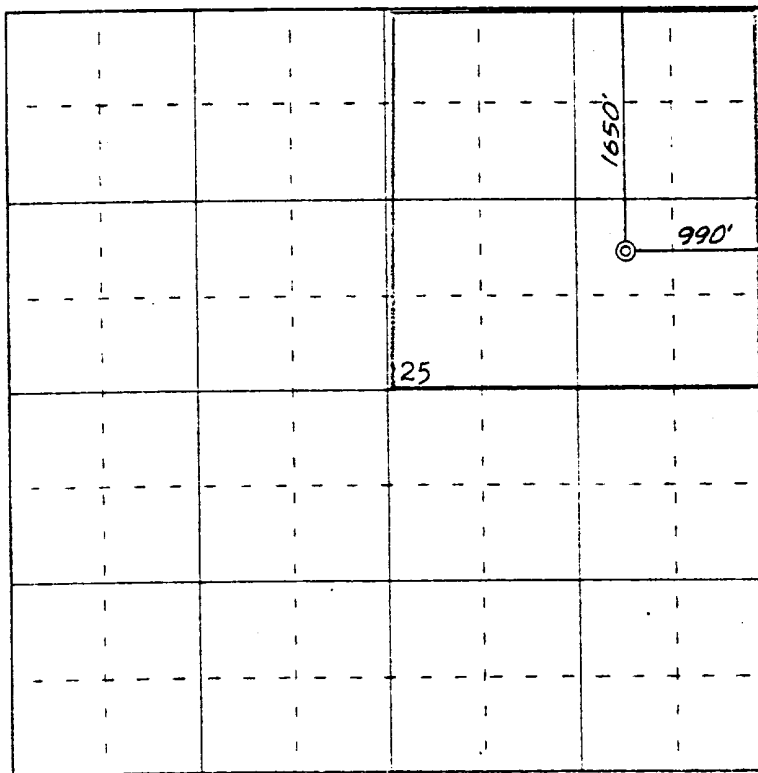
4150 E. Mexico Avenue

Denver 22, Colorado

Ref: GLO plat dated 8 Feb. 1884

Note: All distances must be from outer boundaries of section

U. S. GEOLOGICAL SURVEY  
FARMINGTON, NEW MEXICO



Scale 4 inches equal 1 mile

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 28 September 1962

James P. Leese  
Registered Professional Engineer and/or Land Surveyor  
James P. Leese, N. Mex. Reg. No. 1463  
San Juan Engineering Company

(Seal)

Farmington, New Mexico

Well Location and Acreage Dedication Form

Section A.

Date 5-22-63

Operator CONSOLIDATED OIL AND GAS, INC. Lease CHAMPLIN  
 Well No. 7-25 Unit Letter H Section 25 Township 27 NORTH Range 4 WEST NMPM  
 Located 1650 Feet From the NORTH Line, 990 Feet From the EAST Line  
 County RIO ARriba G. L. Elevation 7208.8 Dedicated Acreage 320 Acres  
 Name of Producing Formation MESAVERDE Pool BLANCO

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?

Yes X No \_\_\_\_\_

2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes \_\_\_\_\_ No \_\_\_\_\_. If answer is "yes", Type of Consolidation.

3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

Land Description

**RECEIVED**

**JUN 10 1963**

U. S. GEOLOGICAL SURVEY  
 FARMINGTON, NEW MEXICO

Section B.

Note: All distances must be from outer boundaries of section.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Consolidated Oil & Gas, Inc.

(Operator)

*W. Lynn Rogers*  
 (Representative)

General Production Superintendent

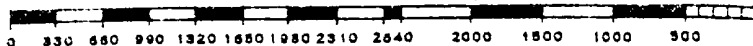
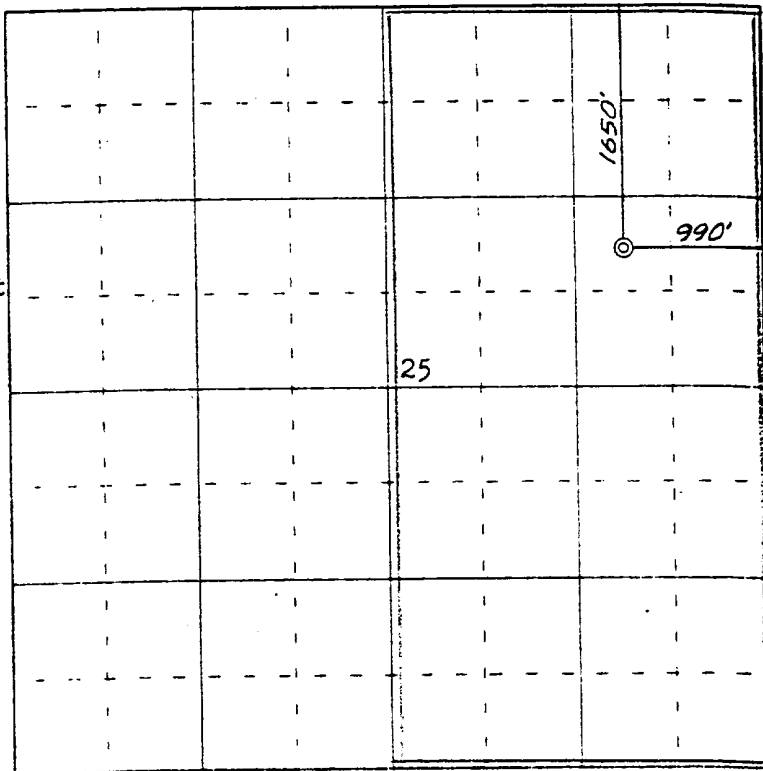
(Address)

Writer Building

4150 E. Mexico Avenue

Denver 22, Colorado

Ref: GLO plat dated 8 Feb. 1884



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Date Surveyed 28 September 1962

*James P. Leese*  
 Registered Professional Engineer and/or Land Surveyor  
 James P. Leese, N. Mex. Reg. No. 1483  
 San Juan Engineering Company

(Seal)

Farmington, New Mexico

## Champlin 7 MV / PC

### Fixed Percentage Allocation Formula

|                           | Oil<br>(Barrels) | %    | Gas<br>(MCF) | %     |
|---------------------------|------------------|------|--------------|-------|
| Mesaverde Formation       | 3,301            | 100% | 1,093,642    | 49.5% |
| Pictured Cliffs Formation | -                | 0%   | 1,114,846    | 50.5% |
|                           | 3,301            | 100% | 2,208,488    | 100%  |

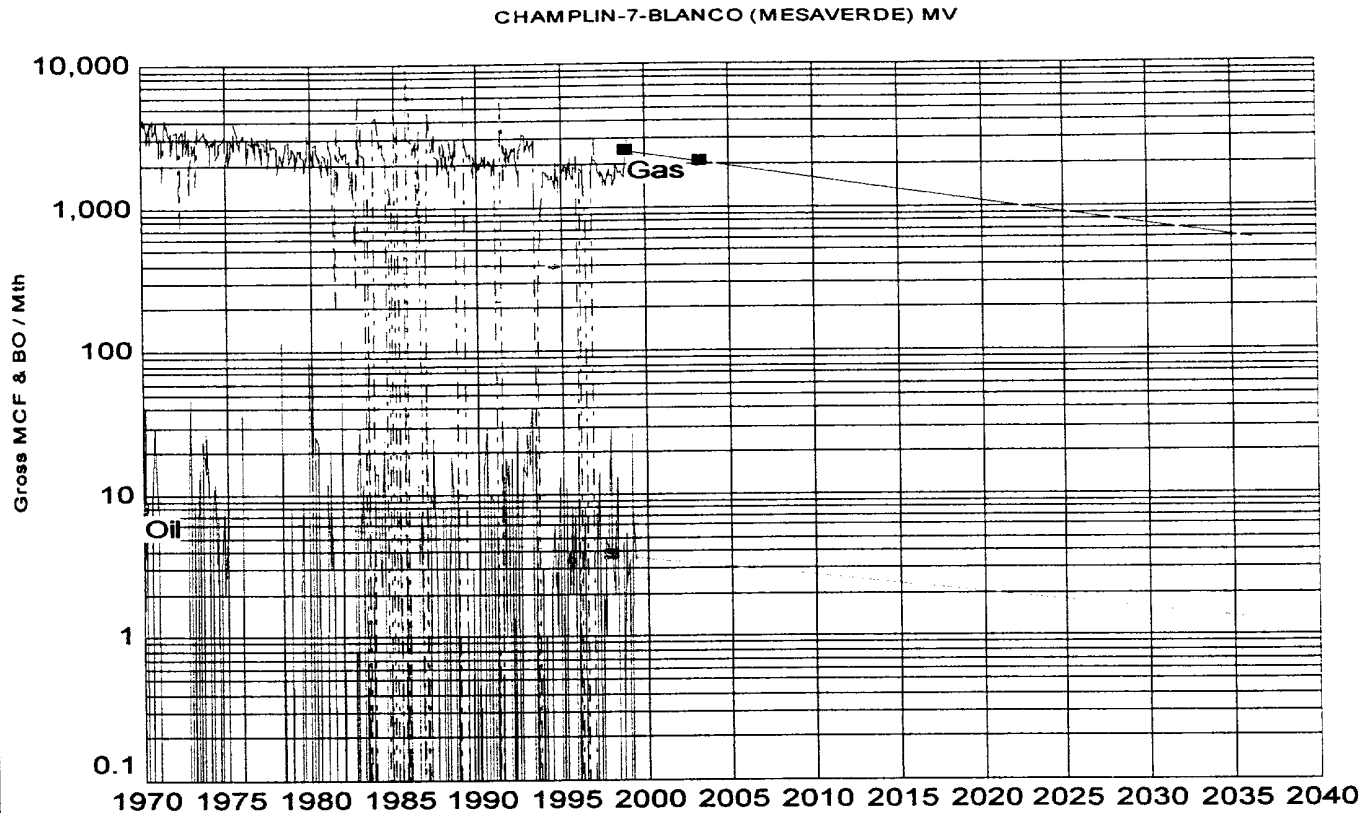
Based on production through Jan - 1999

# Last Twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PTools30\PROJECTS\Reserves\New Case\Reversion\PDp.mdb

Lease Name: CHAMPLIN (7)  
County, ST: RIO ARRIBA, NM  
Location: 27N-4W-25

Field Name: BLANCO (MESAVERDE) MV  
Operator: CHATEAU OIL & GAS INC



| Date     | Well Count | Oil (bbl) | Gas (mcf) | Water (bbl) | Injection (bbl) |
|----------|------------|-----------|-----------|-------------|-----------------|
| Previous |            | 3,247     | 1,068,540 | 530         | 0               |
| 04/1998  | 1          | 0         | 1,788     | 0           | 0               |
| 05/1998  | 1          | 0         | 1,745     | 0           | 0               |
| 06/1998  | 1          | 0         | 1,764     | 0           | 0               |
| 07/1998  | 1          | 5         | 1,755     | 0           | 0               |
| 08/1998  | 1          | 0         | 1,737     | 0           | 0               |
| 09/1998  | 1          | 5         | 1,616     | 0           | 0               |
| 10/1998  | 1          | 2         | 1,705     | 0           | 2,067           |
| 11/1998  | 1          | 4         | 2,879     | 0           | 2,539           |
| 12/1998  | 1          | 0         | 2,626     | 0           | 2,048           |
| 01/1999  | 1          | 27        | 2,443     | 0           | 1,958           |
| 02/1999  | 1          | 8         | 2,766     | 0           | 0               |
| 03/1999  | 1          | 3         | 2,278     | 0           | 0               |
| Total:   |            | 3,301     | 1,093,642 | 530         | 8,612           |

# Last Twelve Months Historic Production Report

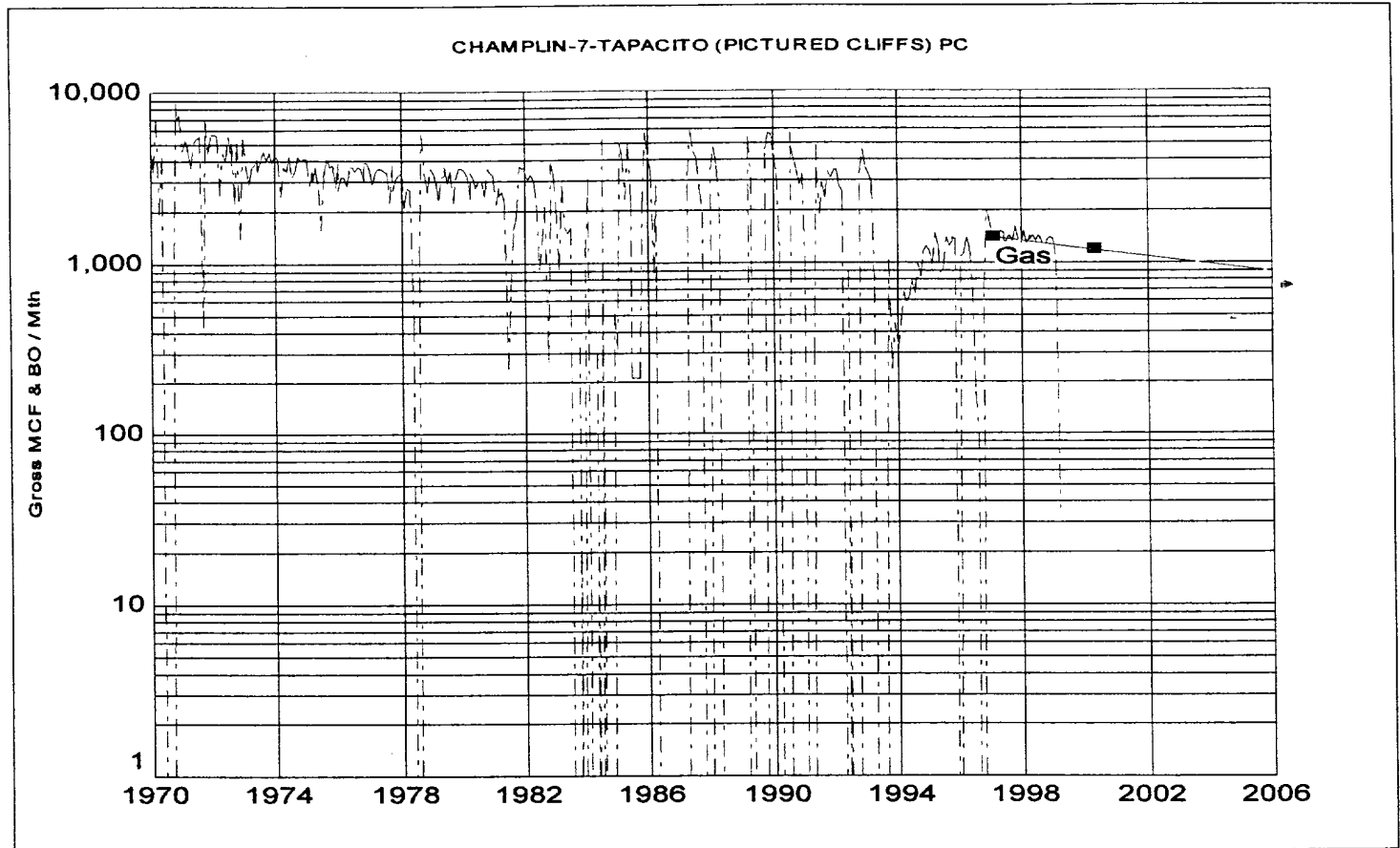
Project: C:\Program Files\IHS Energy\PTools30\PROJECTS\Reserves\New Case\Reversion\Pdp.mdb

Lease Name:  
County, ST:  
Location:

CHAMPLIN (7)  
RIO ARRIBA, NM  
27N-4W-25

Field Name:  
Operator:

TAPACITO (PICTURED CLIFFS) PC  
CHATEAU OIL & GAS INC



| Date     | Well Count | Oil (bbl) | Gas (mcf) | Water (bbl) | Injection (bbl) |
|----------|------------|-----------|-----------|-------------|-----------------|
| Previous |            | 0         | 1,100,153 | 0           | 0               |
| 03/1998  | 1          | 0         | 1,456     | 0           | 0               |
| 04/1998  | 1          | 0         | 1,375     | 0           | 0               |
| 05/1998  | 1          | 0         | 1,454     | 0           | 0               |
| 06/1998  | 1          | 0         | 1,314     | 0           | 0               |
| 07/1998  | 1          | 0         | 1,439     | 0           | 0               |
| 08/1998  | 1          | 0         | 1,347     | 0           | 0               |
| 09/1998  | 1          | 0         | 1,155     | 0           | 0               |
| 10/1998  | 1          | 0         | 1,343     | 0           | 1,383           |
| 11/1998  | 1          | 0         | 1,402     | 0           | 1,107           |
| 12/1998  | 1          | 0         | 1,358     | 0           | 1,227           |
| 01/1999  | 1          | 0         | 1,015     | 0           | 763             |
| 02/1999  | 1          | 0         | 35        | 0           | 0               |
| Total:   |            | 0         | 1,114,846 | 0           | 4,480           |

## Offset Operator List

Champlin 7 MV / PC  
H-25-27N-4W

| Operator                                                       | Reservoir       | Township | Range | Section |
|----------------------------------------------------------------|-----------------|----------|-------|---------|
| BURLINGTON RES O&G CO<br>P.O. Box 4289<br>Farmington, NM 87499 | MESAVERDE       | 27 N     | 3 W   | 19      |
|                                                                | PICTURED CLIFFS | 27 N     | 4 W   | 23      |
|                                                                |                 | 27 N     | 4 W   | 26      |
|                                                                |                 | 27 N     | 4 W   | 36      |

|                 |      |     |    |
|-----------------|------|-----|----|
| PICTURED CLIFFS | 27 N | 4 W | 24 |
|-----------------|------|-----|----|

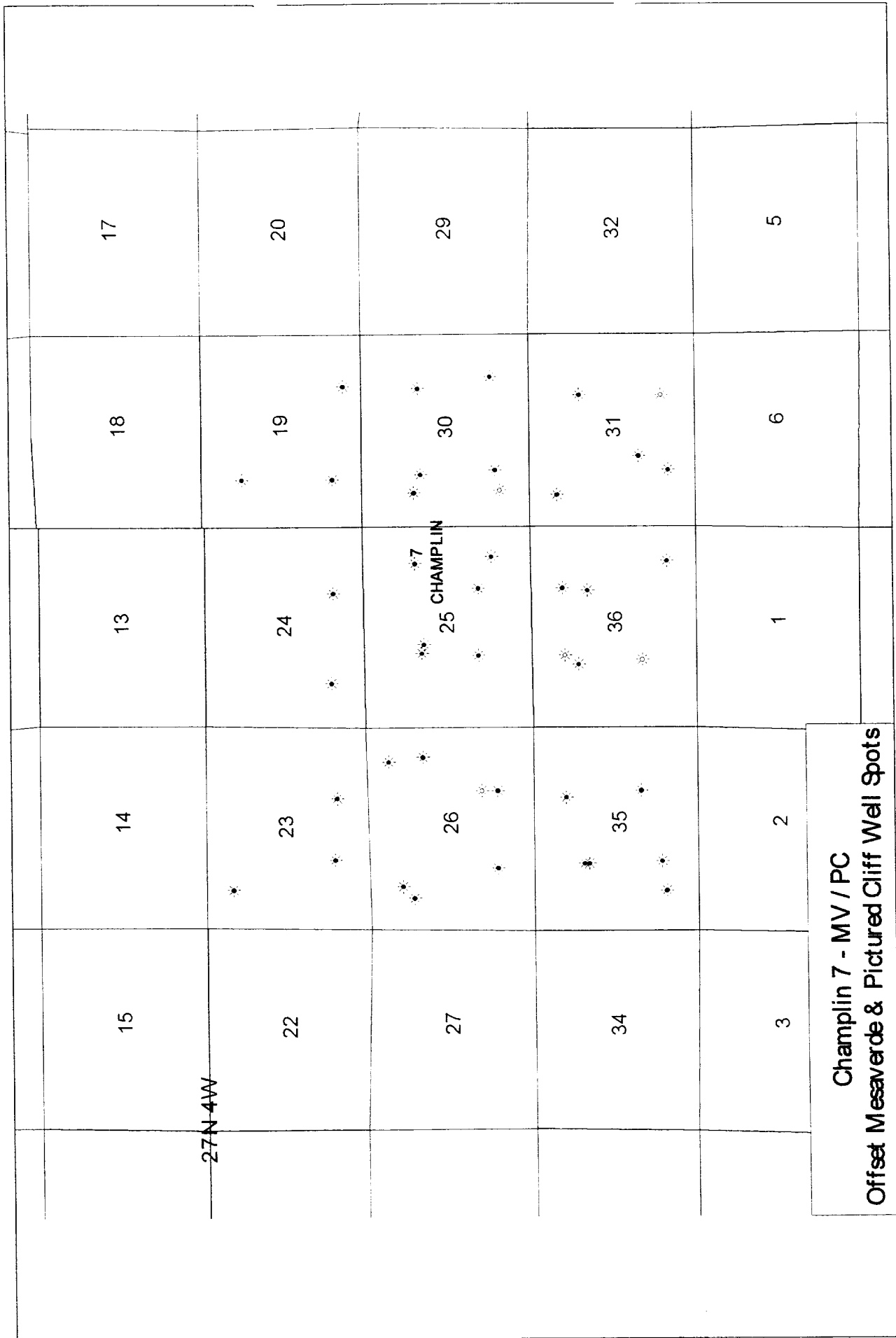
|                                                                        |                 |      |     |    |
|------------------------------------------------------------------------|-----------------|------|-----|----|
| Greystone Energy, Inc.<br>1801 Broadway, Suite 630<br>Denver, CO 80202 | MESAVERDE       | 27 N | 4 W | 25 |
|                                                                        | PICTURED CLIFFS | 27 N | 4 W | 35 |

|                                                              |                 |      |     |    |
|--------------------------------------------------------------|-----------------|------|-----|----|
| WILLIAMS PRODUCTION CO<br>PO Box 215<br>Bloomfield, NM 87413 | MESAVERDE       | 27 N | 3 W | 30 |
|                                                              | PICTURED CLIFFS | 27 N | 3 W | 31 |

# PowerTools Map

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Date: 7/22/1999  
Time: 6:18 PM



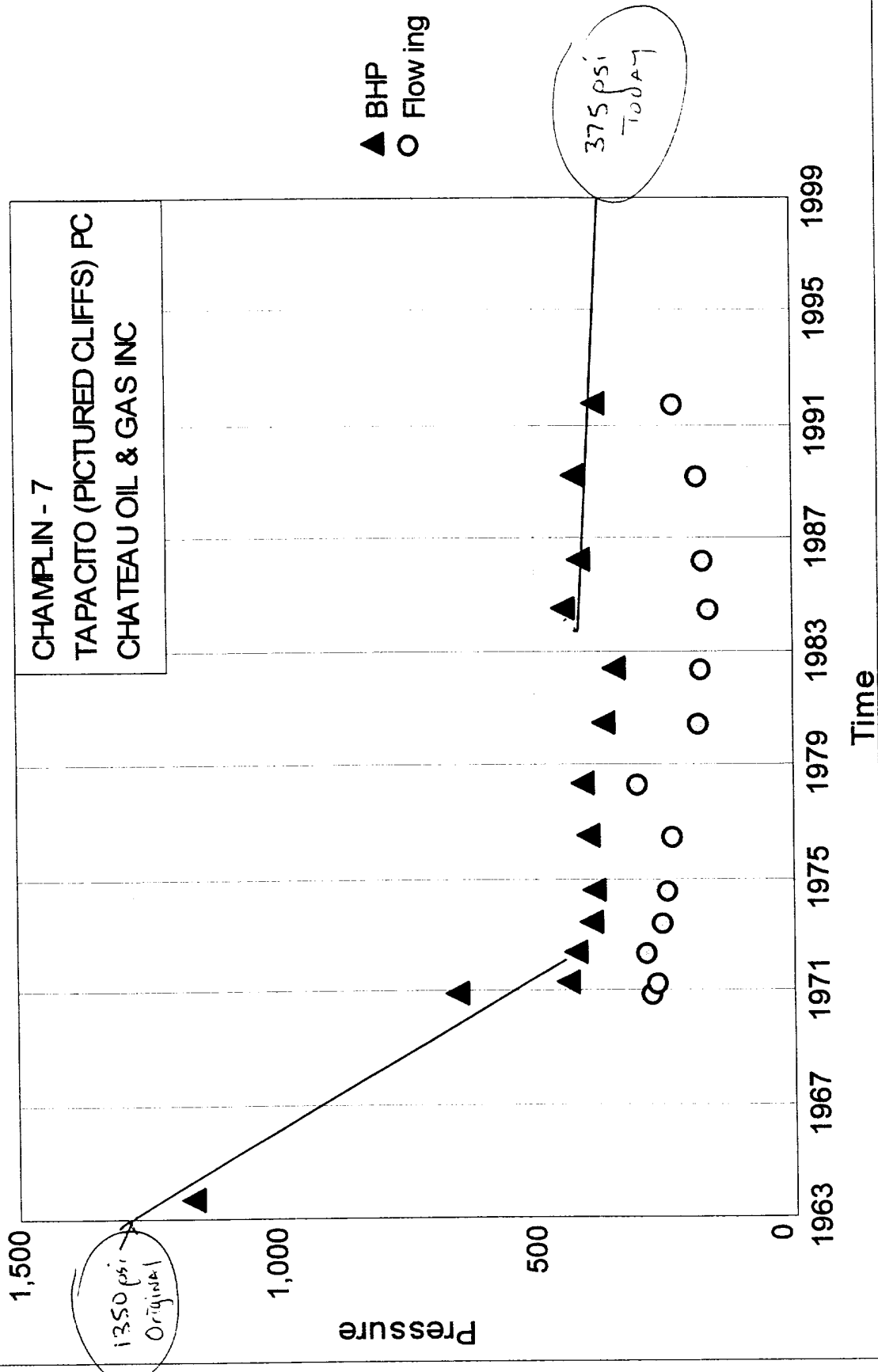
# Pressure/Time Graph

Date: 7/21/1999  
Time: 3:43 PM

t: C:\Program Files\IHS Energy\PTTools30\PROJECTS\Reserves\New Case\Reversion\PDp.mdb

Lease Name: CHAMPLIN (7)  
County, ST: RIO ARRIBA, NM  
Location: 27N-4W-25

Field Name: TAPACITO (PICTURED CLIFFS) PC  
Operator: CHATEAU OIL & GAS INC



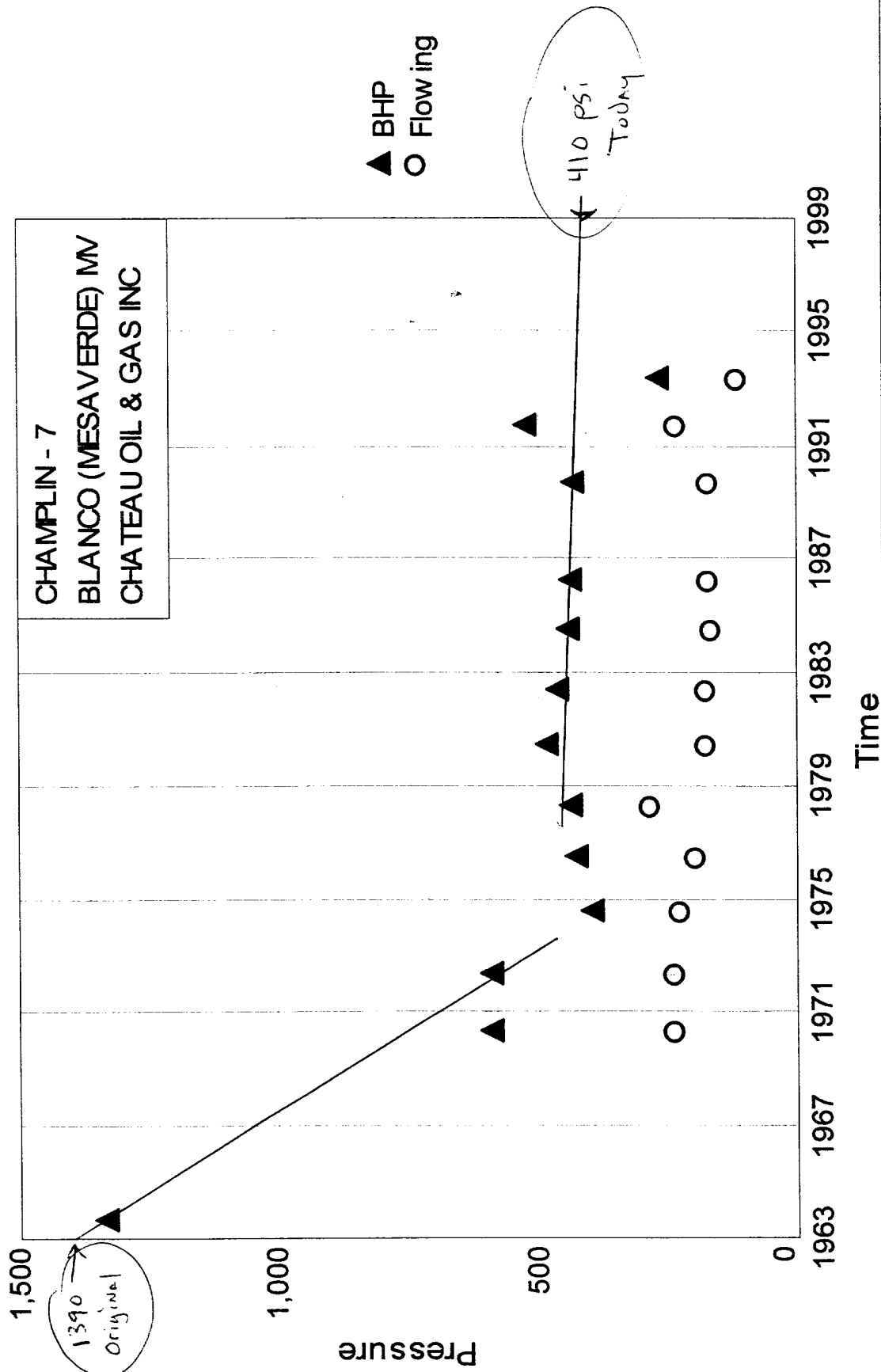
# Pressure/Time Graph

Lease Name: CHAMPLIN (7)  
County, ST: RIO ARRIBA, NM  
Location: 27N-4W-25

Field Name: BLANCO (MESAVERDE) MV  
Operator: CHATEAU OIL & GAS INC

Date: 7/21/1999  
Time: 3:41 PM

Field Name: BLANCO (MESAVERDE) MV  
Operator: CHATEAU OIL & GAS INC



## Champlin 7 - Mesa Verde

### MINERALS MANAGEMENT SERVICE

PO BOX 5810

DENVER CO 80217-5810

### UNION PACIFIC RESOURCES

POBOX 843169

DALLAS TX 75284-3169

### LMA ROYALTIES LTD

PO BOX 1778

COLORADO SPRINGS CO 80901-1778

### HAROLD W SMITH JR

PO BOX 1527

SUN VALLEY ID 83353

### ROBBY E BAKER

C/O ALVIN D. BAKER JR

PO BOX 12992

EL PASO TX 79913-0992

### PATRICIA PENROSE SCHIEFFER

C/O THOMAS SCHIEFFER

1000 BALLPARK WAY, SUITE 300

ARLINGTON TX 76011

### MARY F ROBERTS

C/O MR. D. KEITH ROBERTS

PO BOX 15940

SANTA FE NM 87506

### LESLIE C TATUM

PO BOX 7392

NORTH KANSAS CITY MO 64116

### SHARON GILBERT

922 LINCOLN BLVD #2

SANTA MONICA CA 90403

### KEVIN R MCCAULEY

7259 MINUET WAY

CITRUS HEIGHTS CA 95621

## Champlin 7 - Mesa Verde

CRAIG MCCAULEY

1130 G STREET

SPARKS NV 89431

KIRK P MCCAULEY

PO BOX 2498

GRASS VALLEY CA 95945

JOHN H THOMPSON JR

78698 CASCADIA DRIVE

BERMUDA DUNES CA 92201

FINCHER OIL INVESTMENTS, INC

107 ST FRANCIS ST, #1502

MOBILE AL 36602

J & R PROPERTIES, LLC

1 COLORADO BLVD

DENVER CO 80206

SALLY ROYCE

ADDRESS UNKNOWN

## Champlin 7 - Pictured Cliffs

### MINERALS MANAGEMENT SERVICE

PO BOX 5810

DENVER CO 80217-5810

### UNION PACIFIC RESOURCES

POBOX 843169

DALLAS TX 75284-3169

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## Champlin 7 - Pictured Cliffs

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DENVER CO 80206

SALLY ROYCE

ADDRESS UNKNOWN