

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		7. UNIT AGREEMENT NAME <i>60-045-30176</i>	
1b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. FARM OR LEASE NAME McQ <i>25753</i>	
2. NAME OF OPERATOR Greystone Energy, Inc.		9. WELL NO. #1	
3. ADDRESS OF OPERATOR c/o Walsh Engineering, 7415 E. Main Street, Farmington, NM 87402		10. FIELD AND POOL OR WILDCAT Basin Fruitland Coal ✓	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At Surface (790) EBL and (815) FWL (SESW) At proposed Prod. Zone (1035) FNL 875 FBL <i>Same</i>		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 6, T30N, R13W	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 5 miles north of Farmington, NM		12. COUNTY OR PARISH San Juan ✓	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 875'		13. STATE NM	
16. NO. OF ACRES IN LEASE 2276.39		17. NO. OF ACRES ASSIGNED TO THIS WELL 257.45 <i>252.44</i>	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT. 4500'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5632' GR		22. APPROX. DATE WORK WILL START* May 1, 2000	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7"	20# (J-55)	120'	30 sx (36 cu.ft.) or to surface
6-1/4"	4-1/2"	10.5# (J-55)	1660'	98 cu.ft. Cl "B" and 160 cu.ft. Cl "B"

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

Greystone Energy proposes to drill a vertical well and test the Basin Fruitland Coal pool at the above described location in accordance with the attached drilling and surface use plans.

Moore Anthropological Research has performed an archaeological survey and copies of their report will be sent directly to your office. Cimarron performed a T&E survey and a copy of their report is attached. A surface owners agreement is attached.

No new access road or additional pipeline ROW will be required.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, 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. SIGNED *Paul C. Thompson* TITLE Agent DATE 2/24/00

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the 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 *See Charlie Beecham*

APPROVED BY _____ TITLE _____ DATE APR 24 2000

***See Instructions On Reverse Side**

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 fraudulent statements or representations as to any matter within its jurisdiction.

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

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-
Revised February 21, 19
Instructions on b.
Submit to Appropriate District Of:
State Lease - 4 Cop
Fee Lease - 3 Cop

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30176		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 25953	*Property Name McQ		*Well Number 1
*OGRID No. 173252	*Operator Name GREYSTONE ENGERY, INC.		*Elevation 5632

¹⁰ Surface Location

UL or lot no. A	Section 6	Township 30-N	Range 13-W	Lot Idn	Feet from the 1035	North/South line NORTH	Feet from the 875	East/West line EAST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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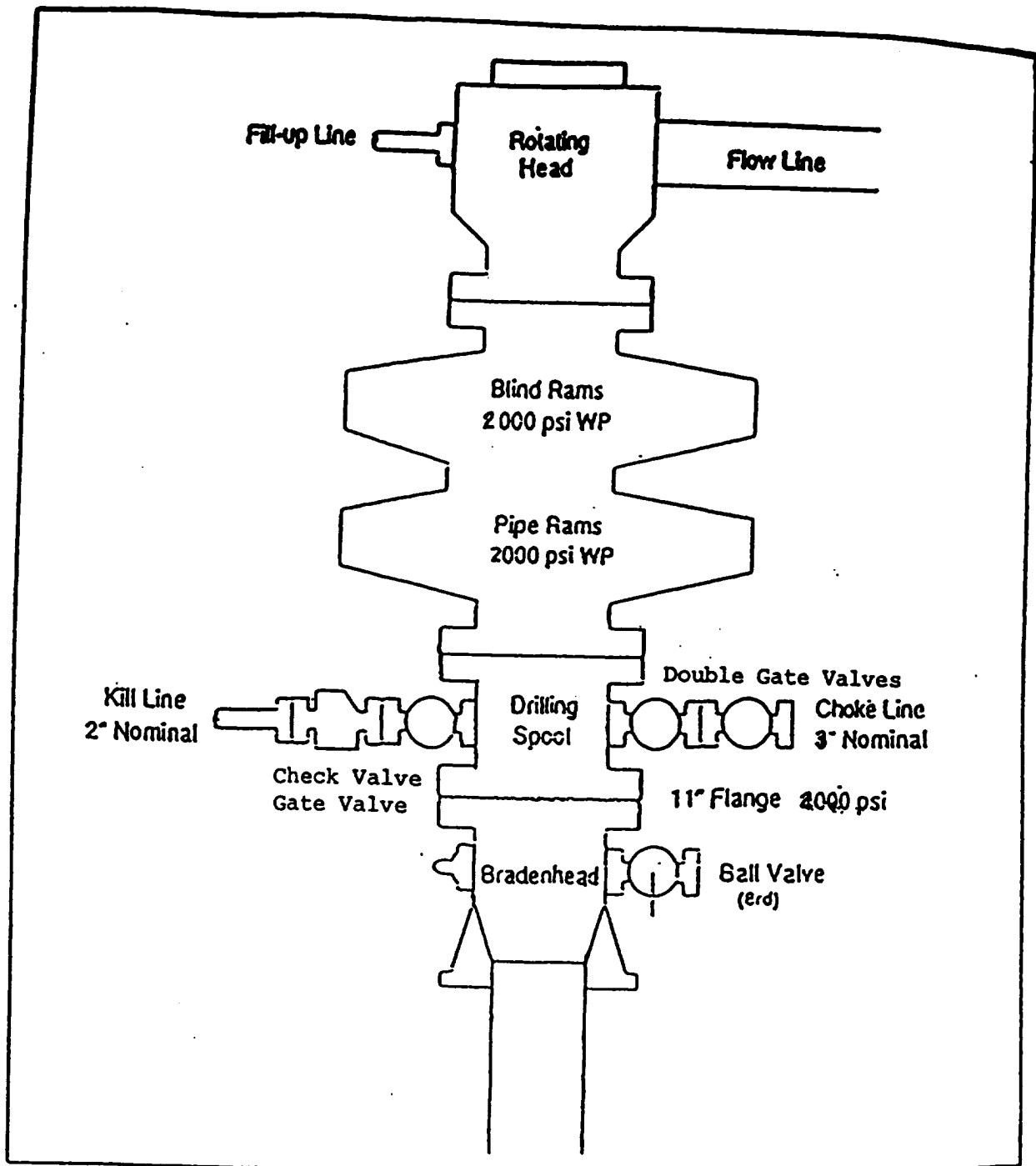
¹² Dedicated Acres 257.45 2.62.41	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATE
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

18	S 89-34-23 W		FD. BLM BRASS CAP 2622.51' (M)	FD. BLM BRASS CAP	17	OPERATOR CERTIFICATION	
LOT 3					I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief		
LOT 2					Signature Paul C. Thompson		
LOT 1					Printed Name Paul C. Thompson		
LAT. = 36°50.8' N LONG. = 108°14.4' W					Agent		
2658.13' (M)					Title 2/24/00		
Date					Date		
FD. BLM BRASS CAP					18		
APR 2000					SURVEYOR CERTIFICATION		
OCT 1997					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 correct to the best of my knowledge and belief		
APR 2000					Date of Survey 1-2-00		
APR 2000					Signature and Seal of Professional Surveyor ROYA. RUSH		
APR 2000					8894		
APR 2000					Certificate Number		

EXHIBIT 1

BOP STACK ARRANGEMENT



All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1500 psi. The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock with handle, floor safety valve with change over for each tool joint in the string, and choke manifold all rated to 2000 psi.

TREYSTONE ENERGY, I

McQ NO. 1

NE/4 SEC. 6, T-30-N, R-13-W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

1035 FNL, B75 FEL

