



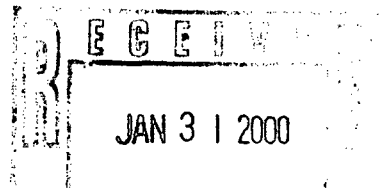
GREYSTONE ENERGY, INC.

9155 E. Nichols Ave., Suite 350 • Englewood, CO 80112

DHC

2/21/00

2639



OIL CONSERVATION DIVISION

BUS: 303-925-0542 • Fax: 303-925-0543

January 20th, 2000

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

RE: Administrative Approval to Downhole Commingle
Greystone Energy, Inc.
Rourke 1E GP / DK
1000' FNL, 1000' FWL, Sec. 4D, T30N, R13W, N.M.P.M.
San Juan County, New Mexico

Dear Ms. Wrotenberry:

Greystone Energy, Inc. requests to downhole commingle the Flora Vista Gallup and the Basin Dakota pools in the subject well. The well is currently producing as a Gallup / Dakota dual completion. The well does exhibit signs of liquid loading problems and it is felt that downhole commingling will eliminate excessive operational problems. It will allow the energy from both formations to assist in lifting liquids. The removal of liquid accumulation will increase overall gas production.

To comply with the New Mexico Oil Conservation Rules, Greystone Energy, Inc. is submitting the following data for your approval of the proposed commingling:

1. Form C-107A – Application for Downhole Commingling
2. Form C-102 – Location Plat showing each spacing unit and dedicated acreage
3. Production Curves for both the Gallup and Dakota
4. Working and Royalty Interest owner notification list
5. Bottom hole pressure data

If you need any additional information please contact me.

Sincerely,

Brian H. Ary, P.E.
Vice President

CC: NMOCD-Aztec, BLM – Farmington, Interest Holders

All distances must be from the outer boundaries of the tract.

CONSOLIDATED OIL & GAS, INC.			Lease		Well No.
			ROURKE		1 E
Tract	Section	Township	Range	County	
D	4	30 NORTH	13 WEST	SAN JUAN	
Outline Location of Well:					
1000 feet from the		NORTH line and	1000 feet from the		WEST line
Level Elev.	Producing Formation		Pool	Dedicated Acres	
1	Dakota		Basin Dakota	320	

Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

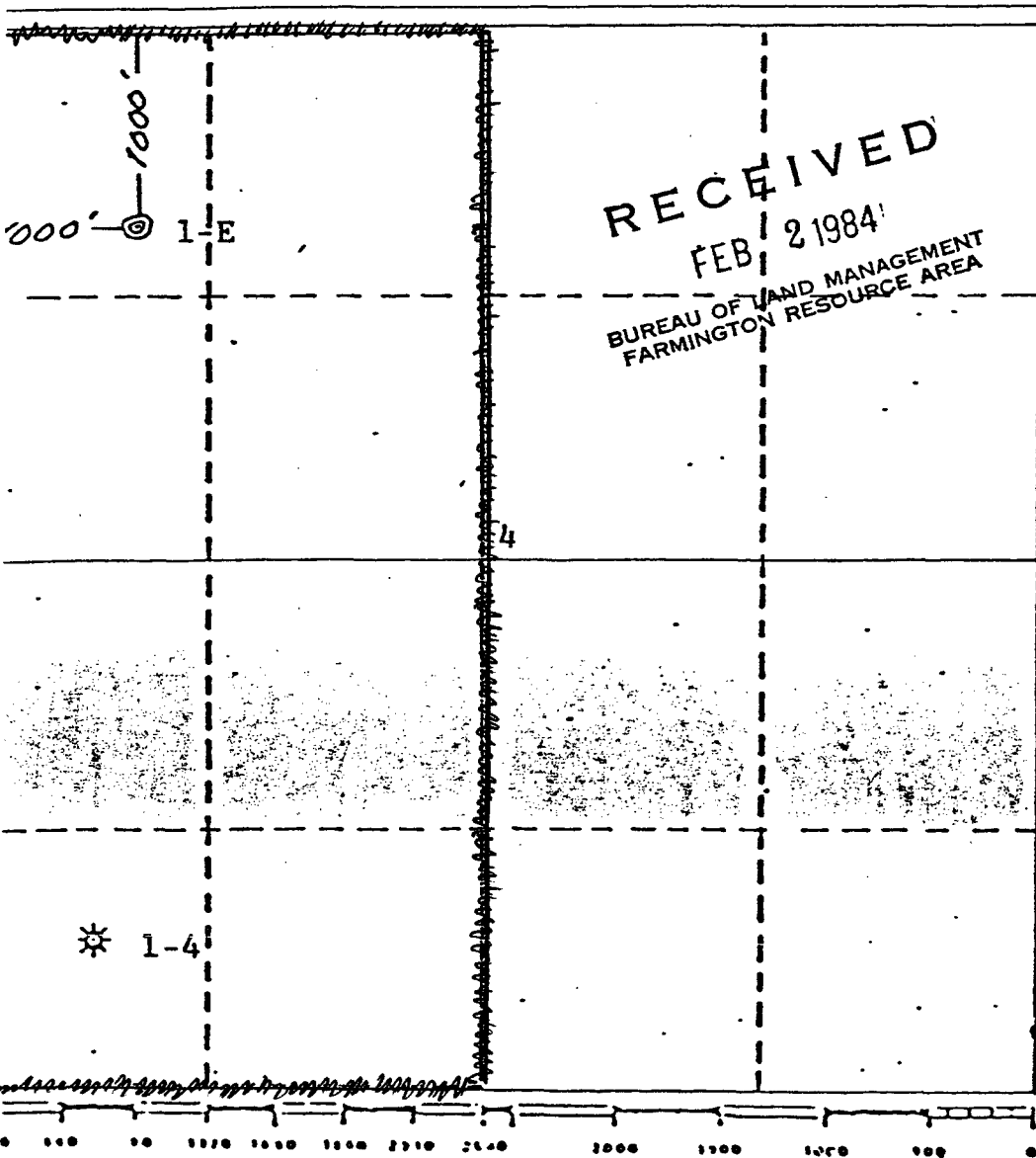
If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 _____

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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

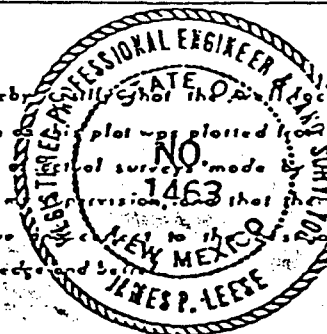
Merle J. Savage
Name
Merle J. Savage

Position
Sr. Production Engineer

Company
Consolidated Oil & Gas, Inc.

Date
April 8, 1980

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



Date Surveyed
February 28, 1980

Registered Professional Engineer
and/or Land Surveyor

James P. Leese
James P. Leese

Certificate No.

1463

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Greystone Energy, Inc.

5802 Highway 64, Farmington, NM 87401

Operator

Address

Rourke

1E

D - 4- 30N - 13W

San Juan

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 173252

Property Code 24073

API NO. 30-045-2589200

Federal ☒ 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	Flora Vista Gallup / 76640		Basin Dakota / 71599
2. Top and Bottom of Pay Section (Perforations)	5,208' - 5,488'		6,080' - 6,212'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 750 PSI b. (Original) 1037 psi	a. b.	a. 595 psi b. 1372 psi
6. Oil Gravity (EAPI) or Gas BTU Content	1211		1230
7. Producing or Shut-In?	SHUT-IN		PRODUCING
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 8/98 Rates: 0.21 BOPD / 5 MCFD	Date: Rates:	Date: Rates:
	Date: Rates:	Date: Rates:	Date: 12/99 Rates: 0.6 BOPD / 49 MCFD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 31% Gas: 18%	Oil: % Gas: %	Oil: 69% Gas: 82%

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

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 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 Ary TITLE Vice President DATE 1/28/00

TYPE OR PRINT NAME BRIAN ARY TELEPHONE NO. (505) 632 - 8056

ROURKE 1E GALLUP/DAKOTA

Fixed Percentage Allocation Formula

	<table><tr><th>Oil (Barrels)</th><th>%</th></tr><tr><td>1,181</td><td>31%</td></tr></table>	Oil (Barrels)	%	1,181	31%	<table><tr><th>Gas (MCF)</th><th>%</th></tr><tr><td>88,417</td><td>18%</td></tr></table>	Gas (MCF)	%	88,417	18%
Oil (Barrels)	%									
1,181	31%									
Gas (MCF)	%									
88,417	18%									
Gallup Formation										
Dakota Formation	2,643 69%	406,532 82%								
	3,824 100%	494,949 100%								

Based on production through November-99

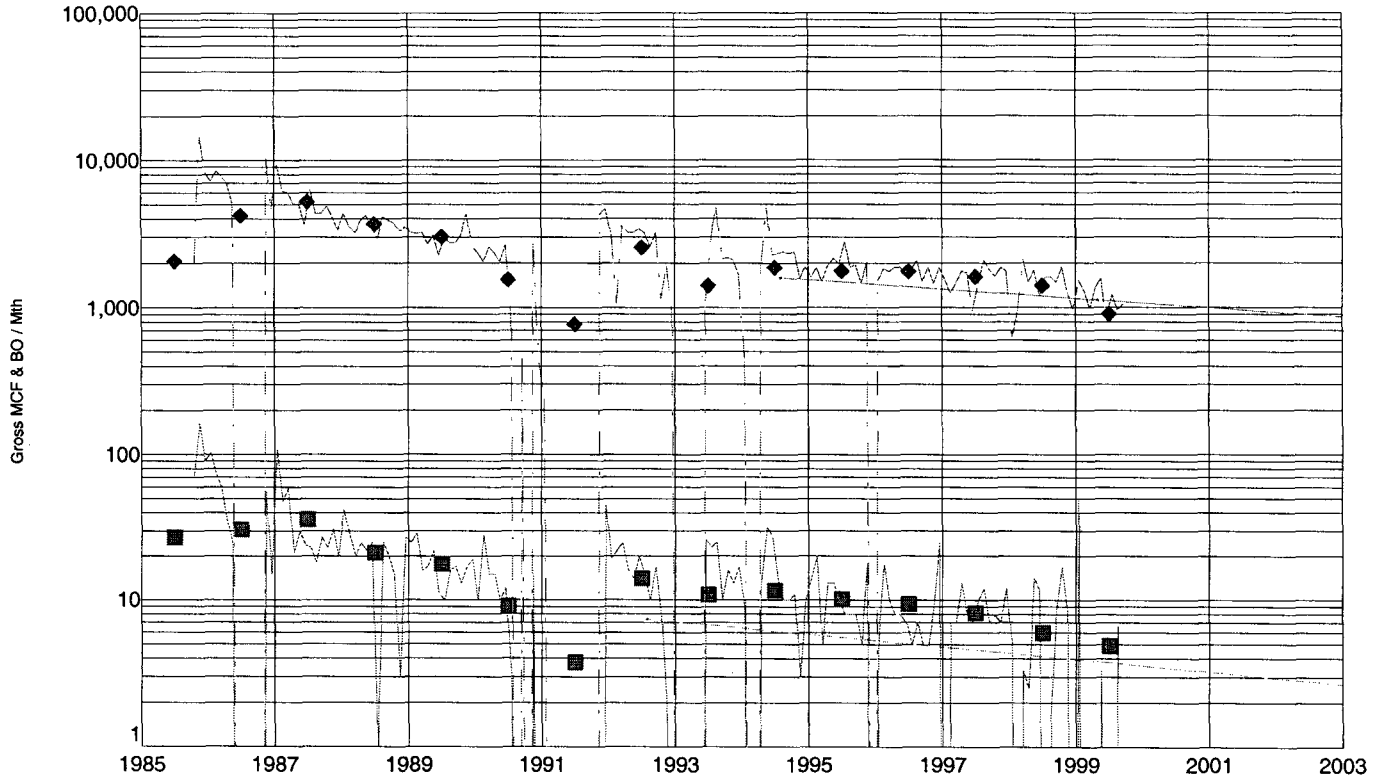
Last Twelve Months Historic Production Report

Project: C:\WINDOWS\Desktop\Greystone\GREYSTONE\Economic Runs Ptools\Janpdpbase.MDB

Lease Name: ROURKE (1E)
 County, ST: SAN JUAN, NM
 Location: 30N-13W-4

Field Name: BASIN (DAKOTA) DK
 Operator: GREYSTONE ENERGY INC

ROURKE-1E-BASIN (DAKOTA) DK



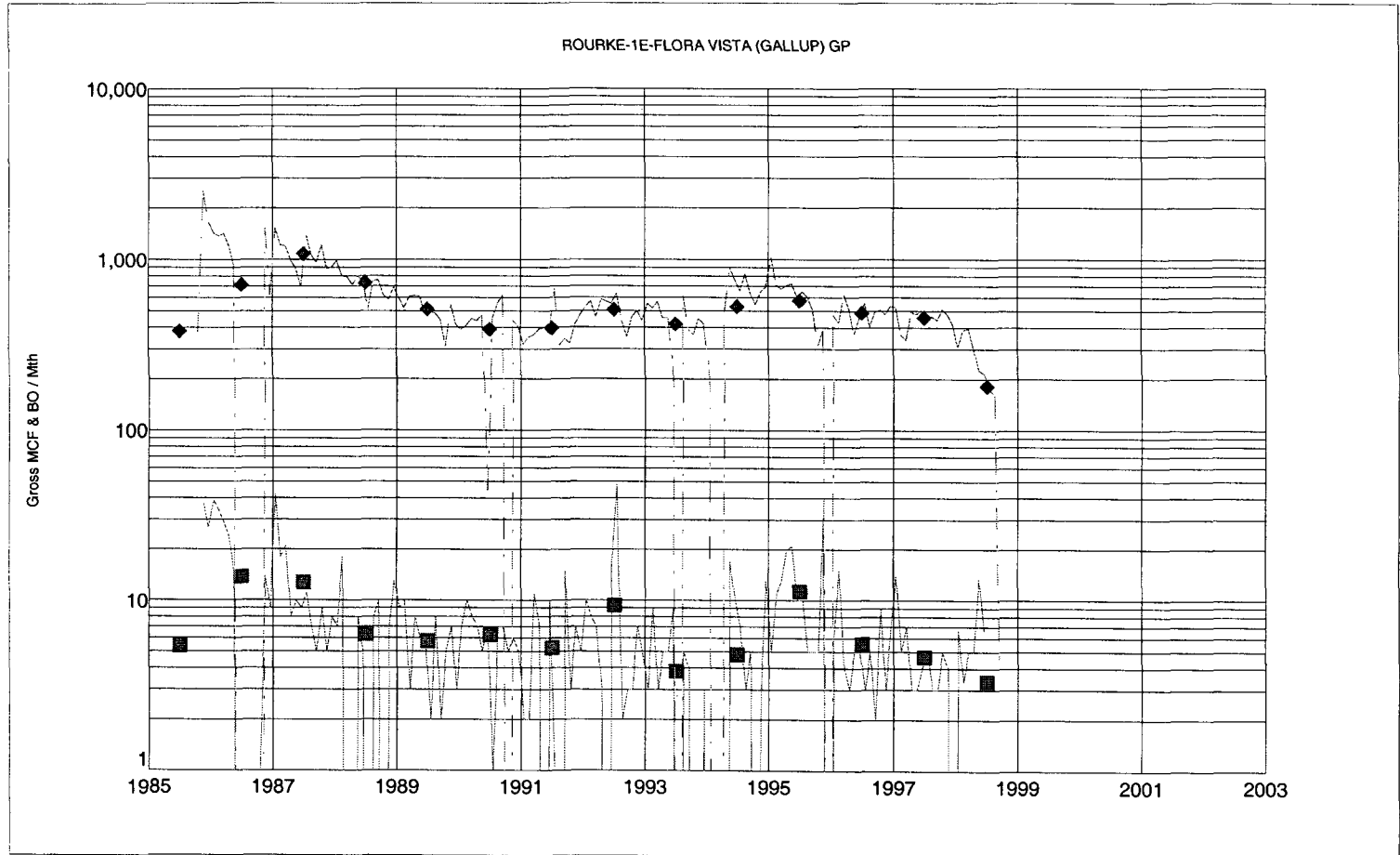
Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		2,559	391,542	1,284	0
10/1998	1	17	1,885	0	0
11/1998	1	8	1,274	0	0
12/1998	1	0	971	0	0
01/1999	1	49	1,529	0	0
02/1999	1	0	1,303	0	0
03/1999	1	0	987	0	0
04/1999	1	0	1,365	0	0
05/1999	1	3	1,588	0	0
06/1999	1	0	839	0	0
07/1999	1	0	1,230	0	0
08/1999	1	7	967	0	0
09/1999	1	0	1,052	0	0
Total:		2,643	406,532	1,284	0

Last Twelve Months Historic Production Report

Project: C:\WINDOWS\Desktop\Greystone\GREYSTONE\Economic Runs Ptools\Janpdpbase.MDB

Lease Name: ROURKE (1E)
 County, ST: SAN JUAN, NM
 Location: 30N-13W-4

Field Name: FLORA VISTA (GALLUP) GP
 Operator: GREYSTONE ENERGY INC



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		1,132	84,836	709	0
10/1997	1	5	512	6	0
11/1997	1	4	477	6	0
12/1997	1	0	417	5	0
01/1998	1	7	307	0	0
02/1998	1	3	386	0	0
03/1998	1	5	397	0	0
04/1998	1	5	304	0	0
05/1998	1	13	226	0	0
06/1998	1	7	215	0	0
07/1998	1	0	174	0	0
08/1998	1	0	162	0	0
09/1998	1	0	4	0	0
Total:		1,181	88,417	726	0

Pressure/Time Graph

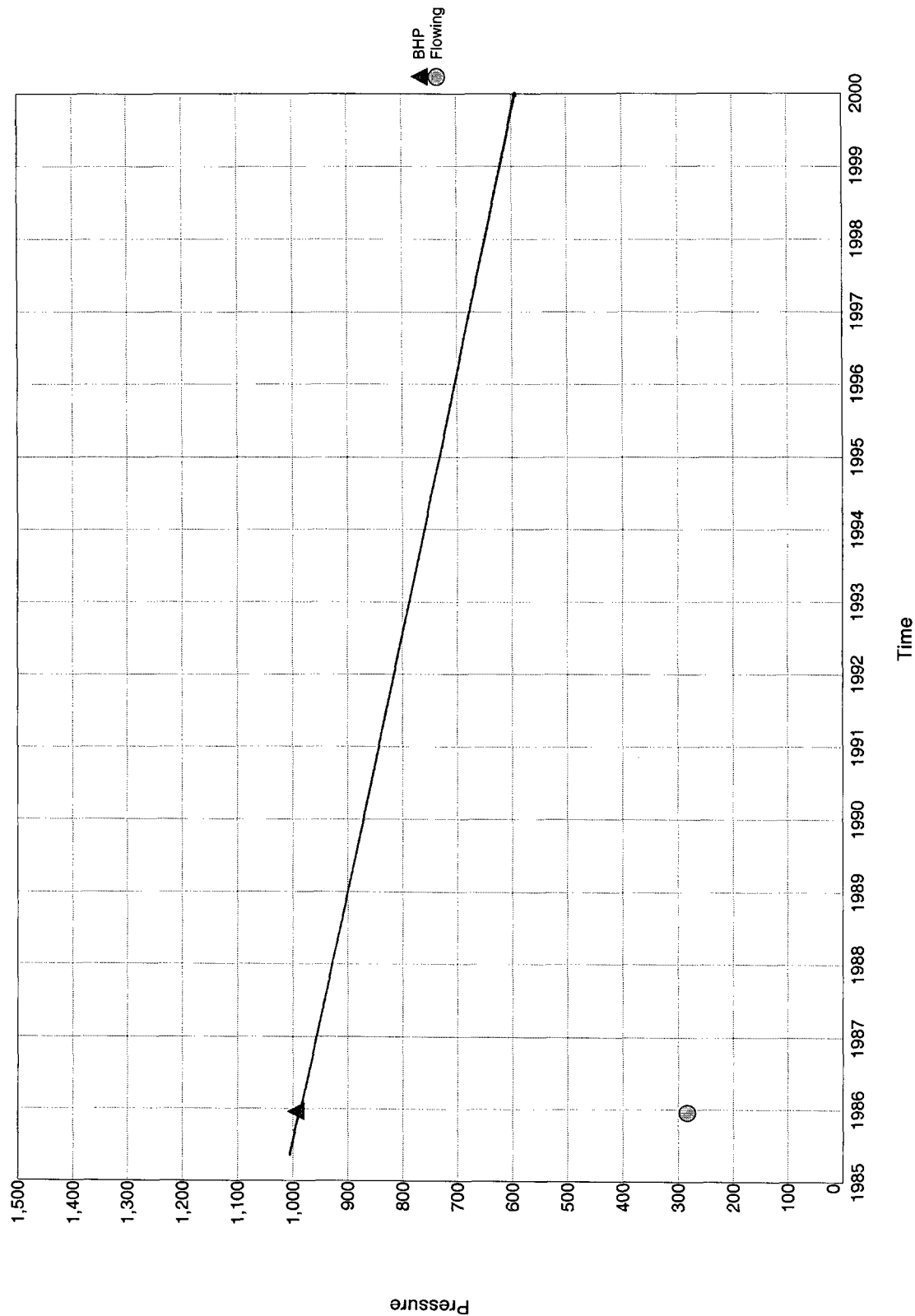
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Date: 8/28/1999
Time: 2:29 PM

Lease Name: ROURKE (1E)
County, ST: SAN JUAN, NM
Location: 30N-13W-4

Field Name: FLORA VISTA (GALLUP) GP
Operator: GREYSTONE ENERGY INC

Rourke 1E Gallup - Bottom Hole Pressure - Based on analogy to Payne 1E Gallup



Pressure/Time Graph

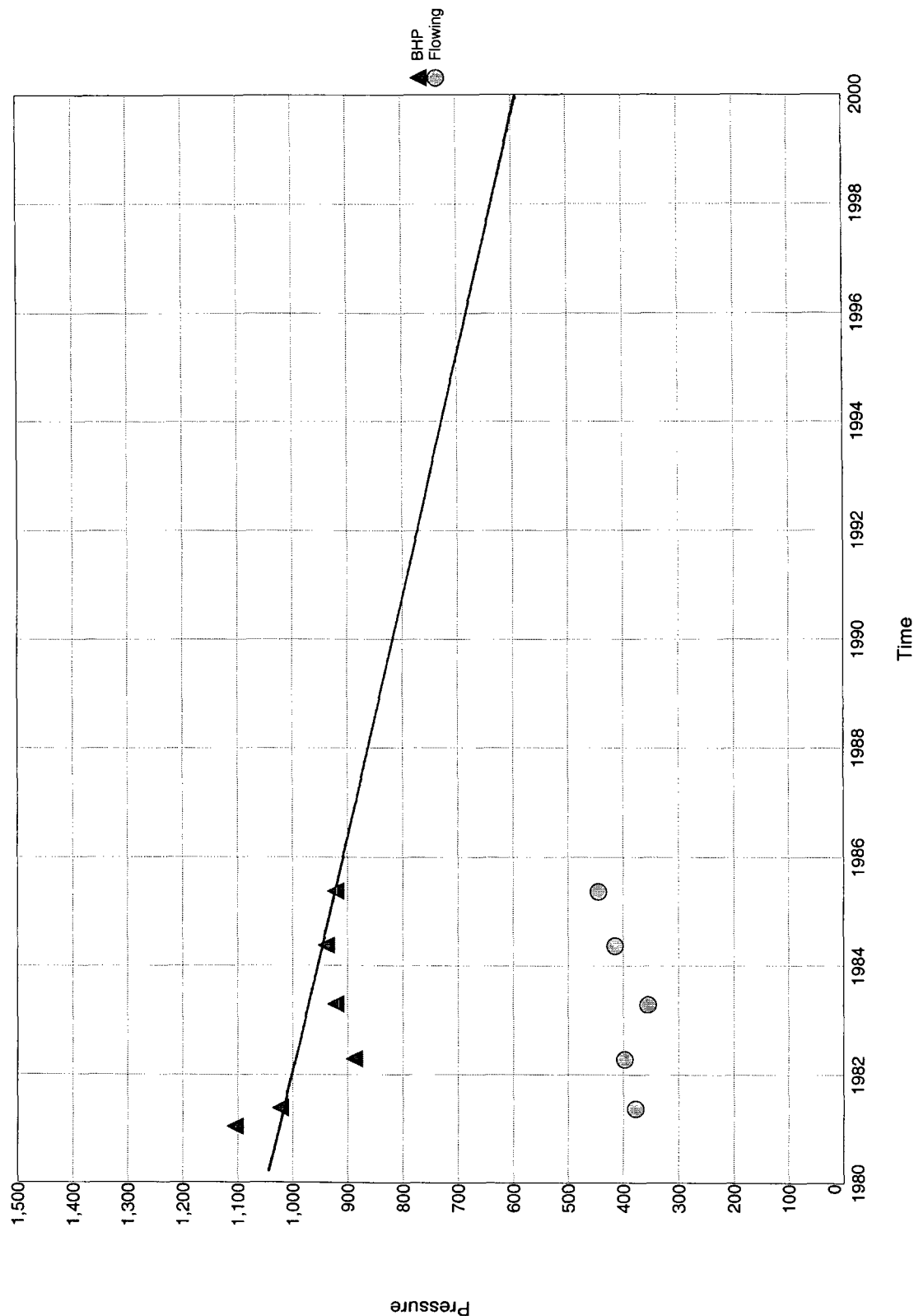
Project: C:\WINDOWS\Desktop\Greystone\Greystone\Economic Runs Ptools\Janpdbase.MDB

Date: 8/28/1999
Time: 2:24 PM

Lease Name: PAYNE (1E)
County, ST: SAN JUAN, NM
Location: 31N-13W-35

Field Name: FLORA VISTA (GALLUP) GP
Operator: GREYSTONE ENERGY INC

Payne 1E Gallup - Bottomhole Pressure - Offset to Rourke 1E Gallup



Pressure/Time Graph

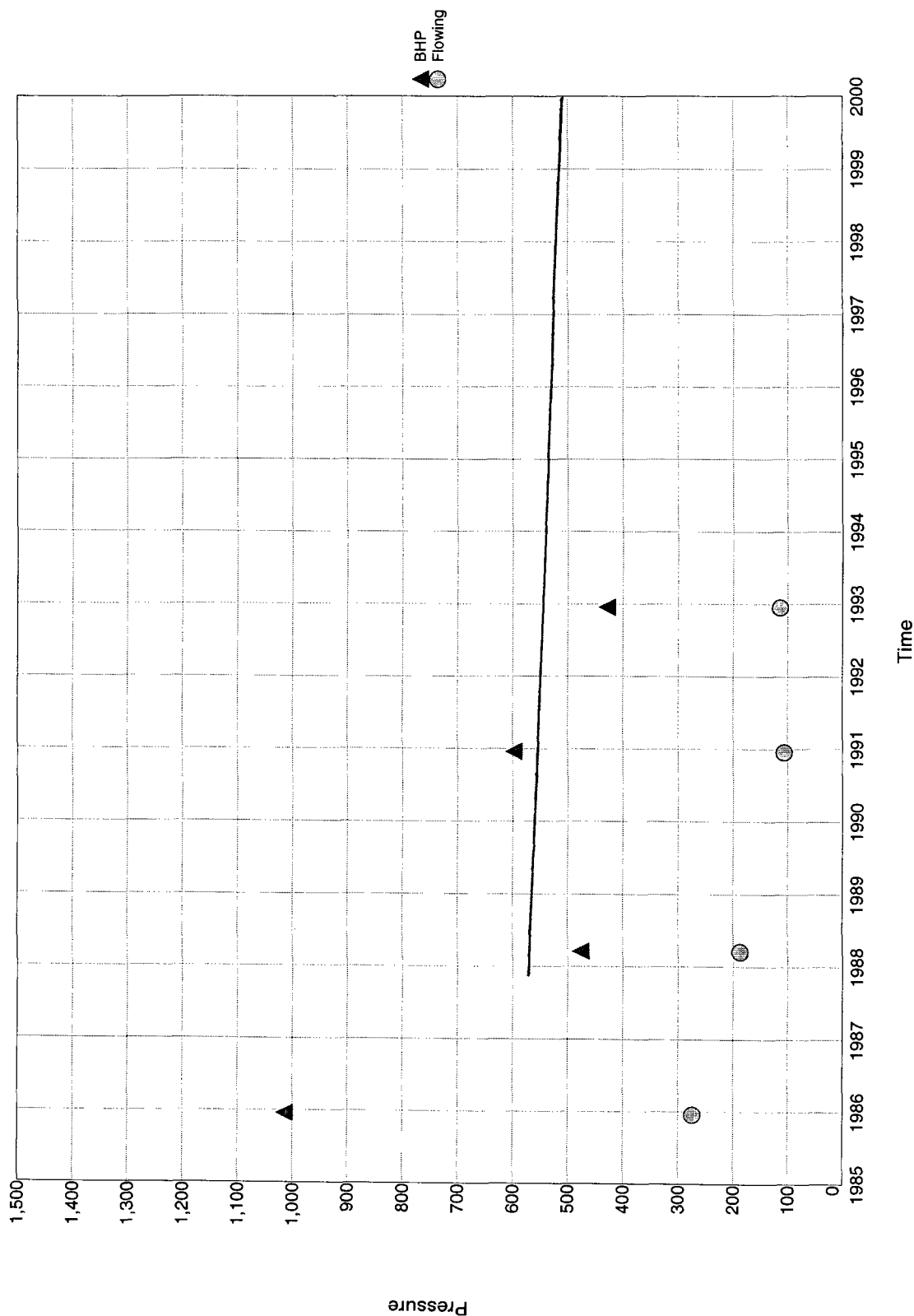
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Date: 8/28/1999
Time: 2:24 PM

Lease Name: ROURKE (1E)
County, ST: SAN JUAN, NM
Location: 30N-13W-4

Field Name: BASIN (DAKOTA) DK
Operator: GREYSTONE ENERGY INC

Rourke 1E Dakota - Bottom Hole Pressure



Owner notification list:

SEGAL OIL & GAS INC
6 PETER COOPER ROAD #11E
NEW YORK NY 10010

CAROLYN W BILLINGS
1219 EAST 26TH STREET
TULSA OK 74114

HANCEL M MCCORD
1720 REGAL ROW, SUITE 135
DALLAS TX 75235

JULIA PAGE
PO BOX 610
LAWRENCE KS 66044-0610

RITA M DUCHARME
2617 S. WADSWORTH CIRCLE
LAKEWOOD CO 80227

JOHN M TEMPLETON JR
601 PEMBROKE RD
BRYN MAWR PA 19010

ENERGEN RES CORP
2198 BLOOMFIELD HWY
FARMINGTON NM 87401