



GREYSTONE ENERGY, INC.

1801 Broadway, Suite 630 • Denver, CO 80202

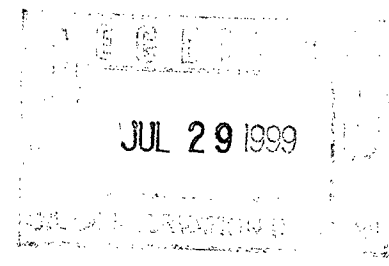
Bus: 303-296-6762 • Fax: 303-296-6971

DHC 8/18/99

2432

July 26<sup>th</sup>, 1999

Ms. Lori Wrotenberry  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



RE: Administrative Approval to Downhole Commingle  
Greystone Energy, Inc.  
Tribal C #3  
890' FNL, 490' FEL, Sec.6 A, T26N, R3W, N.M.P.M.  
Rio Arriba County, New Mexico

Dear Ms. Wrotenberry:

Greystone Energy, Inc. requests administrative approval to downhole commingle the Blanco Mesaverde and Tapacito Pictured Cliff pools in the subject well. The well is currently producing as a Mesaverde / Pictured Cliff dual completion. The Mesaverde zone does exhibit signs of liquid loading problems and it is felt that downhole commingling will eliminate excessive operational problems and help mechanically configure the well in a way that will help keep the Mesaverde unloaded and producing at optimal rates.

To comply with the New Mexico Oil Conservation Rules, Greystone Energy, Inc. is submitting the following data for your approval of the proposed commingling:

1. Form C-107 – Application for Downhole Commingling
2. Form C-102 – Location Plat showing each spacing unit and dedicated acreage
3. Production Curves for both the Mesaverde and Pictured Cliff
4. Offset operator list
5. Well spot map for offset operators
6. Working and Royalty Interest owner notification list
7. Bottom hole pressure data

In accordance to New Mexico Oil Conservation Division Rule 303C, all offset operators are being notified of this application by certified mail. As an offset operator, if you have no objection to this application, you do not have to respond to this notification.

If additional information is needed, please contact me.

Sincerely,

Brian D. Voigt  
Vice President

CC: NMOCD-Aztec, BLM – Farmington, Offset Operators

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980  
DISTRICT II  
811 South First St., Artesia, NM 88210-2835  
DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico  
Energy, Minerals and Natural Resources Department  
**OIL CONSERVATION DIVISION**  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Form C-107A  
New 3-12-96

APPROVAL PROCESS:  
☒ Administrative ☐ Hearing

EXISTING WELLBORE  
☒ YES ☐ NO

**APPLICATION FOR DOWNHOLE COMMINGLING**

Greystone Energy, Inc. 5802 Hwy 64 Farmington, NM 87401  
Operator Address  
Tribal C 3 A-6-26N-3W Rio Arriba  
Lease Well No. Unit Ltr. - Sec - Twp - Rge County  
Spacing Unit Lease Type: (Check 1 or more)  
OGRID NO. 173252 Property Code 24080 API NO. 30-039-067610 Federal ☒ State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Tapacito (Pictured Cliffs) 85920		Blanco (Mesaverde) 72319
2. Top and Bottom of Pay Section (Perforations)	3922'-3940'		6010'-6145'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 335 psi b. (Original) 1230 psi	a.  b.	a. 395 psi b. 1300 psi
6. Oil Gravity ( API) or Gas BTU Content	1.244		1.244
7. Producing or Shut-in?	Producing		Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In give date and oil/gas/ water rates or last production Note: For new zones with no production history applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/ water rates of recent test (Within 60 days)	Date: 6/30/99 Rates: 60mcf/d 0bopd	Date: Rates:	Date: 6/30/99 Rates: 87mcf/d 0.1bopd
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 50.3 %	Oil: % Gas: %	Oil 100 % Gas 49.7 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No  
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No  
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No
11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross flowed production be recovered, and will the allocation formula be reliable? ☒ Yes ☐ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No
13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No
15. NMOCD Reference Cases for Rule 303(D) exceptions: ORDER NO(S).
16. 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 all offset operators.
  - \* Notification list of working, overriding, and royalty interests for uncommon interest cases.
  - \* Any additional statements, data, or documents required to support commingling.

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 7/26/99  
TYPE OR PRINT NAME Brian D. Voigt TELEPHONE NO. (505) 632-8056

NUMBER OF COPIES RECEIVED	
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TRANSPORTER	OIL GAS
PROBATION OFFICE	
OPERATOR	

# NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-128  
Revised 5/1/57

## WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

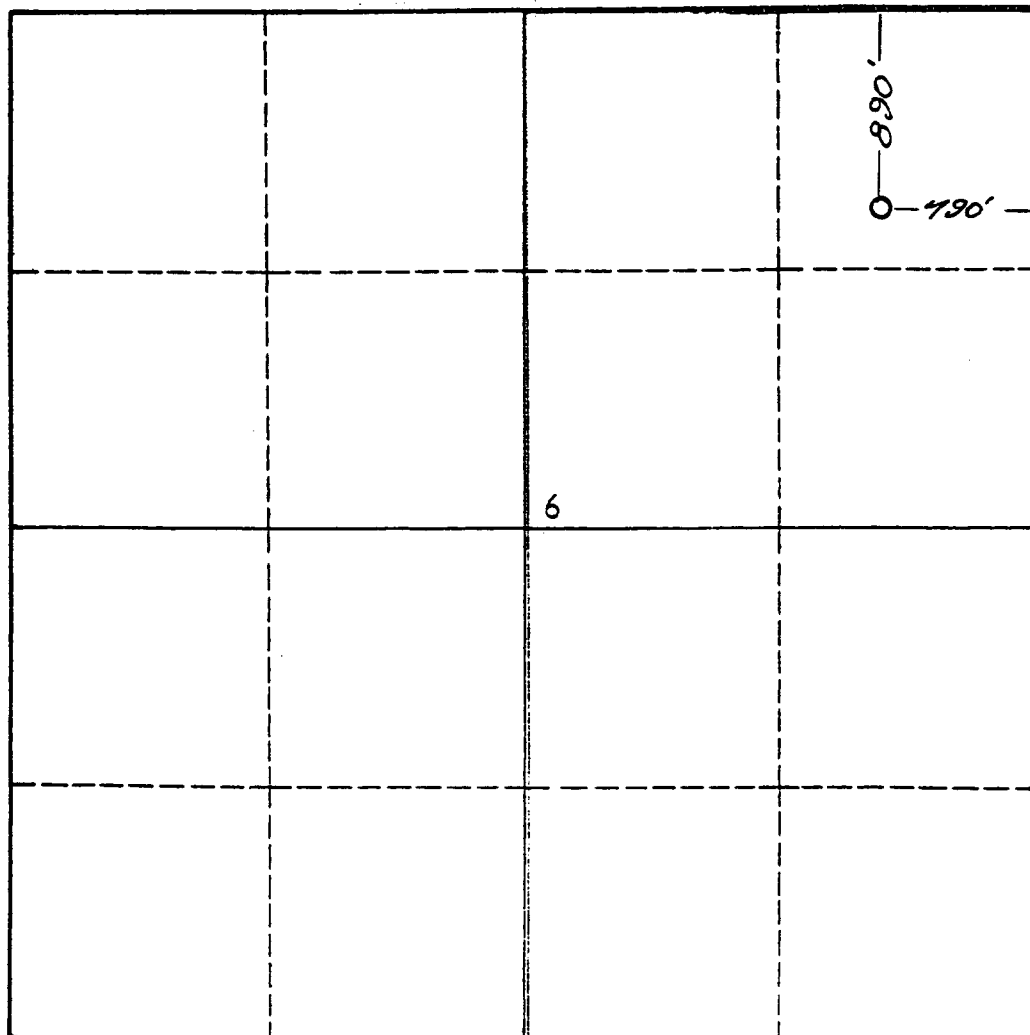
### SECTION A

Operator <b>CONSOLIDATED OIL AND GAS, INC.</b>		Lease <b>TRIBAL "C"</b>		Well No. <b>3</b>
Unit Letter <b>A</b>	Section <b>6</b>	Township <b>26 NORTH</b>	Range <b>3 WEST</b>	County <b>RIO ARriba</b>
Actual Footage Location of Well: <b>890</b> feet from the <b>NORTH</b> line and <b>790</b> feet from the <b>EAST</b> line				
Ground Level Elev. <b>7126.0</b>	Producing Formation <b>Mesaverde</b>	Pool <b>Blanco</b>	Dedicated Acreage: <b>320</b> Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ☐ ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ☐ NO ☐ . If answer is "yes," Type of Consolidation \_\_\_\_\_
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

### SECTION B



### CERTIFICATION

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

Name <i>James P. Leese</i>
Position <b>Chief Engineer</b>
Company <b>Consolidated Oil &amp; Gas, Inc.</b>
Date <b>April 26, 1962</b>

I hereby certify that the well location shown on the plat in SECTION B 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.

Date Surveyed <b>2 March 1962</b>
Registered Professional Engineer and/or Land Surveyor <i>James P. Leese</i> <b>James P. Leese</b>
Certificate No. <b>1463</b> <b>San Juan Engineering Company</b>

NUMBER COPIES RECEIVED	
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FILE	
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LAND OFFICE	
TRANSPORTER	OIL GAS
PRODUCTION OFFICE	
OPERATOR	

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**WELL LOCATION AND ACREAGE DEDICATION PLAT**  
 SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

FORM C-128  
Revised 5/1/57

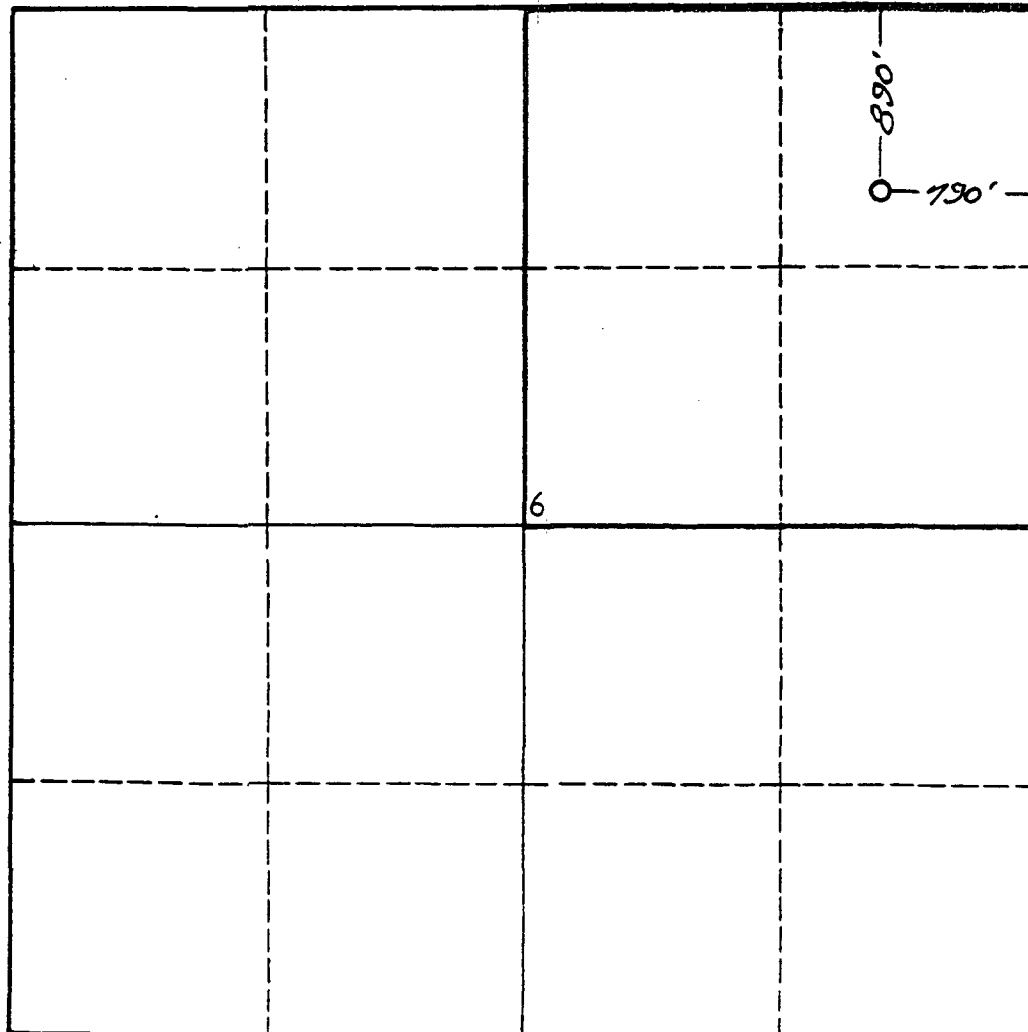
**SECTION A**

Operator <b>CONSOLIDATED OIL AND GAS, INC.</b>		Lease <b>TRIBAL "C"</b>		Well No. <b>3</b>
Unit Letter <b>A</b>	Section <b>6</b>	Township <b>26 NORTH</b>	Range <b>3 WEST</b>	County <b>RIO ARriba</b>
Actual Footage Location of Well: <b>890</b> feet from the <b>NORTH</b> line and <b>790</b> feet from the <b>EAST</b> line				
Ground Level Elev. <b>7126.0</b>	Producing Formation <b>Pictured Cliffs</b>	Pool <b>Tapicito</b>	Dedicated Acreage: <b>160</b> Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES X NO \_\_\_\_ . ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES \_\_\_\_ NO \_\_\_\_ . If answer is "yes," Type of Consolidation \_\_\_\_
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

**SECTION B**



**CERTIFICATION**

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

Name <i>[Signature]</i>
Position <b>Chief Engineer</b>
Company <b>Consolidated Oil &amp; Gas, Inc.</b>
Date <b>April 26, 1962</b>

I hereby certify that the well location shown on the plat in SECTION B 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.

Date Surveyed <b>2 March 1962</b>
Registered Professional Engineer and/or Land Surveyor <i>[Signature]</i> <b>James P. Leese</b>
Certificate No. <b>1463</b> <b>San Juan Engineering Company</b>

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

## Tribal C3 MV / PC

### Fixed Percentage Allocation Formula

	Oil		Gas	
	(Barrels)	%	(MCF)	%
<b>Mesaverde Formation</b>	3,622	100%	1,387,783	49.7%
<b>Pictured Cliffs Formation</b>	-	0%	1,407,292	50.3%
	3,622	100%	2,795,075	100%

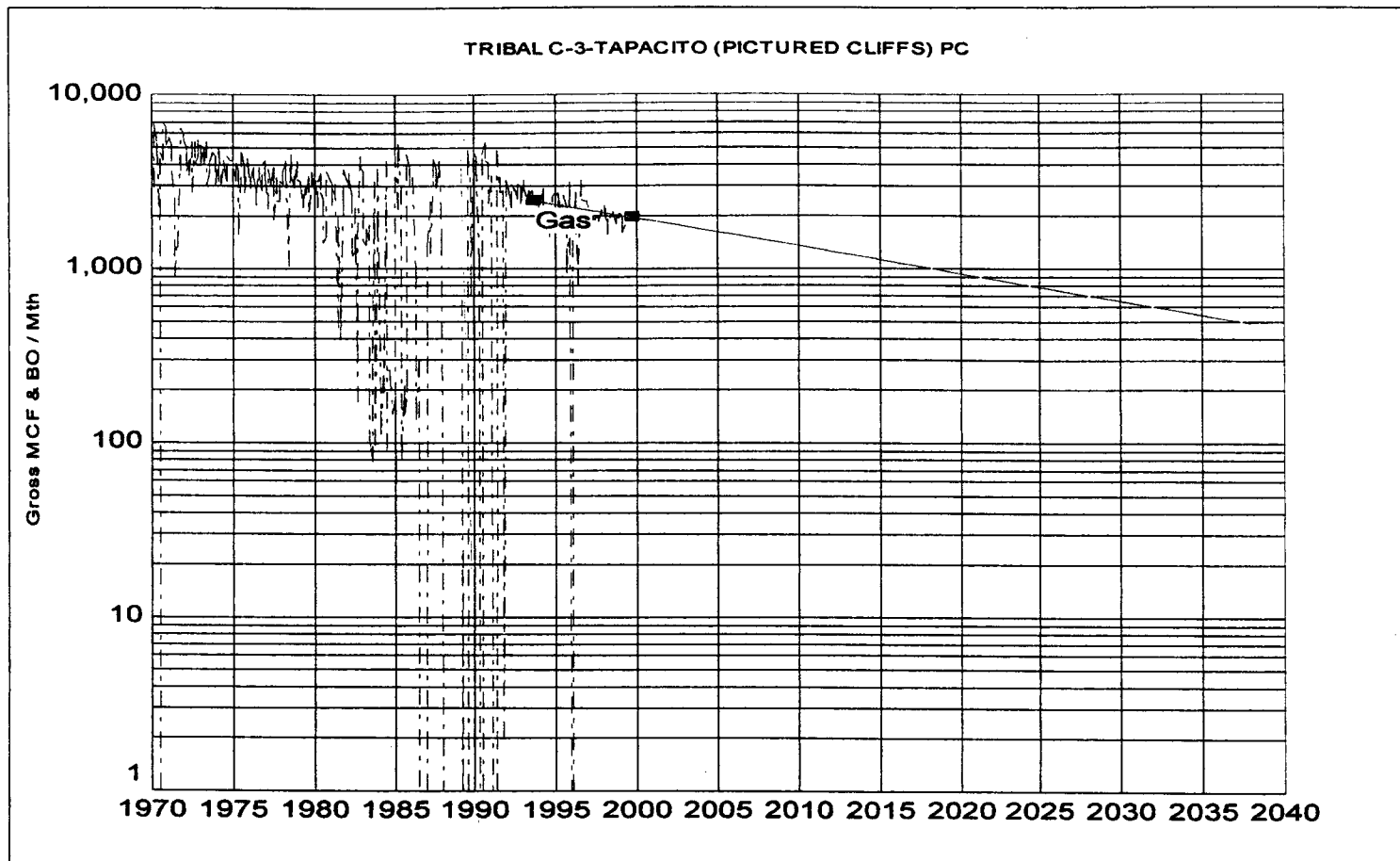
Based on production through Jan - 1999

# Last Twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PTools30\PROJECTS\Reserves\New Case\Reversion\Pdp.mdb

Lease Name: TRIBAL C (3)  
 County, ST: RIO ARRIBA, NM (Jicarilla)  
 Location: 26N-3W-6

Field Name: TAPACITO (PICTURED CLIFFS) PC  
 Operator: CHATEAU OIL & GAS INC



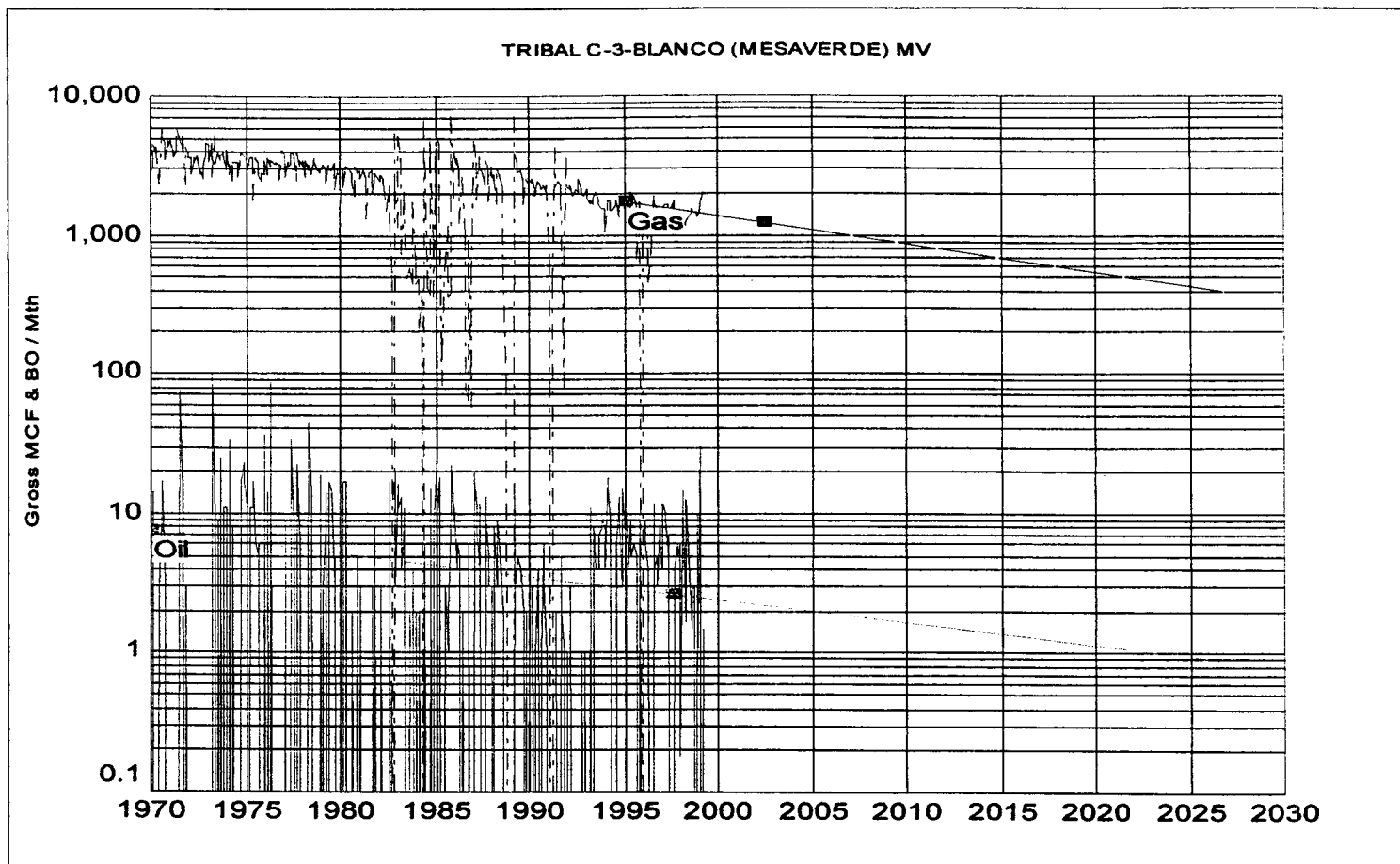
Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		0	1,383,789	61	0
04/1998	1	0	1,991	0	0
05/1998	1	0	1,940	0	0
06/1998	1	0	2,088	0	0
07/1998	1	0	2,108	0	0
08/1998	1	0	2,087	0	0
09/1998	1	0	1,807	0	0
10/1998	1	0	1,986	0	1,829
11/1998	1	0	1,935	0	1,430
12/1998	1	0	2,099	0	1,903
01/1999	1	0	2,027	0	1,861
02/1999	1	0	1,609	0	0
03/1999	1	0	1,826	0	0
Total:		0	1,407,292	61	7,023

# Last Twelve Months Historic Production Report

Project: C:\Program Files\IHS Energy\PTools30\PROJECTS\Reserves\New Case\Reversion\PdP.mdb

Lease Name: TRIBAL C (3)  
 County, ST: RIO ARRIBA, NM (Jicarilla)  
 Location: 26N-3W-6

Field Name: BLANCO (MESAVERDE) MV  
 Operator: CHATEAU OIL & GAS INC



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		3,554	1,369,953	971	0
04/1998	1	2	1,167	0	0
05/1998	1	13	1,226	0	0
06/1998	1	4	1,369	0	0
07/1998	1	1	1,468	0	0
08/1998	1	3	1,562	0	0
09/1998	1	3	1,444	0	0
10/1998	1	0	1,476	0	1,310
11/1998	1	10	1,426	0	1,181
12/1998	1	1	1,344	0	1,185
01/1999	1	30	1,567	0	1,535
02/1999	1	0	1,694	0	0
03/1999	1	1	2,087	0	0
Total:		3,622	1,387,783	971	5,211

## Offset Operator List

Tribal C 3 MV / PC  
A-6-26N-3W

Operator	Reservoir	Township	Range	Section
BURLINGTON RES O&G CO P.O. Box 4289 Farmington, NM 87499	MESAVERDE	26 N	4 W	1
	PICTURED CLIFFS	26 N	4 W	12
		26 N	4 W	36

PICTURED CLIFFS	26 N	3 W	8
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Greystone Energy, Inc.  
1801 Broadway, Suite 630  
Denver, Colorado 80202

MESAVERDE	26 N	3 W	5
PICTURED CLIFFS	26 N	3 W	6
	26 N	3 W	7
	26 N	3 W	8

CONOCO INC  
10 Desta Dr., Suite 100 W  
Midland, TX 79705

PICTURED CLIFFS	26 N	4 W	12
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TAURUS EXPL USA INC  
2198 Bloomfield Highway  
Farmington, NM 87401

MESAVERDE	26 N	3 W	7
PICTURED CLIFFS			

PICTURED CLIFFS	26 N	3 W	8
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WILLIAMS PRODUCTION CO  
P.O. Box 215  
Bloomfield, NM 87413

MESAVERDE	27 N	3 W	31
PICTURED CLIFFS			


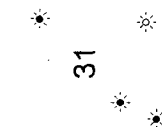



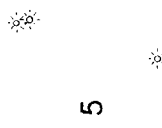

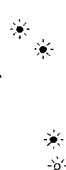

PICTURED CLIFFS	27 N	3 W	32
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# PowerTools Map

Project: C:\Program Files\IHS Energy\PTools30\PROJECTS\Comingles\Tribal C 3.mdb

Date: 7/22/1999  
Time: 6:06 PM

26	25	30	29	28	27
35	36 	31 	32 	33	34
2	1 	3 TRIBAL C 6 	5 	4	3
11	12 	7 	8 	9	10
14	13	18	17	16	15
<div>Tribal C 3 - MV / PC Offset Mesaverde and Pictured Cliff Well Spots</div>			26N 3W		
			20	21	22

# Pressure/Time Graph

Date: 7/21/1999  
Time: 5:10 PM

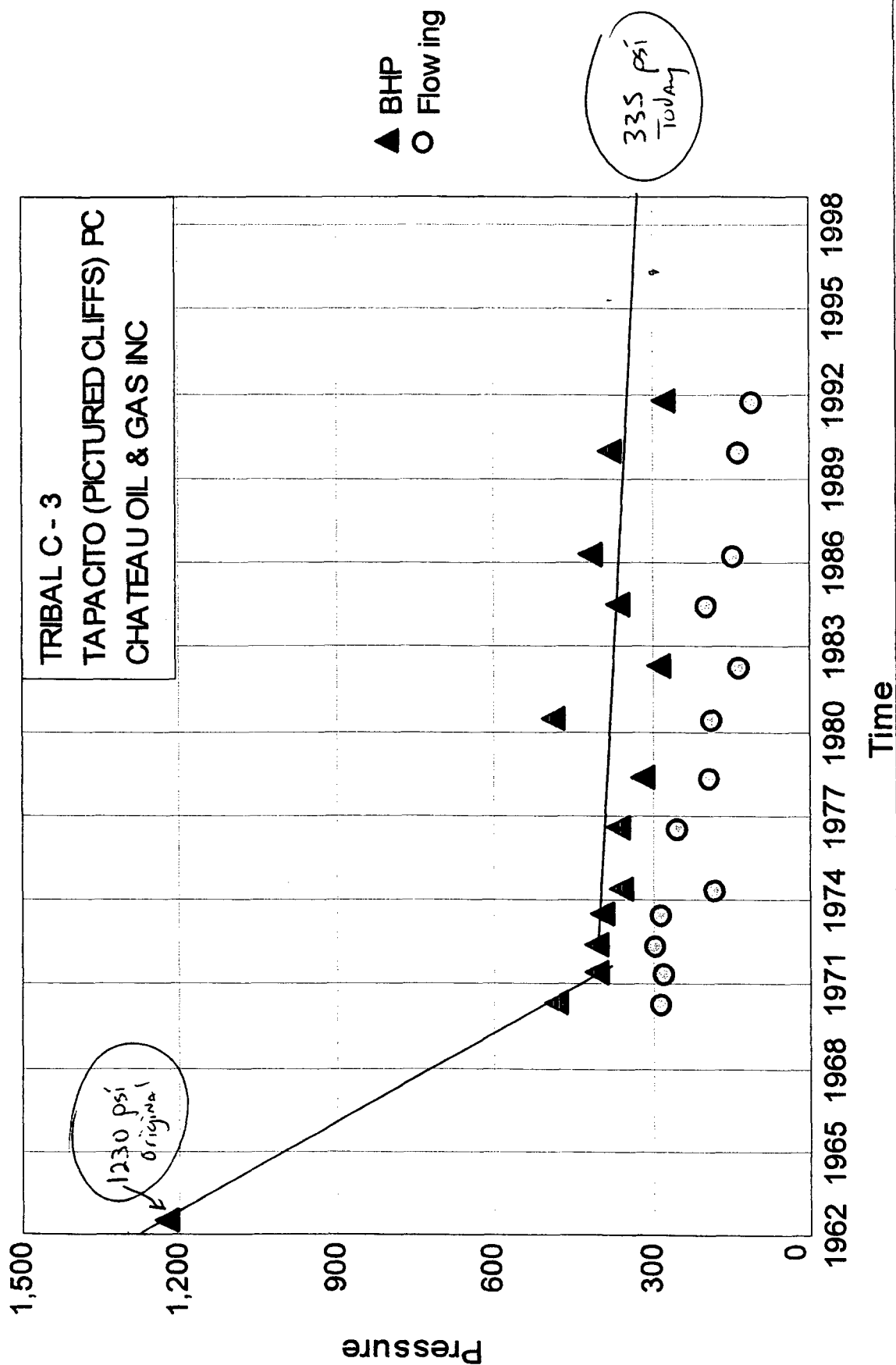
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Lease Name:  
County, ST:  
Location:

TRIBAL C (3)  
RIO ARRIBA, NM (Jicarilla)  
26N-3W-6

Field Name:  
Operator:

TAPACITO (PICTURED CLIFFS) PC  
CHATEAU OIL & GAS INC



# Pressure/Time Graph

Date: 7/21/1999  
Time: 5:18 PM

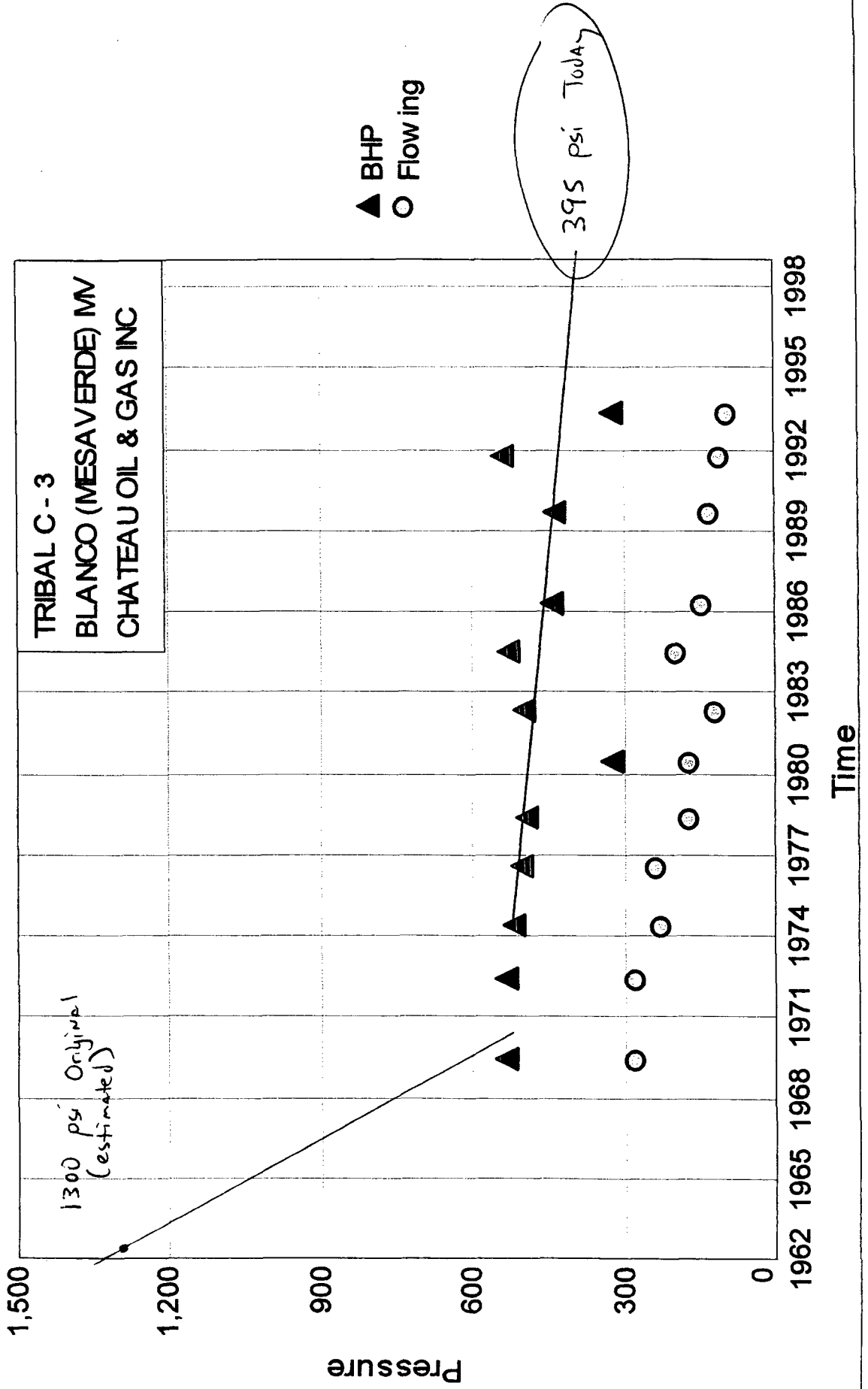
t: C:\Program Files\IHS Energy\PTools30\PROJECTS\Reserves\New Case\Reversion\pdp.mdb

Lease Name:  
County, ST:  
Location:

TRIBAL C (3)  
RIO ARRIBA, NM (Jicarilla)  
26N-3W-6

Field Name:  
Operator:

BLANCO (MESAVERDE) MV  
CHATEAU OIL & GAS INC



## Tribal C-3 - Mesa Verde

HAROLD W SMITH JR  
PO BOX 1527  
SUN VALLEY

ID 83353

JICARILLA APACHE TRIBE  
PO BOX 2053  
ALBUQUERQUE

NM 87103-5810

SHARON GILBERT  
922 LINCOLN BLVD #2  
SANTA MONICA

CA 90403

KEVIN R MCCAULEY  
7259 MINUET WAY  
CITRUS HEIGHTS

CA 95621

CRAIG MCCAULEY  
1130 G STREET  
SPARKS

NV 89431

KIRK P MCCAULEY  
PO BOX 2498  
GRASS VALLEY

CA 95945

JOHN H THOMPSON JR  
78698 CASCADIA DRIVE  
BERMUDA DUNES

CA 92201

FINCHER OIL INVESTMENTS, INC  
107 ST FRANCIS ST, #1502  
MOBILE

AL 36602

J & R PROPERTIES, LLC  
1 COLORADO BLVD  
DENVER

CO 80206

SALLY ROYCE  
ADDRESS UNKNOWN

ENERGEN RESOURCES CORPORATION  
2101 SIXTH AVE, NO  
BIRMINGHAM

AL 35203-2784

## **Tribal C-3 - Pictured Cliffs**

HAROLD W SMITH JR  
PO BOX 1527  
SUN VALLEY

ID 83353

JICARILLA APACHE TRIBE  
PO BOX 2053  
ALBUQUERQUE

NM 87103-5810

SHARON GILBERT  
922 LINCOLN BLVD #2  
SANTA MONICA

CA 90403

KEVIN R MCCAULEY  
7259 MINUET WAY  
CITRUS HEIGHTS

CA 95621

CRAIG MCCAULEY  
1130 G STREET  
SPARKS

NV 89431

KIRK P MCCAULEY  
PO BOX 2498  
GRASS VALLEY

CA 95945

JOHN H THOMPSON JR  
78698 CASCADIA DRIVE  
BERMUDA DUNES

CA 92201

FINCHER OIL INVESTMENTS, INC  
107 ST FRANCIS ST, #1502  
MOBILE

AL 36602

J & R PROPERTIES, LLC  
1 COLORADO BLVD  
DENVER

CO 80206

SALLY ROYCE  
ADDRESS UNKNOWN

ENERGEN RESOURCES CORPORATION  
2101 SIXTH AVE, NO  
BIRMINGHAM

AL 35203-2784