

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT--" for such proposals. 8:50 - 7 PM 1:50

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. SF 82-078464
2. Name of Operator GREYSTONE ENERGY, INC.	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. 5802 HIGHWAY 64, FARMINGTON, NM 87401 Phone: (505) 632-8056	7. If Unit or CA, Agreement Designation
4. LOCATION OF WELL (Footage, Sec., T., R., M., or Survey Description) 910' FSL, 880' FEL, Sec. 35, T31N, R13W	8. Well Name and No. # TRUE GRIT 1
	9. API Well No. 3004525514
	10. Field and Pool, Or Exploratory Area BASIN FRUITLAND COAL
	11. County or Parish, State SAN JUAN, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment	<input checked="" type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

This well was called the Payne #4 in the past. This well's name is changed to the True Grit #1.
The Fruitland Sand will be plugged and abandoned due to uneconomic production rates. The Fruitland Sand will be plugged on or about September 20, 1999 per attached procedure.
On or about October 15, 1999 the Fruitland Coal will be completed in this well utilizing a single stage frac consisting of 73,000 lb. of 12/20 proppant with 32,000 gallons of Delta 20 fluid.

14. I hereby certify that the foregoing is true and correct

Signed Chester L. Deal Title SUPERINTENDENT Date September 2, 1999

(This space for Federal or State office use)

Approved by [Signature] Title Pet Eng Date 9-13-99

Conditions of Approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and wilfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

Hold only for WHL (3)

Fruitland Sand
PLUG AND ABANDONMENT PROCEDURE

8-23-99

Payne #4
910' FSL & 880' FEL, Section 35, T31N, R13W
San Juan County, New Mexico

Note: All cement volumes use 100% excess outside pipe and 50' excess inside pipe. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures.

1. Install and test rig anchors. Prepare blow pit. Comply with all NMOCD, BLM and Greystone safety rules and regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Blow well down; kill with water as necessary. ND wellhead and NU BOP and stripping head; test BOP.
2. Unseat pump and determine if rods are free. Reseat pump and pressure test tubing to 1000#. Pull and LD rods with pump. Release anchor and TOH with 2-3/8" tubing. Roundtrip 4-1/2" casing scraper to 2115' PBTD, or as deep as possible. TIH with Baker AD-1 packer and set at 1750' (above top perf at 1792'). Load casing annulus with water and pressure test to 1000#. Release packer and TOH, LD packer.
3. RIH with open ended tubing to 2090' and attempt to establish circulation to surface. Mix 50 sxs Class B cement and spot a balance plug in the 4-1/2" casing covering the Fruitland sand perforations; PUH to 1200' and fill casing, hesitation squeeze approximately 4 bbls of displacement down the casing filling the perforations. WOC 4 hours.
4. TOH and PU 3-7/8" bit. TIH and drill out cement. Clean out to PBTD. Pressure test squeeze to 1000#.

Fruitland Coal
COMPLETION PROCEDURE

5. If necessary run CCL and perhaps Neutron log to identify the Fruitland Coal intervals.
6. Perforate and frac the Fruitland coal zones per procedure.
7. Blow well after frac and then clean out to PBTD.
8. Land tubing near bottom perforation.
9. RD rig and move off location.

Payne #4

Current

Basin Fruitland Coal

SE, Section 35, T-31-N, R-13-W, San Juan County, NM

Today's Date: 8/23/99

Spud: 11/10/82

Comp: 12/30/82

Elevation: 5975' GR
5979' KB

Ojo Alamo @ 370'

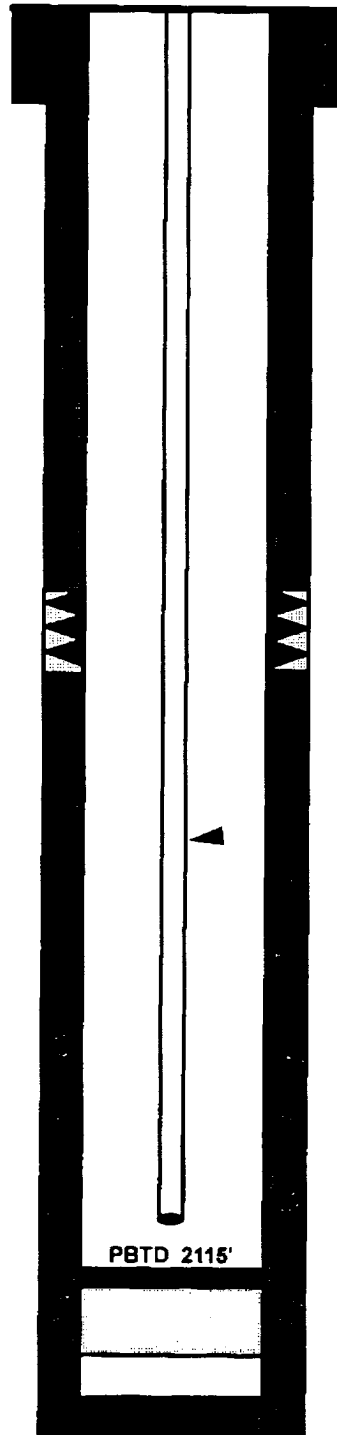
Kirtland @ 510'

Fruitland Coal @ 1785'

Pictured Cliffs @ 2122'

12-1/4" hole

6-1/4" hole



Cement Circulated to Surface

8-5/8" 20#, Casing set @ 163'
150 sxs cement (Circulated to Surface)

WELL HISTORY

Dec '82: Initial Completion: Perforate, frac and test PC zone then set CR at 2115' and squeezed with 30 sxs. Perforate frac and test Farmington zone then sqzd with 50 sxs. Completed Fruitland sand zones.

May '97: Swabbed well.

May '99: Pull 1-1/2" tubing and LD. Ran 2-3/8" tubing with anchor, then rods and pump.

Farmington Sands Perforations:
1218' - 1228',
Sqz'd with 50 sxs cmt (12/82)

2-3/8" Tubing set at 1876'
(60 joints with anchor at 1803',
73 3/4" rods and pump)

Fruitland Sand Perforations:
1792' - 1799'

1856' - 1866'

2066' - 2076'

Cmt Retainer set at 2115' (12/82)

Pictured Cliffs Perforations:
2130' - 2145'
Sqz'd with 30 sxs cmt (12/82)

4-1/2" 10.5, K-55 Casing set @ 2257'
Cement with 250 sxs
Circulated 25 sxs to Surface