



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 1, 2000

Greystone Energy, Inc.
9155 E. Nichols Ave.
Suite 350
Englewood, Colorado 80112

Attention: Mr. Brian D. Voigt

Re: C-107-A
Starr No.1M
Unit N, Section 13, T-31N, R-13W
San Juan County, New Mexico

Dear Mr. Voigt:

Upon review of the above-described downhole commingling application, it was determined that the proposed allocation of production (based upon cumulative production), does not accurately reflect the current producing capability of the Mesaverde and Dakota formations in the well. Based upon production data from 7/98 to 6/99 for the Mesaverde and 11/98 to 10/99 for the Dakota, a more accurate allocation of production would be 71% of gas and 60% of oil to the Dakota, and 29% of gas and 40% of oil to the Mesaverde formation.

If you wish to pursue your proposed allocation, please provide additional data or reasons why this allocation should be adopted for the well.

I will take no further action on your application until I hear from you.

Sincerely,


David Catanach
Engineer

Xc: OCD-Aztec
BLM-Farmington