

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.

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	2. Name of Operator GREYSTONE ENERGY, INC.	3. Address and Telephone No. 5802 HIGHWAY 64, FARMINGTON, NM 87401 Phone: (505) 632-8056	4. LOCATION OF WELL (Footage, Sec., T., R., M., or Survey Description) 1600' FSL & 790' FEL - UL "E" SEC. 5, T26N, R04W	5. Lease Designation and Serial No. N.M. JIC APACHE CONTRACT 119	6. If Indian, Allottee or Tribe Name	7. If Unit or CA, Agreement Designation	8. Well Name and No. HOYT 2E	9. API Well No. 30-39-23517	10. Field and Pool, Or Exploratory Area BS MESA GP/BASIN DK	11. County or Parish, State RIO ARriba COUNTY, NM
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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"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other COMMINGLE	<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 directional drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Based on Rule 303.C Downhole Commingling #3 B Exceptions for wells located in pre-approved pools or areas, Greystone Energy would like administrative approval to commingle the Hoyt 2E Gallup and Dakota pools.

The attached C-107 has all the required information. Also attached is the allocation method and supporting data. Ownership between the Gallup and Dakota zones are identical. All produced fluids are compatible with each other and commingling will not decrease the value of production.

NMOCD Reference Case #DHC 2440 (The Hoyt #2 Gallup/Dakota) is our reference case #.

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

Signed Kay Schuler Title PRODUCTION TECHNICIAN Date August 7, 2000

(This space for Federal or State office use)

Approved by /s/ Brian W. Davis Title Lands and Mineral Resources Date AUG 30 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, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

District I
1625 N French Drive, Hobbs, NM 88240
District II
811 South First Street, Artesia, NM 88210
District III
Well
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco

APPLICATION TYPE
Y Single

Santa Fe, New Mexico 87505

Y Establish Pre-Approved Pools
EXISTING WELLBORE
Y Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Greystone Energy, Inc. 5802 Highway 64, Farmington, New Mexico 87401

Operator Hoyt	2E	Address I - 5 - T26N - R4W	Rio Arriba
Lease	Well No.	Unit Letter-Section-Township-Range	County
OGRID No. 173252	Property Code	API No. 30-039-23517	Lease Type: Y Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BS Mesa Gallup		Basin Dakota
Pool Code	72920		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7336'-7716'		8162'-8370'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	Producing		Producing
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.)	Date: 6/30/00 Rates: 0 BOPD / 1.5 MCFD	Date: Rates:	Date: 6/30/00 Rates: 2 BOPD / 95 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0.1 % 1.6 %	Oil Gas % %	Oil Gas 99.9 % 98.4 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?
Yes X No
Yes X No

Are all produced fluids from all commingled zones compatible with each other?
Yes X No

Will commingling decrease the value of production?
Yes No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?
Yes X No

NMOCD Reference Case No. applicable to this well: Administrative Order DHC-2440 (Hoyt # 2)

- 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, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Brian D. Voigt TITLE VP DATE 08/01/00
303-925-0542

Hoyt #2E - GP / DK

Fixed Percentage Allocation Formula

	Oil (Barrels)	%	Gas (MCF)	%
Gallup Formation	14	0.1%	13,843	1.6%
Dakota Formation	11,990	99.9%	862,388	98.4%
	12,004	100%	876,231	100%

Based on production through Dec - 1999

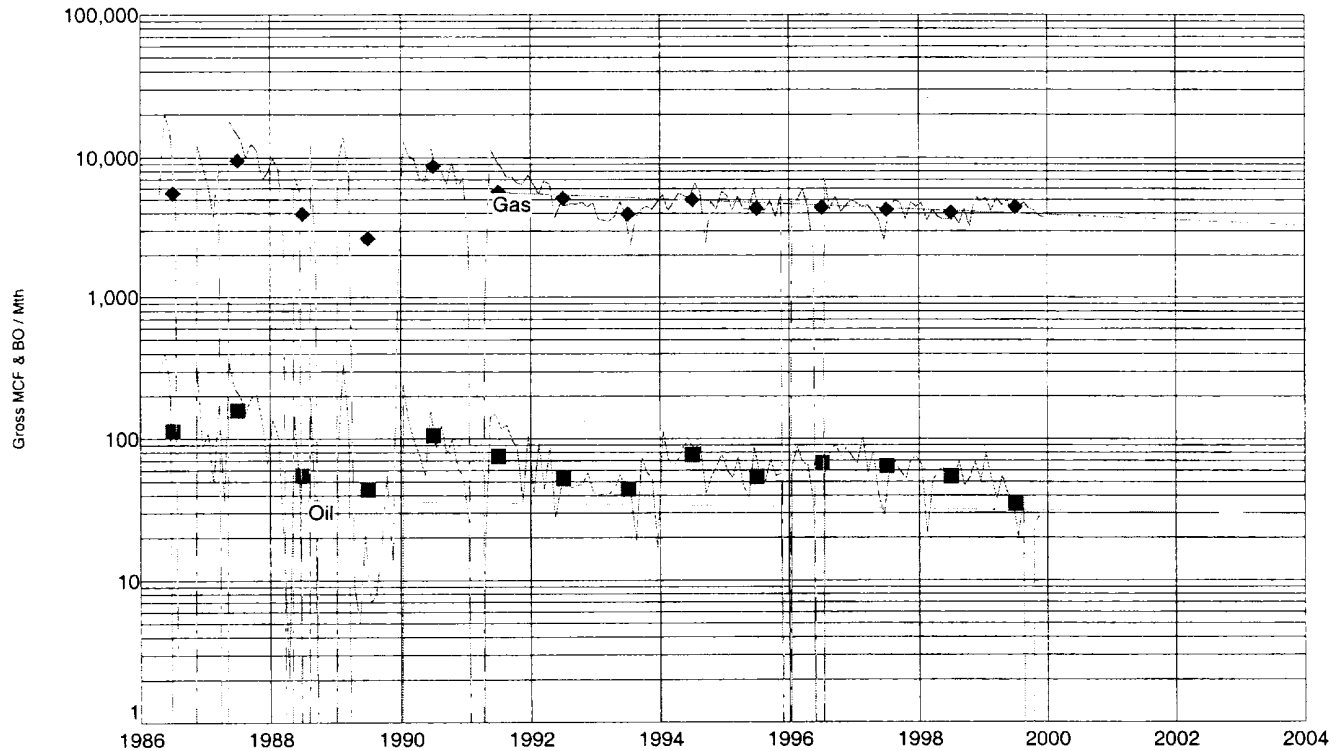
Last Twelve Months Historic Production Report

Project: C:\WINDOWS\Desktop\Greystone\GREYSTON\APRIL 2000 REDET\Bamar10.MDB

Lease Name: HOYT (2E)
 County, ST: RIO ARRIBA, NM (Jicarilla)
 Location: 26N-4W-5

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

HOYT-2E-BASIN (DAKOTA) DK



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		11,572	808,897	1,876	11,783
01/1999	1	80	5,218	0	6,428
02/1999	1	53	4,224	0	0
03/1999	1	38	5,186	0	0
04/1999	1	55	4,599	0	0
05/1999	1	42	5,034	0	0
06/1999	1	38	4,111	0	0
07/1999	1	20	4,053	0	0
08/1999	1	39	4,831	0	0
09/1999	1	0	4,365	0	0
10/1999	1	25	4,248	0	0
11/1999	1	29	3,844	0	0
12/1999	1	0	3,778	0	0
Total:		11,990	862,388	1,876	18,211

WELLDROP DIAGRAM

WELL NAME: Hoyt No. 2-E
 LOCATION: 1600' FSL & 790' FEL
 COUNTY, STATE: Rio Arriba, NM
 GL Elevation: 7247'
 KB Elevation: 7260'
 TD: 8450'
 PBTD: 8390'

BY: MCO
 DATE: 7-1-91

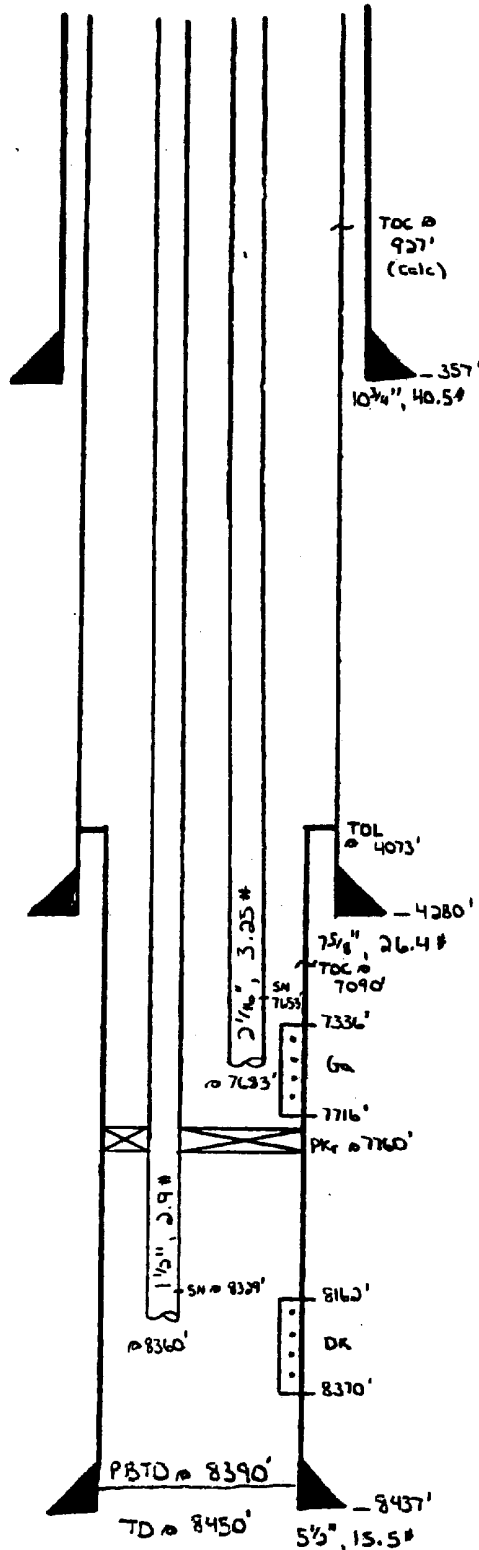
Note:

2-84 Liner slipping down hole
 pumped 208 sg 11" H" cm
 w/ 270 CAC12 on TOL.

Cement top(s):
10 3/4" to surface
7 5/8" from shoe to 927' (calc)
5 1/2" from shoe to 7090' (w/L)

Perfs (Formation):

Gallup 7336'-7716' ~ 380'
 Dakota 8160'-8370' ~ 208'



Surface Csg: 15 1/2" bit
10 3/4", 40.5 # set @ 357' K-55
cm'd w/ 553 CF 11" B" / 270 CAC12
& 1/4" FC/SK

Tubing:
1 1/2", 2.9 # IS CW-55 landed @ 8360'
w/ 1.375' ID SN @ 8329'
2 1/16", 3.25 # IS V-55 landed @ 7683'
w/ 1.50" ID SN @ 7653'

Intermediate csg: 9 7/8" bit
7 5/8", 26.4 # K-55, LT&C set @ 4280'
cm'd w/ 720 CF 65-35, 690 w/
1/4" CF & 1/2 CF perlite/SK

Packer:
Baker Model "D" set @ 7760'
(lower)

Production Csg:
5 1/2", 15.5 # ST&C 8 inch set from
4013' - 8437'
cm'd w/ 406 sk 50-50 Poz w/ 270
6cl, .0570 FLA, 6 1/4" Gilsomite
& 1070 Salt

All data must be from the outer boundaries of the tract		Lease		Well No.	
DIP		HOYT		2-E	
CONSOLIDATED OIL & GAS, INC.					
Letter	Section	Township	Range	County	
I	5	26 NORTH	4 WEST	RIO ARriba	
of Location of well:					
1600 feet from the		SOUTH	line and	790 feet from the	EAST line
nd Level Elev.	Producing Formation		Pool		Dedicated Acres
7247	Dakota		Basin Dakota		320 Acres

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

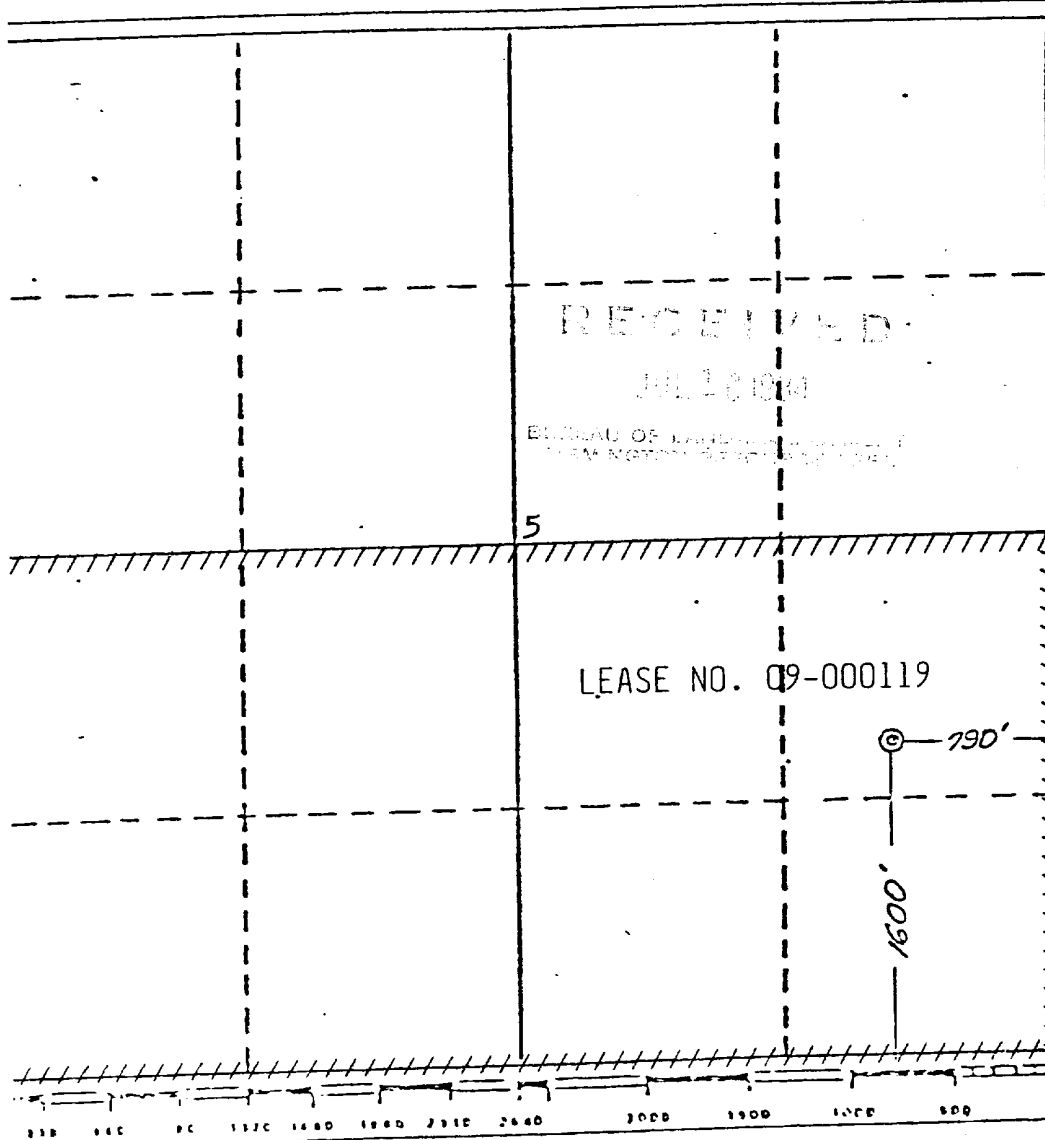
If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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, forced-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.	
Name	Barney Jones
Position	Drilling Foreman
Company	Consolidated Oil & Gas, Inc.
Date	7-13-84
<p>I hereby certify that the information shown on the plat was plotted from notes of previous surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p><i>James P. Leese</i></p>	
Date Surveyed	June 14, 1980
Registered Professional Engineer and/or Land Surveyor	
<i>James P. Leese</i>	
Certificate No.	1463

NW