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OIL CONSERVATION DI 303-20A-A07

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 27th, 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 Mexcio 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.

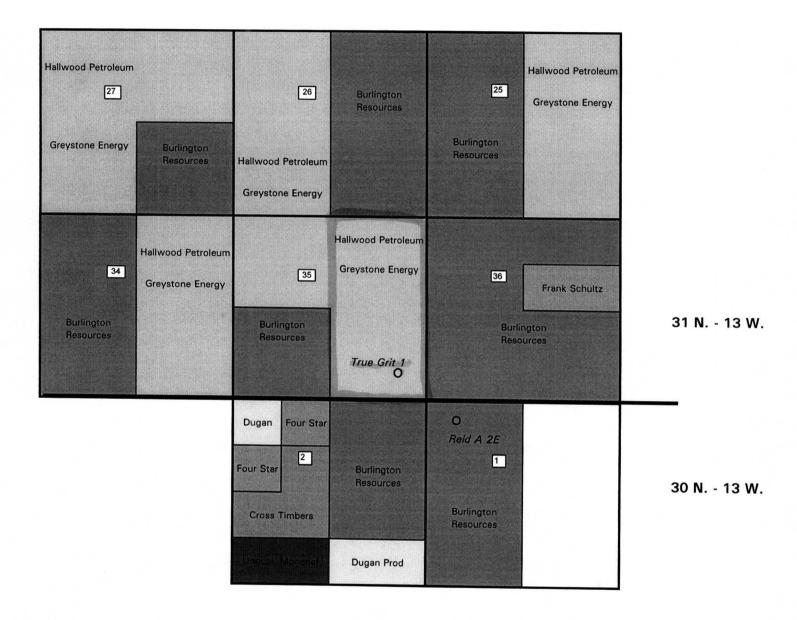
Sincerely, Brian D. Voigt

Vice President

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

True Grit #1 - Offset Operators and Owners

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Operator	Reservoir	Township		Section	
DUGAN PRODUCTION CORP	Fruitland Coal	30 N	13 W	2	NW/4 of NW/4
P.O. Box 420				2	S/2 OR SE/4
Farmington, NM 87499-0420					
BURLINGTON RES O&G CO	Fruitland Coal	31 N	13 W	25	W/2
	Fluidanto Coal	51 14	13 44		E/2
P.O. Box 4289				26	
Farmington, NM 87499				27	SE/4
				34	W/2
				35	SW/4
				36	All excluding S/2 of SE/4
		30 N	13 W	1	W/2
			<u></u>	2	E/2 Excluding S/2 of NE/4
Greystone Energy, Inc.	Fruitiand Coal	31 N	13 W	25	E/2
9155 East Nichols Ave, #350				26	W/2
Englewood, Colorado 80112				27	All excluding SE/4
				34	E/2
				35	All excluding SW/4
HALLWOOD PETROLEUM INC.	Fruitland Coal	31 N	13 W	25	E/2
4610 SOUTH ULSTER STREET, SUITE	200			26	W/2
DENVER,CO 80237				27	All excluding SE/4
				34	E/2
l				35	All excluding SW/4
Four Star Oil & Gas Co.	Fruitland Coal	30 N	13 W	2	NE/4 of NW/4
P.O. Box 2100					SW/4 of NW/4
Denver, Colorado 80201					
					······
Cross Timbers Oil Co.	Fruitland Coal	30 N	13 W	2	SE/4 of NW/4
810 Houston St, #2000 Ft Worth, Texas 76102					N/2 of SW/4
Frevolut, Texas 76102					<u></u>
			40.144		0/0 - 6 0) 1/4
Unocal Corporation P. O. Box 4551	Fruitland Coal	30 N	13 W	2	S/2 of SW/4
Sugarland, Texas 77210					
			-		
W A Moncrief	Fruitland Coal	30 N	13 W	2	S/2 of SW/4
9th & Commerce					1
Ft Worth, Texas 76102			····		
Frank A. Schultz	Fruitland Coal	31 N	13 W	2	S/2 of NE/4
730 Fidelity Union					
Dallas, Texas 75221					

STATE OF NEW MEXICO

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MUSCIES STORES STORES . ____ P. D. BOX 2088

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