

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
11000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
X Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes X No

APPLICATION FOR DOWNHOLE COMMINGLING

PATINA SAN JUAN, INC.

Operator

Address

5802 U.S. HIGHWAY 64 FARMINGTON, NM 87401

JICARILLA

B#1B

H Sec 26 - T26N - R4W

RIO ARRIIBA

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 173252 Property Code _____ API No. 30-039-27780 Lease Type: Federal XXX State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	TAPACITOS PICTURED CLIFFS <i>Pro Gas</i>	BLANCO MESA VERDE <i>Pro Gas</i>	BASIN DAKOTA <i>Pro Gas</i>
Pool Code	85920 ✓	72319 ✓	71599 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)			
Method of Production (Flowing or Artificial Lift)	FLOWING	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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	To be completed/commingled July 2006	To be completed/commingled July 2006	To be completed/commingled July 2006
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.)	Production estimates from various off-set wells in proximity to well.	Production estimates from various off-set wells in proximity to well.	Production estimates from various off-set wells in proximity to well.
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 1 % 28 %	Oil Gas 22 % 32 %	Oil Gas 77 % 40 %

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? N/A

Yes X No _____
Yes _____ 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: _____

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 J. Muse TITLE REGULATORY/ENGINEERING TECHNICIAN DATE 06/19/06
TYPE OR PRINT NAME JEAN M. MUSE TELEPHONE NO. (505) 632-8056

E-MAIL ADDRESS jmuse@patinasanjuan.com

1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources DepartmentForm C-122
Revised February 21, 1991District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

Unit to Appropriate District Office

District III
1000 Rio Brazos Rd., Aztec, NM 87410PO Box 2088
Santa Fe, NM 87504-2088State Lease - 4 Copies
Fee Lease - 3 CopiesDistrict IV
PO Box 2086, Santa Fe, NM 87504-2086☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 72319 \ 71599	Pool Name BLANCO MESAVERDE \ BASIN DAKOTA
Property Code 65920	Property Name JICARILLA B		Well Number 18
GRID No. 173252	Operator Name CORDILLERA ENERGY, INC.		Elevation 6920'

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
H	26	26N	4W		2280	NORTH	660	EAST	RIO ARriba

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

12 Dedicated Acres 160-Acre NE 1/4 - PO 320.0 Acres - (E/2) MVIDE	13 Joint or Infill Y	14 Consolidation Code	15 Order No.
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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

	16 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Paul C. Thompson</u> Signature PAUL C. THOMPSON Printed Name AGENT Title 4/8/03 Date
	17 SURVEYOR CERTIFICATION 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 belief. Date of Survey: MAY 24, 2002 Signature and Seal of Professional Surveyor
	JASON C. EDWARDS Certificate Number 15269

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**SUNDRY NOTICES AND REPORTS ON WELLS***Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 20075. Lease Serial No.
JICARILLA CONTRACT #1066. If Indian, Allottee or Tribe Name
JICARILLA APACHE TRIBE

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
JICARILLA B #189. API Well No.
30-039-2778010. Field and Pool, or Exploratory Area
Basin DK/Blanco MV/Tapacito PC11. County or Parish, State
RIO ARriba CTY, NEW MEXICO**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator **PATINA SAN JUAN, INC.**3a. Address
5802 US HIGHWAY 64 FARMINGTON, NM 874023b. Phone No. (include area code)
505-632-8056

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**2280' FNL, 660' FEL
H Sec 26 - T26N - R4W****12. CHECK APPROPRIATE BOX(ES) 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"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other TRI-MINGLE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	PC/MV/DK POOLS
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

**PATINA SAN JUAN REQUESTS APPROVAL TO DOWNHOLE TRIMMING THE TAPACITO PICTURED CLIFFS (85920),
BLANCO MESA VERDE (72319) AND BASIN DAKOTA (71599) FORMATIONS IN THE SUBJECT WELL. PRE-APPROVED ORDER
#11563 BY THE NMOCD.**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) _____ Title **REGULATORY COMPLIANCE**

Signature *[Signature]* Date **06/26/2006**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____
Conditions of approval, if any, are attached. Approval of this notice 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. Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

Recommended Allocation for Commingle

Well: Jicarilla B # 1B

30-day average production based on Offset Well Performance
(see attached decline curves)

G a s	Zone	Average MCFD	Percentage of total flow
	PC	33	28%
	MV	37	32%
	DK	46	40%
	Total	116	100%

O i l	Zone	Average BOPD	Percentage of total flow
	PC	0.006	1%
	MV	0.15	22%
	DK	0.54	78%
	Total	0.696	100%

Recommended allocation for future downhole commingled production

Zone	Gas	Oil
PC	28%	1%
MV	32%	22%
DK	40%	78%
Total	100%	100%