Form 3160-3 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR

SUBMIT IN TRIPLICATE*

(Other instructions on

reverse side)

FORM APPROVED

Expires: February 28, 1995

OMB NO. 1004-0136

5. LEASE DESIGNATION AND SERIAL NO. USA SF 078464 BUREAU OF LAND MANAGEMENT APPLICATION FOR PERMIT TO DRILL OR DEEPEN 6. ! IF INDIAN, ALLOTTEE OR TRIBE NAME 1a TYPE OF WORK **DRILL DEEPEN** 7. UNIT AGREEMENT NAME TYPE OF WELL OIL GAS SINGLE MULTIPLE WELL WELL X ZONE X OTHER ZONE 8. FARM OR LEASE NAME, WELL NO NAME OF OPERATOR COGBURN #1 73252 GREYSTONE ENERGY, INC. 9. API WELL NO. ADDRESS AND TELEPHONE NO. 580? HIGHWAY 64, FARMINGTON, NEW MEXICO 8740 LOCATION OF WELL (Report location clearly and in accordance with any State requirements APR 2000 1054' FNL & 1188' FEL - 'JL "A" At surface BASIN FRUITLAND COAL 11. SEC., T.,T.,OR BLK. **CILCAN** At proposed prod. zone AND SURVEY OR AREA Same (Straight Hole) S25, T31N, R13W DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* COUNTY OR PARISH 13 STATE 3 MILES S/E OF LA PLATA POST OFFICE, NEW MEXICO SAN JUAN NM DISTANCE FROM PROPOSEDS NO. OF ACRES IN LEASE NO OF ACRES ASSIGNED LOCATION TO NEAREST TO THIS WELL 612' SE 320+ PROPERTY OR LEASE LINE, FT. 320 - EAST 1/2 (Also to nearest drlg. unit line, if any) DISTANCE FROM PROPOSED LOCATIONS 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOOLS ROTARY DRILLING OPERATIONS AUTHORIZED ARE TO NEAREST WELL, DRILLING, COMPLETED. 2190' SUBJECT TO COMPLIANCE WITH ATTACHED OR APPLIED FOR, ON THIS LEASE, FT.

This action is subject to technical said.

ELEVATIONS (Show whether DE. RT. GR. - 1921). Private and to 43 CFR "GENERAL REGINEREMENTS" procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4. 5815' GR 02/25/2000 PROPOSED CASING AND CEMENTING PROGRAM 23. SIZE OF HOLE GRADE, SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT 12-1/4" 8-5/8" J55 24# 0 - 145' 190 ft3 CLASS G + 2% CACL 2 7-7/8" 17# 5-1/2" K55 0 - 2190600 ft3 - RFC (TAIL) & G + 12% GEL (LEAD) 1. A notice of staking form was delivered 11/29/99 to the BLM Farmington Resources Area office. 2. Greystone Energy proposes to spud this well with a 12-1/4" hole and drill to 145' where 8-5/8", 24#, J55 surface casing will be set and cement 3 to surface. After WOC for 12 hrs, he BOP's will be installed and tested. The 7-7/8" hole will be drilled to TD of approximater, 2190' with low weight (9-10 ppg) water based mud. The well will be electric logged with a density tool and 5.50", 15.5# K55 csq. with approximately 600 ft3 of cement. The Basin Freedand Coal interval will then be fracture stimulated through perforations at approximately 2070 - 2085' with approximately 100,000# of 12/20 sand, swab or flow test to clean up and put on conventional beam lift with a pump, rods and pumping unit. 3. A copy of the archaelogical inventory report is enclosed. 4. Attached is a plat of the proposed pipeline route and tie-in to Greystone's existing gas gathering facilities. IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any, 24 TITLE PRODUCTION TECHNICIAN 1/21/00 (This space for Federal or State Office use) PERMIT NO APPROVAL DATE Application approval does not warrant or certify that he applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon CONDITIONS OF APPROVAL, IF ANY, /s/ Charle Beecham APPROVED BY TITLE DATE

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

*See Instructions On Reverse Side

DISTRICT I P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised February 21, 1994 Instructions on back

P.O. Drawer DD, Artesia, N.M. 88211-0719

Submit to Appropriate District Office State Lease - 4 Copies

Copies

Copies

DISTRICT III 1000 Rio Brazos Rd., Aztec, N.M. 87410 OIL CONSERVATION DIVISION -

DISTRICT IV PO Box 2088, Santa Fe, NM 87504-2088 P.O. Box 2088 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

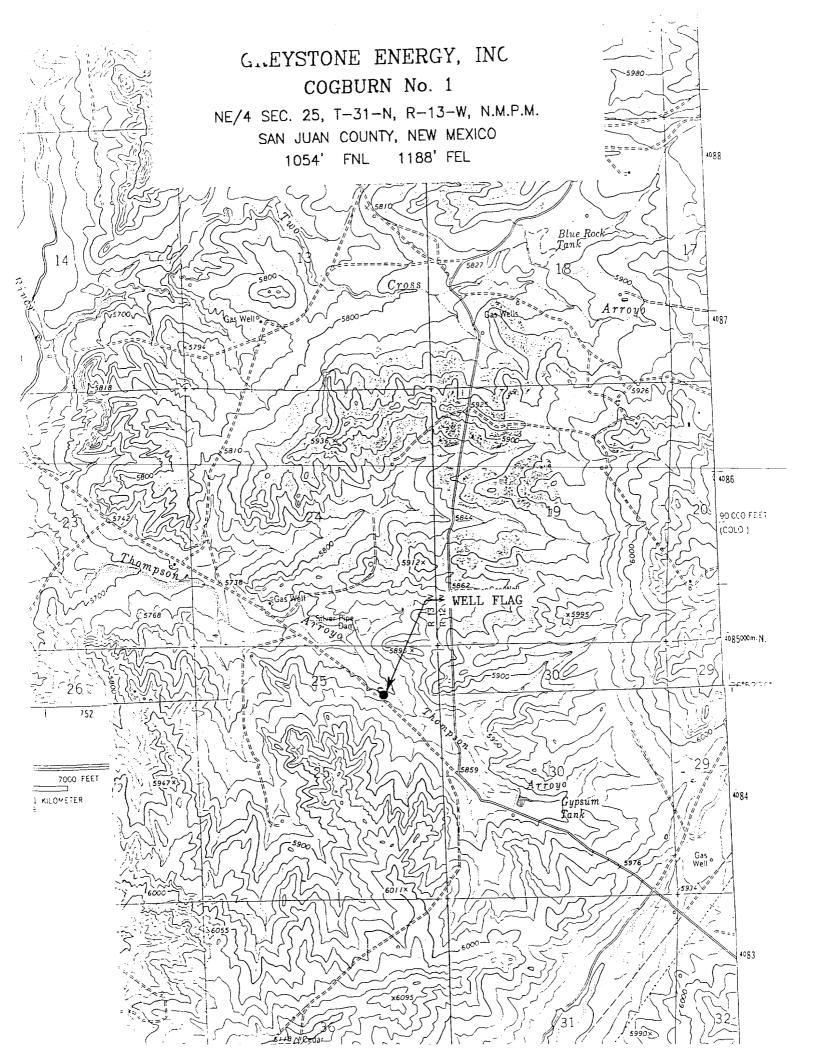
2 - 1 Number 7 - 218			Pool Code		Pool Name				
1 Property Code			*Property Name COGBURN				•	Well Number 1 Elevation 5815'	
70GRID No.			*Operator Name GREYSTONE ENERGY, INC.						
					10 Surface	Location			
UL or lot no.	Section 25	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line EAST	County SAN JUAN

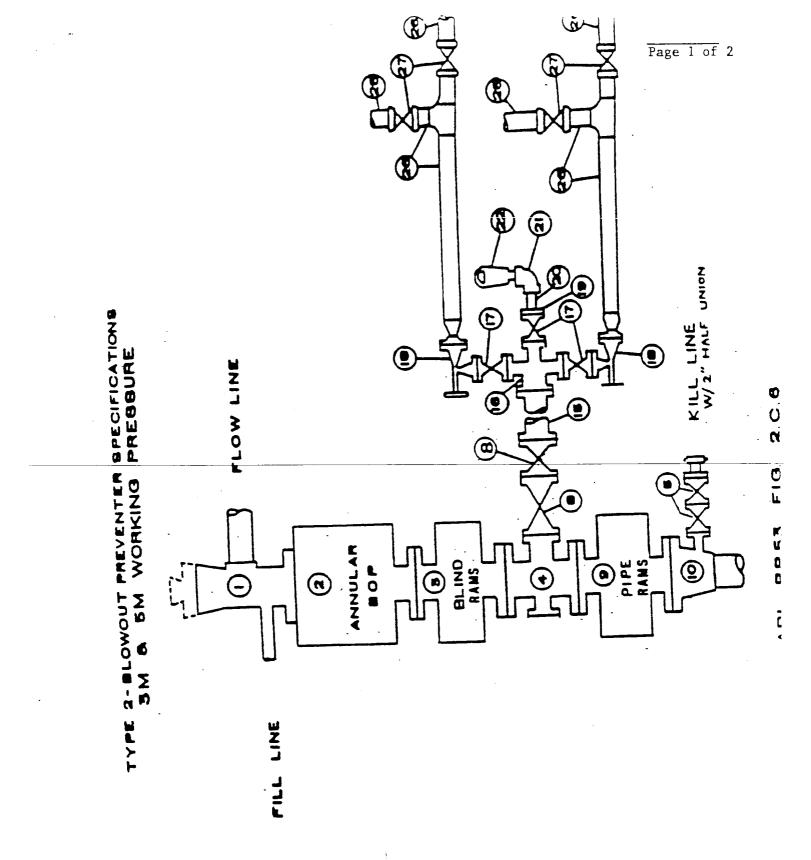
11 Bottom Hole Location If Different From Surface

North/South line | Feet from the East/West line Range Lot Idn Feet from the County Section Township UL or lot no. Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

		MAAAAA		
16	FD. BLM BC 1952	N 88-36-56 E 2595.11' (M)	20 00 1991 FD. BLM BC.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
	3		1188'	
	1 3 3 3	,	<u> </u>	Signature Brian D. Voig
AF RE	R 2000	·	5241.47	Title 117 00
IE RE ON	R 2000 CEIVED CON. DIV DIST. 3		0-26-43 E	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and brrect to the best of this belief. RUC
	35.85.55 PM) }	2	Date of Sugger
))		OF CHONAL WORLD
		2	FD. BLM BC. 1951	Certificate Number





BLOWOUT PREVENTER SPECIFICATION EQUIPMENT DESCRIPTION

TYPE 2 3,000 AND 5,000 PSI WORKING PRESSURE

All equipment shall be at least minimum stack WP or higher unless otherwise specified.

Bell nipple or rotating head.

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Hydril or Shaffer and Cameron Annular bag type preventer.
2.
    Ram type pressure operated blowout preventer with blind rams.
     Flanged spool with one 4-inch and one 2-inch (minimum) outlet.
     2-inch (minimum) flanged plug or gate valve.
6.
7.
     4-inch flanged gate or plug valve.
8.
     Ram type pressure operated blowout preventer with pipe rams.
9.
     Flanged type casing head with one side outlet (furnished by operator).
11.
12.
13.
14.
15. 4-inch flanged spacer spool.
16. 4-inch by 2-inch by 2-inch by 2-inch flanged cross.
     2-inch flanged plug or gate valve.
18. 2-inch flanged adjustable choke.
19. 2-inch threaded flange.
20. 2-inch XXH nipple.
21. 2-inch forged steel 90° Ell.
22. Cameron (or equal) threaded pressure gage.
23.
24.
25.
26. 2-1/2-inch pipe, 300' to pit, anchored.
27. 2-1/2-inch valve.
28. 2-1/2-inch line to steel pit or separator.
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NOTES:

1.

- 1. Items 3, 4, and 9 may be replaced with double ram type preventer with side outlets between the rams.
- 2. The two valves next to the stack on kill line to be closed unless drill string is being pulled.
- 3. Kill line is for emergency use only. This connection shall not be used for filling.
- 4. Replacement pipe rams and blind rams shall be on location at all times.
- 5. Only type U, LWS, and ORC ram type preventers with secondary seals are acceptable for 5000 psi WP and higher BOP stacks.
- 6. Type E ram-type BOP's with factory modified side outlets may be used on 3000 psi or lower WP BOP stacks.
- 7. Kelly will be equipped with upper kelly cock valve. Safety valve (stabbing) and handles for kelly cock and safety valve will be on rig floor. Handling subs for each type of pipe will be located on rig floor.

Form 3160-5 (June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR

FO	RM APP	RO	VED
Budget	Bureau	No.	1004-0135

BUREAU OF LAND MANAGEMENT	Expires: March 31, 1993
	Lease Designation and Serial No.
SUNDRY NOTICES AND REPORTS ON WELLS	USA SF 078464
Do not use this form for proposals to drill or to deepen or reentry to a different reservoi Use "APPLICATION FOR PERMIT" for such proposals.	6. If Indian, Allottee or Tribe Name
SUBMIT IN TRIPLICATE	***
1. Type of Well Oil Gas Well X Well Other APR 2000	7. If Unit or CA, Agreement Designation
2. Name of Operator	8. Well Name and No.
GREYSTONE ENERGY, INC.	COGBURN #1
3. Address and Telephone No. 5802 HIGHWAY 64, FARMINGTON, NM 87401 Phone: (505) 632-	9. API Well No.
4. LOCATION OF WELL (Footage, Sec., T., R., M., or Survey Description)	10. Field and Pool, Or Exploratory Area BASIN FRUITLAND COAL
1054' FNL & 1188' FEL - UL "A"	11. County or Parish, State
SEC. 25, T31N, R13W	SAN JUAN, NM
12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NO	TICE, REPORT, OR OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTION
X Notice of Intent	x New Construction Non-Routine Fracturing Water Shut-Off
Other	(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, inclining give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this way. The cementing program for the long string is changed as follows: Pump 140 sx Lead Class B+3% D79 (silicate extender) + 5# sx D42 (Mixed @ 11.4 ppg. Yield = 7.89 cu ft/sk. Pump 150 sxTail RFC mixed @ 14.2 ppg. Yield = 1.61 cu ft/sk.	uding estimated date of starting any proposed work. If well is directionall drilled, vork.)*

14.	I hereby certify that the foregoing is true and correct				_
		PRODUCTION TECHNICIAN	_ Date	February 21, 1988	_
	(This space for Federal or State office use)				-
	Approved by /s/ Charlie Beecham _{Title}		Date	APR - 5 2000	
	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, fictiou fraudulent statements or representations as to any matter within its jurisdiction.