

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

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* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
** New Mexico Board of Specialization Recognized Specialist in Real Estate Law

November 22, 2005

RECEIVED

NOV 22 2005

HAND-DELIVERED

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Request for Administrative Approval of Unorthodox Well Location
Jacquez 02 No. 04 Well
Blanco Mesaverde Pool
130' FNL and 130' FWL, Unit D
Section 2 (W/2) T-31-N, R-13-W, NMPM, San Juan County, New Mexico

Dear Mr. Stogner:

On behalf of Patina San Juan, Incorporated and pursuant to Division Rule 104.F and the applicable rules governing the Blanco-Mesaverde Pool, we request administrative approval for an unorthodox well location for the Patina San Juan Jacquez 02 No. 04 Well at the surface and bottom-hole locations reflected above.

The straight-hole well will be drilled to a depth sufficient to test the Mesaverde formation, Blanco Mesaverde pool (72319; Order No. R-10987-A, as amended.). The pool rules for the pool currently provide that wells shall be drilled no closer than 660' to the outer boundary of the 320-acre GPU and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Patina San Juan does not plan to produce from any shallower formations from the proposed wellbore.

Patina San Juan seeks an exception from the applicable well location rules in order to accommodate the current use of the surface for irrigated farmland agricultural operations. A standard

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Mr. Michael Stogner
November 22, 2005
Page 2

location was originally planned, but the owner of the surface, Mr. Pat Walters, maintains a side-roll irrigation sprinkler system on significant portions of the NW/4 of Section 2 and standard well locations in units C, D and E would materially interfere with the operation of the sprinkler system. Photographs of the NW/4 of Section 2 are enclosed. Further, Patina's engineering staff has determined that directional drilling from the unorthodox surface location to a standard bottom-hole location would add approximately \$130,000.00 in well costs, and under the circumstances, cannot be economically justified.

The W/2 of Section 2, T-31-N, R-13-W will be dedicated to the well and is the third Mesaverde infill well within the GPU. A plat showing the W/2 spacing unit, the proposed unorthodox surface and bottom hole locations, and adjoining spacing units and wells is attached as Exhibit "A". A list of affected parties in the adjoining S/2 of Sections 34 and W/2 of Section 35, T32N, R13W and in the E/2 of Section 3, T31N, R13W to whom notice and waiver requests are being sent is attached as Exhibit "B". Patina San Juan is the operator of the referenced adjoining units in Sections 35 T32N, R13W, and Section 3 T31N, R13W. Patina owns 100% of the working interest in the E/2 of Section 3 and the W/2 of Section 2. The non-operating working interest owners in Section 35 are being notified. In the S/2 of Section 34, T32N, R13W, San Juan Resources of Colorado is the operator of the Mesaverde unit and HEC/Pure Resources operates the Basin-Fruitland Coal Gas unit. Both of those operators are also being notified.

Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Very truly yours,

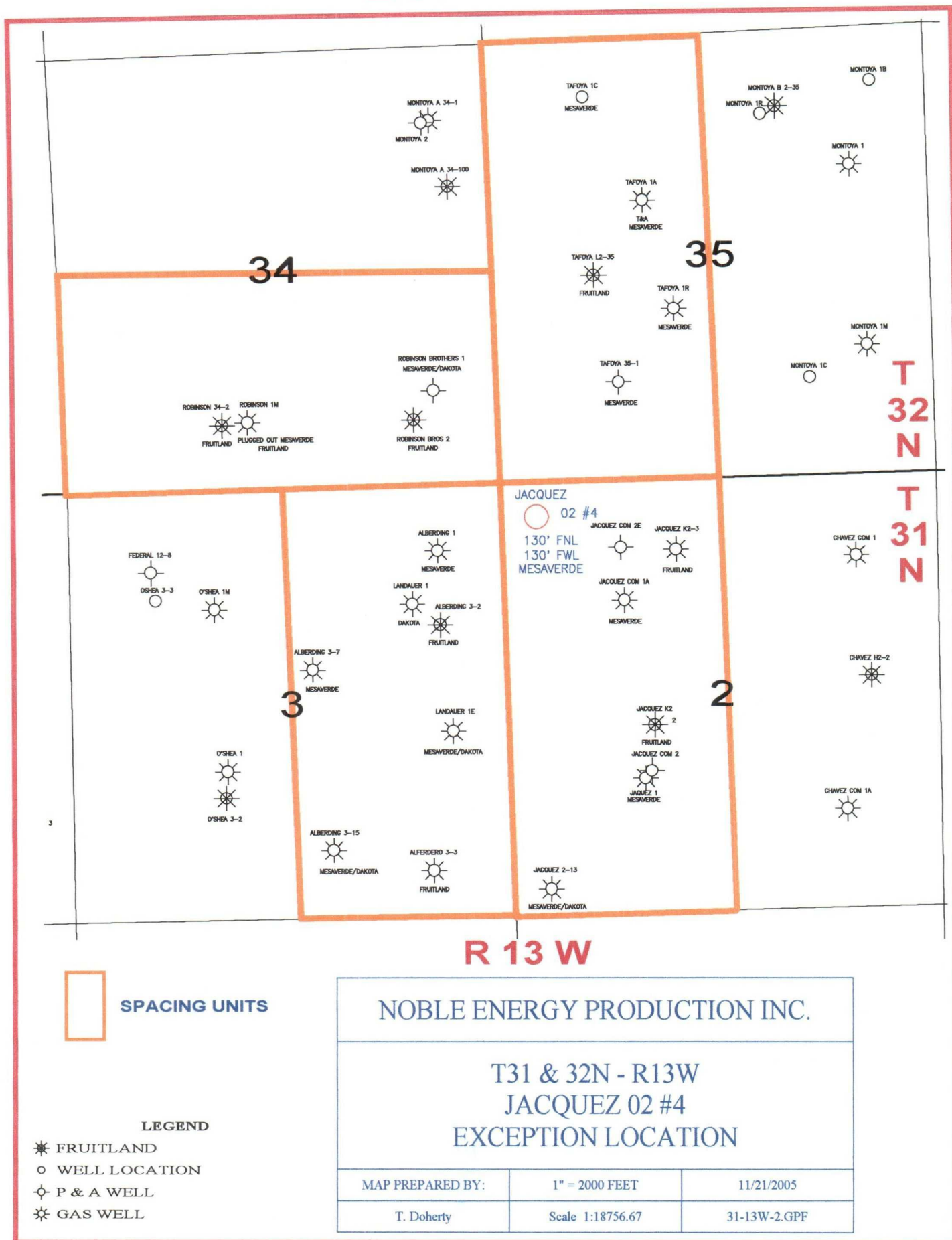
MILLER STRATVERT P.A.

*one mile east
of La Plata*


J. Scott Hall
Attorneys for Patina San Juan, Inc.

JSH/glb
Enclosures

EXHIBIT "A"



November 21, 2005

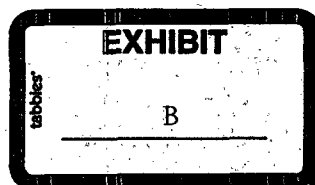
Notice List
Jacquez 02 #04 Well

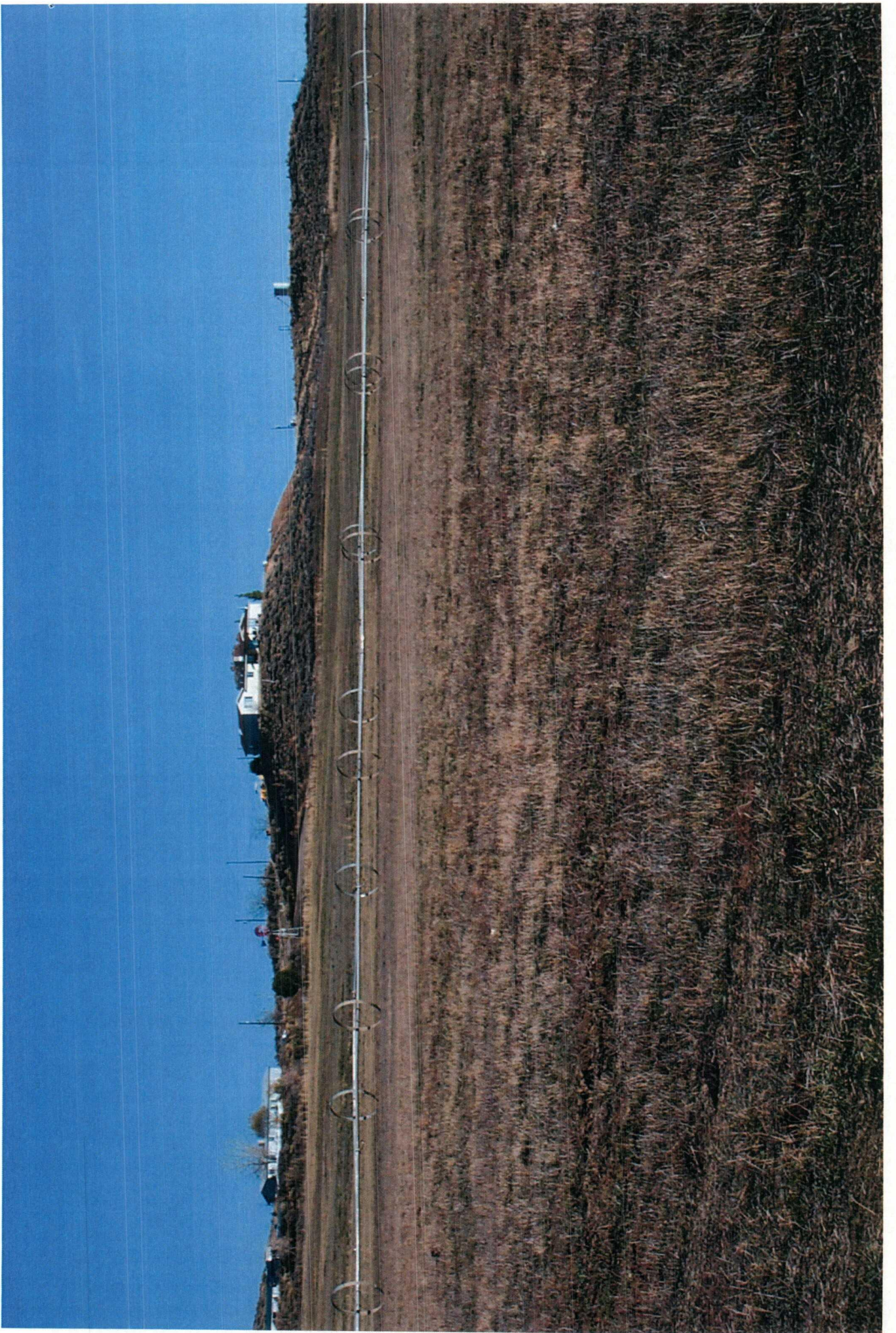
Geodyne Nominee Corp.
c/o Samson Resources Co.
370 17th Street, #3000
Denver, CO 80202
Attention: Kevin Stowe

Energen Resources
2198 Bloomfield Highway
Farmington, N.M. 87401
Attention: David Poage

HEC Petroleum
(Pure Resources Inc.)
500 West Illinois Avenue
Midland, TX 79701

San Juan Resources, Inc.
1499 Blake, Suite 7K
Denver, CO 80202
Attention: Jerry McHugh, Jr.







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RETURN RECEIPT REQUESTED

HEC Petroleum
500 West Illinois Ave.
Midland, Texas 79701

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Request for Administrative Approval of Unorthodox Well Location
Jacquez 02 No. 04 Well
Blanco Mesaverde Pool
130' FNL and 130' FWL, Unit D
Section 2 (W/2) T-31-N, R-13-W, NMPM, San Juan County, New Mexico

Dear Sir or Madam:

This firm represents Patina San Juan, Incorporated, (Patina San Juan). Pursuant to New Mexico Oil Conservation Division (NMOCD) Rule 1207 and 1210 A(2), you are hereby notified that Patina San Juan has made application to the NMOCD for administrative approval for an unorthodox well location for its Jacquez 02 No. 04 Well at the surface and bottom-hole locations reflected above for a straight-hole well to be drilled to a depth sufficient to test the Mesaverde formation, Blanco Mesaverde pool. A copy of the application is enclosed.

As the owner of an interest that may be affected, you have the right to object to the application. To do so, you must file a written protest with the NMOCD within twenty days. Failure to do so will prevent you from challenging the matter at a later time. A letter of protest may be sent to the NMOCD at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505.

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HEC Petroleum
November 22, 2005
Page 2

Should you consent to the application and the proposed unorthodox well location, you are requested to indicate your waiver of objection by signing where indicated below and then returning this letter to me at your earliest convenience.

Very truly yours,



J. Scott Hall
MILLER STRATVERT P.A.
Attorneys for Patina San Juan, Inc.

JSH/glb
Enclosure
cc: Mr. Robert A. Hoelsken

CONSENT:

HEC Petroleum

By: _____

MILLER STRATVERT

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Geodyne Nominee Corporation
c/o Samson Resources Company
370 17th Street, #3000
Denver, CO 80202

Attn: Mr. Kevin Stowe

Re: Request for Administrative Approval of Unorthodox Well Location
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Geodyne Nominee Corporation
November 22, 2005
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Very truly yours,

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall
MILLER STRATVERT P.A.
Attorneys for Patina San Juan, Inc.

JSH/glb
Enclosure
cc: Mr. Robert A. Hoelsken

CONSENT:

Geodyne Nominee Corporation
c/o Samson Resources Company

By: _____

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2198 Bloomfield Highway

Farmington, New Mexico 87401

Attn: Mr. David Poage

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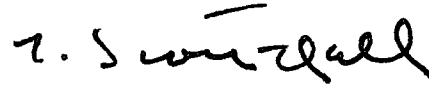
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Energen Resources
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JSH/glb
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By: _____

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CONSENT:

San Juan Resources, Inc.

By: _____