

~~1801 Broadway, Suite 630 • Denver, CO 80202~~

~~Bus: 303-296-6762 • Fax: 303-296-6971~~

Greystone Energy, Inc. has recently re-located its office to:  
9155 East Nichols Avenue, Suite 350  
Englewood, CO 80112  
New Voice: 303-925-0542  
New Fax: 303-925-0543

August 27<sup>th</sup>, 1999

Ms. Lori Wrotenberry  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

RE: Administrative Approval for Unorthodox Location  
Greystone Energy, Inc.  
True Grit # 1 Fruitland Coal (Formerly the Payne 4 - Fruitland Sand / Pictured Cliff)  
910' FSL, 880' FEL, Sec.35, T31N, R13W, N.M.P.M.  
San Juan County, New Mexico

Dear Ms. Wrotenberry:

Greystone Energy, Inc. requests administrative approval of an unorthodox location pursuant to Rule 104 . F (2). Standard spacing for the Basin Fruitland Coal states that the first well in a section must be located in either the NE/4 or the SW/4. The existing well bore, which Greystone plans on utilizing, is in the SE/4.

To comply with the New Mexico Oil Conservation Rules, Greystone Energy, Inc. is submitting the following data for support:

1. Original wellbore Form C-102 – showing exact well position for recompletion
2. Location Plat showing Offset lease hold and well spot
3. Offset operator / lease holder notification list

In accordance to New Mexico Oil Conservation Division Rule 104. F (3), all offset operators / leaseholders have been notified of this application by certified mail. As an offset operator / leaseholder, if you have an objection to this application you must file your objection in writing with the Division within 20 days from the date that the Division receives this application.

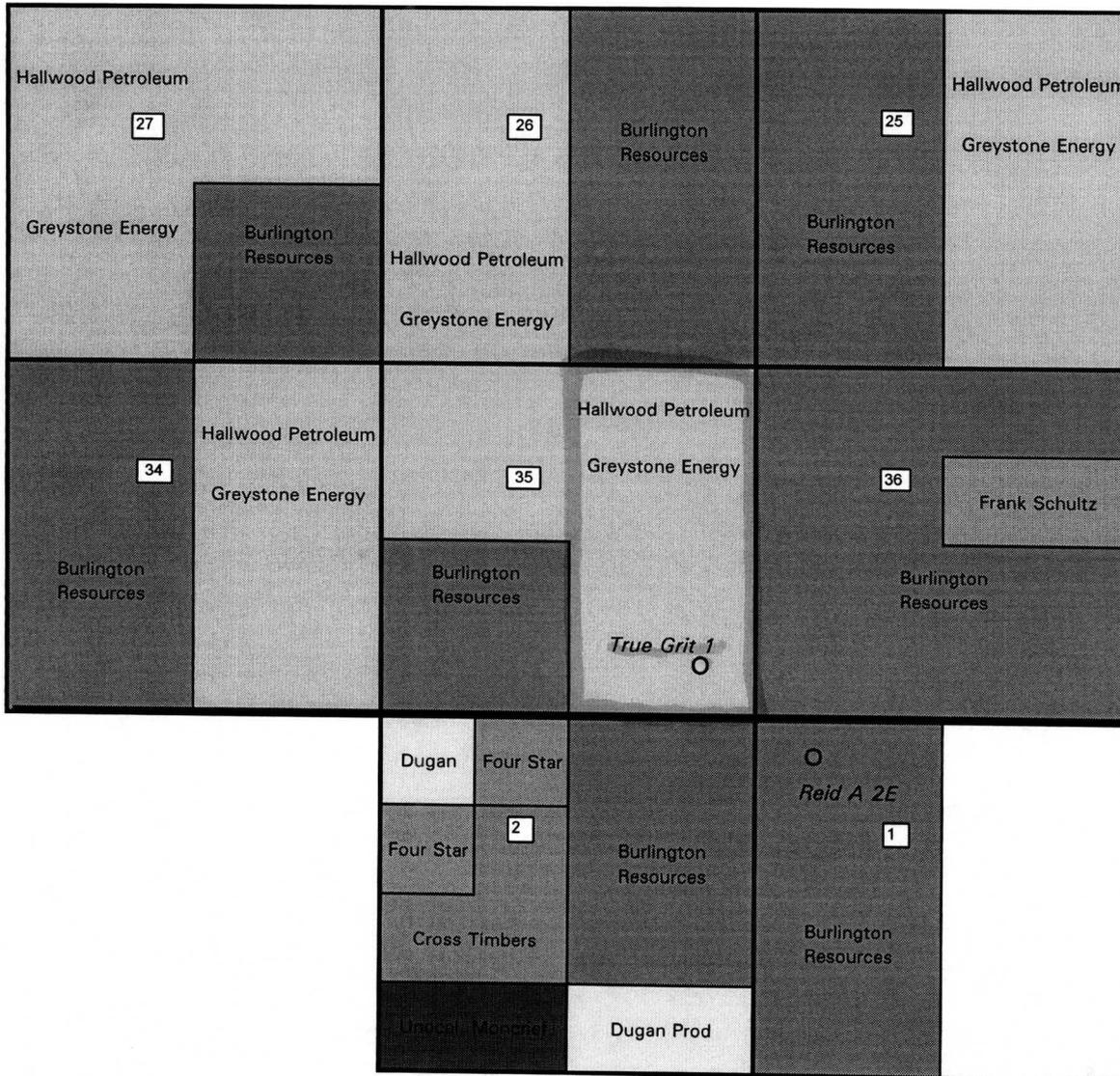
If additional information is needed, please contact me at (303) 925-0542 Ext. 223.

Sincerely,

Brian D. Voigt  
Vice President

CC: NMOCD-Aztec, BLM – Farmington, Offset Operators / Lease Holders

# True Grit #1 - Offset Operators and Owners



31 N. - 13 W.

30 N. - 13 W.

Offset Operator / Leaseholder List

True Grit #1 Fruitland Coal  
 35P-31N-13W  
 (Formerly the Payne 4 PC/ Frt. Snd)

Operator	Reservoir	Township	Range	Section
DUGAN PRODUCTION CORP P.O. Box 420 Farmington, NM 87499-0420	Fruitland Coal	30 N	13 W	2 NW/4 of NW/4
				2 S/2 OR SE/4

BURLINGTON RES O&G CO P.O. Box 4289 Farmington, NM 87499	Fruitland Coal	31 N	13 W	25 W/2
				26 E/2
				27 SE/4
				34 W/2
				35 SW/4
				36 All excluding S/2 of SE/4
				30 N
2 E/2 Excluding S/2 of NE/4				

Greystone Energy, Inc. 9155 East Nichols Ave, #350 Englewood, Colorado 80112	Fruitland Coal	31 N	13 W	25 E/2
				26 W/2
				27 All excluding SE/4
				34 E/2
				35 All excluding SW/4

HALLWOOD PETROLEUM INC. 4610 SOUTH ULSTER STREET, SUITE 200 DENVER, CO 80237	Fruitland Coal	31 N	13 W	25 E/2
				26 W/2
				27 All excluding SE/4
				34 E/2
				35 All excluding SW/4

Four Star Oil & Gas Co. P.O. Box 2100 Denver, Colorado 80201	Fruitland Coal	30 N	13 W	2 NE/4 of NW/4
				SW/4 of NW/4

Cross Timbers Oil Co. 810 Houston St, #2000 Ft Worth, Texas 76102	Fruitland Coal	30 N	13 W	2 SE/4 of NW/4
				N/2 of SW/4

Unocal Corporation P. O. Box 4551 Sugarland, Texas 77210	Fruitland Coal	30 N	13 W	2 S/2 of SW/4
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W A Moncrief 9th & Commerce Ft Worth, Texas 76102	Fruitland Coal	30 N	13 W	2 S/2 of SW/4
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Frank A. Schultz 730 Fidelity Union Dallas, Texas 75221	Fruitland Coal	31 N	13 W	2 S/2 of NE/4
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All distances must be from the outer boundaries of the Section.

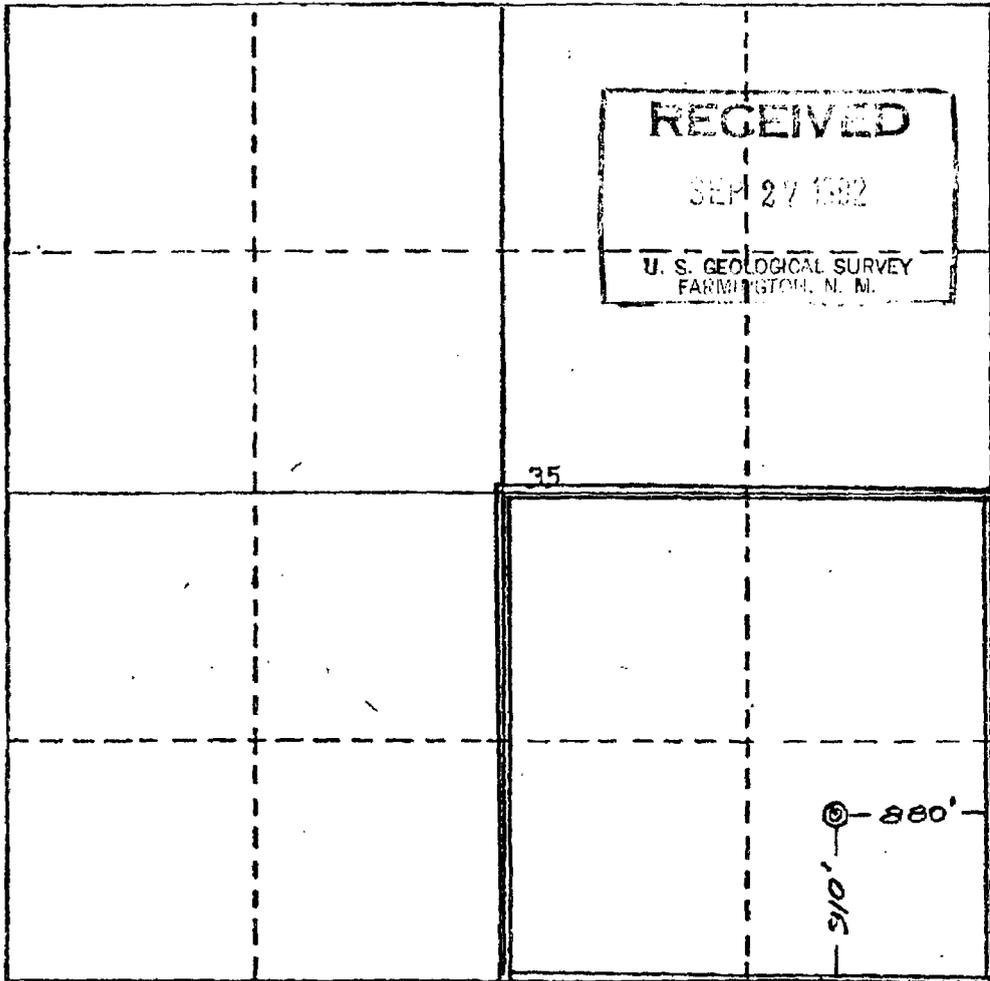
Operator <b>CONSOLIDATED OIL &amp; GAS, INC.</b>		Lease <b>PAYNE</b>			Well No. <b>4</b>
Unit Letter <b>P</b>	Section <b>35</b>	Township <b>31 NORTH</b>	Range <b>13 WEST</b>	County <b>SAN JUAN</b>	
Actual Footage/Location of Well: <b>910</b> feet from the <b>SOUTH</b> line and <b>880</b> feet from the <b>EAST</b> line					
Ground Level Elev. <b>5975</b>	Producing Formation <b>PICTURED CLIFF/FRUITLAND</b>		Pool <b>UNDESIGNATED</b>	Dedicated Acreage: <b>160</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation COMMUNITIZED

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division



**RECEIVED**  
SEP 27 1982  
U. S. GEOLOGICAL SURVEY  
FARMINGTON, N. M.

**CERTIFICATION**

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

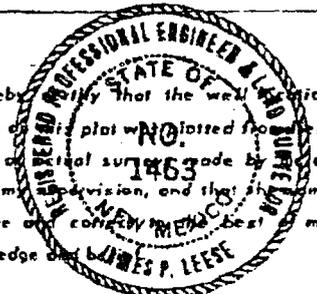
*[Signature]*  
Name **DALE RICHARDSON**

**DRILLING & PROD. SUP'T.**  
(Position)

**CONSOLIDATED OIL & GAS, INC.**  
Company

**September 14, 1982**  
Date

I hereby certify that the well location shown on this plat was plotted from field notes of a legal survey made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.



Date Surveyed  
**September 9, 1982**

Registered Professional Engineer  
and/or Land Surveyor  
*[Signature]*  
**James P. Leese**

Certificate No.  
**1463**