

UNITED STATES
DEPARTMENT OF THE INTERIOR

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. USA SF 078464	
b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input type="checkbox"/> SINGLE <input type="checkbox"/> MULTIPLE <input type="checkbox"/> WELL <input type="checkbox"/> WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> ZONE <input checked="" type="checkbox"/> ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR GREYSTONE ENERGY, INC.		7. UNIT AGREEMENT NAME 25130	
3. ADDRESS AND TELEPHONE NO. 5802 HIGHWAY 64, FARMINGTON, NEW MEXICO 87401		8. FARM OR LEASE NAME, WELL NO. CHISOLM #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2130' FSL AND 995' FWL - UL "L" At proposed prod. zone Same (Straight Hole)		9. API WELL NO. 30-045-30051	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 3.6 MILES S BY SE OF THE LAPLATA POST OFFICE, NEW MEXICO		10. FIELD AND POOL, OR WILDCAT BASIN FRUITLAND COAL	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 995'		11. SEC., T., R., OR BLK. AND SURVEY OR AREA S24, T31N, R13W	
16. NO. OF ACRES IN LEASE 320+		12. COUNTY OR PARISH SAN JUAN	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320 - WEST 1/2		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1510' SE		20. ROTARY OR CABLE TOOLS ROTARY	
19. PROPOSED DEPTH 2163'		22. APPROX. DATE WORK WILL START* 12/01/1999	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5758' GR		23. PROPOSED CASING AND CEMENTING PROGRAM	

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J55	24#	0 - 350'	242 R3 CLASS G + 2% CACL 2
7-7/8"	5-1/2" K55	17#	0 - 2163'	450 R3 - RFC (TAIL) & G + 12% GEL (LEAD)

1. A notice of staking form was delivered 9/3/99 to the BLM Farmington Resources Area office.

2. Greystone Energy proposes to spud this well with a 12-1/4" hole and drill to 350' where 8-5/8", 24#, J55 surface casing will be set and cemented to surface. After WOC for 12 hrs, the BOP's will be installed and tested. The 7-7/8" hole will be drilled to TD of approximately 2163' 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 csg. will be run to total depth and cemented from the Basin Fruitland Coal to surface with approximately 450 cf of cement. The Basin Fruitland Coal interval will then be fracture stimulated through perforations at approximately 2043- 2058' with approximately 100,000# of 12/20 sand and 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 archaeological inventory report is enclosed.

4. Attached is a plat of the proposed pipeline route and tie-in to Greystone's existing gas gathering facilities.

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

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. SIGNED Kay Schuster TITLE PRODUCTION ANALYST DATE 11/04/1999

(This space for Federal or State Office use)

PERMIT NO. _____ APPROVAL DATE NOV 9 1999

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:

APPROVED BY _____ TITLE _____ DATE 12/1/99

*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.

NMOC

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

OIL CONSERVATION DIVISION

P.O. Box 2088 99
Santa Fe, NM 87504-2088

99 NOV 12 PM 1:20

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-30057		*Pool Code 71629	*Pool Name BASIN Fruitland CoAL
*Property Code 25130	*Property Name CHISOLM		*Well Number 1
*OGRID No. 173252	*Operator Name GREYSTONE ENERGY, INC.,		*Elevation 5758'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	24	31-N	13-W		2130	SOUTH	995	WEST	SAN JUAN

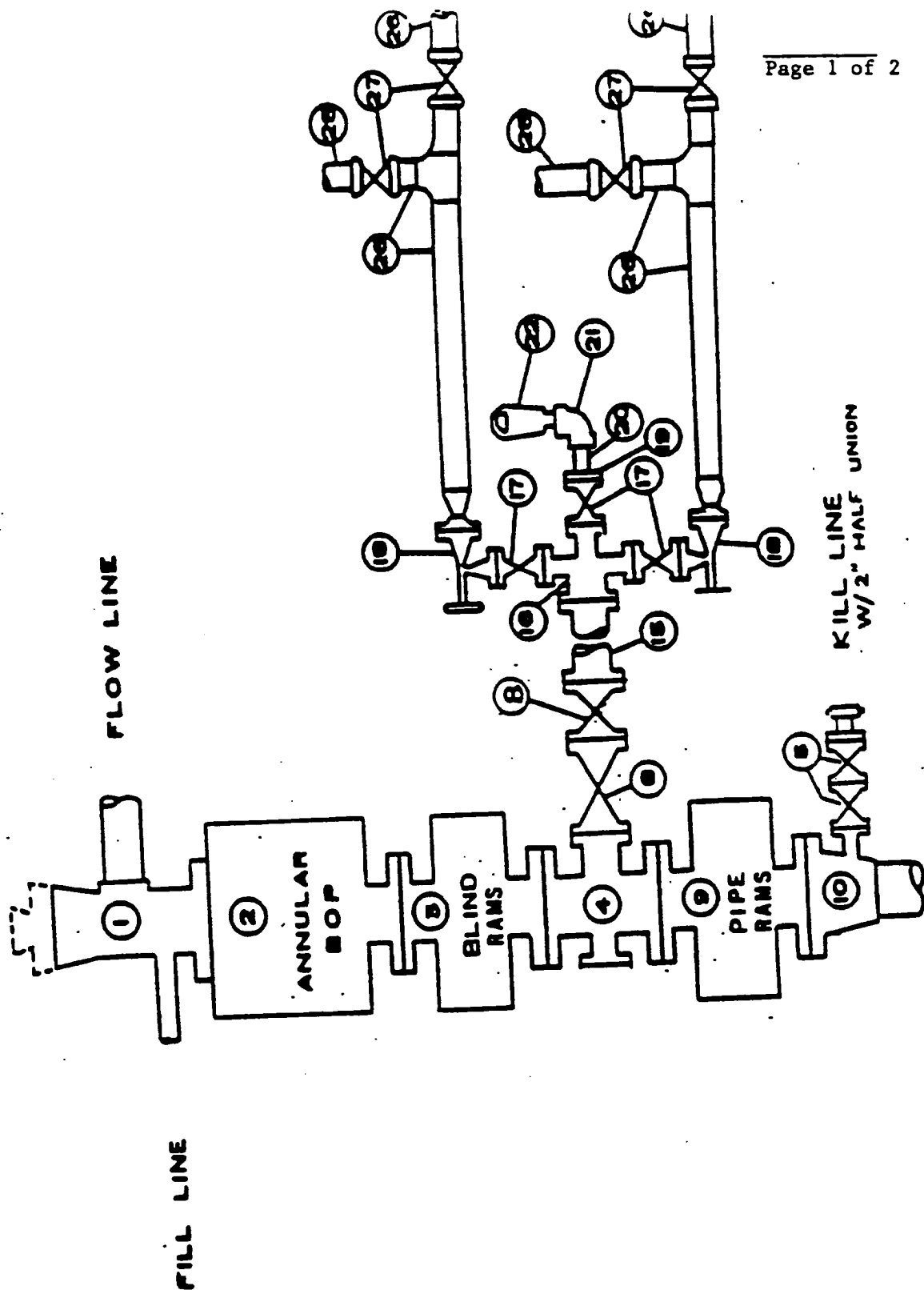
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹³ Dedicated Acres 320	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

<div><div>23</div><div>FD. BLM BRASS CAP 1952</div><div>995'</div><div>2566.37' (M.S.)</div><div>2130'</div><div>24</div><div>FD. BLM BRASS CAP 1952</div><div>2366.81' (M.S.)</div></div>	<div>DEC 3 1999</div> <div>CS 672 DINT</div> <div>DATE</div>	<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div>Brian D. Voigt</div> <div>Signature</div> <div>Brian D. Voigt</div> <div>Printed Name</div> <div>VP</div> <div>Title</div> <div>11/9/99</div> <div>Date</div>
		<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div>10-24-99</div> <div>Date of Survey</div> <div>Signature of Professional Surveyor</div> <div>ROYA. RUSH NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 8894</div> <div>8894</div> <div>Certificate Number</div>

TYPE 2-BLOWOUT PREVENTER SPECIFICATIONS 3M @ 5M WORKING PRESSURE



GREYSTONE ENERGY, INC.;

CHISOLM #1

SW/4 SEC. 24, T-31-N, R-13-W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

2130' FSL , 995' FWL

