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Reply to Santa Fe

150 Washington Ave., Suite 300
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** New Mexico Board of Specialization Recognized Specialist in Real Estate Law

Writer's Direct E-Mail:
shall@mstlaw.com

November 10, 2004

RECEIVED

NOV 9 2004

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 for Unorthodox Well Location
Alberding 3-07 Well.
Blanco Mesaverde Pool
1857' FNL and 2303' FEL
E/2 Section 3 T-31-N, R-13-W, NMPM, San Juan County, New Mexico

Dear Mr. Stogner:

Patina San Juan, Incorporated requests administrative approval for an unorthodox well location for its Alberding 3-07 Well at the surface and bottom-hole locations reflected above. The basis for the request is restrictions on the use of the surface at the original standard location. 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. The E/2 of Section 3, T-31-N, R-13-W will be dedicated to the well and is the third Mesaverde well within the GPU.

The Alberding 3-07 well was originally planned to be drilled at a location 1980' FNL and 1980' FEL of Section 3, but access to the planned location was obstructed by the surface owner. Patina San Juan has concluded that under present circumstances, there is insufficient time to seek judicial enforcement of its right to drill at the original location. Due to the current high demand for drilling rigs in the San Juan Basin, Patina San Juan faces a substantial likelihood that it will lose access to a presently-scheduled drilling rig for this and other projects if it is not permitted to drill at the proposed unorthodox location. Consequently, there is a substantial likelihood that the well may

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Mr. Michael Stogner
Page 2
November 10, 2004

not be drilled, resulting in unrecovered reserves. The owner of the surface at the proposed unorthodox location has consented to the relocation of the well.

A plat showing the E/2 spacing unit, the proposed unorthodox surface and bottom hole locations, and adjoining spacing unit and wells is attached as Exhibit A.

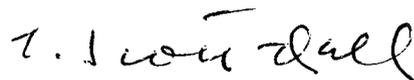
A list of affected parties to whom notice and waiver requests are being sent is attached as Exhibit B.

Due to the time constraints resulting from the limited availability of drilling rigs, Patina San Juan requests expedited consideration of this administrative application.

Thank you for your consideration of this request.

Very truly yours,

MILLER STRATVERT P.A.

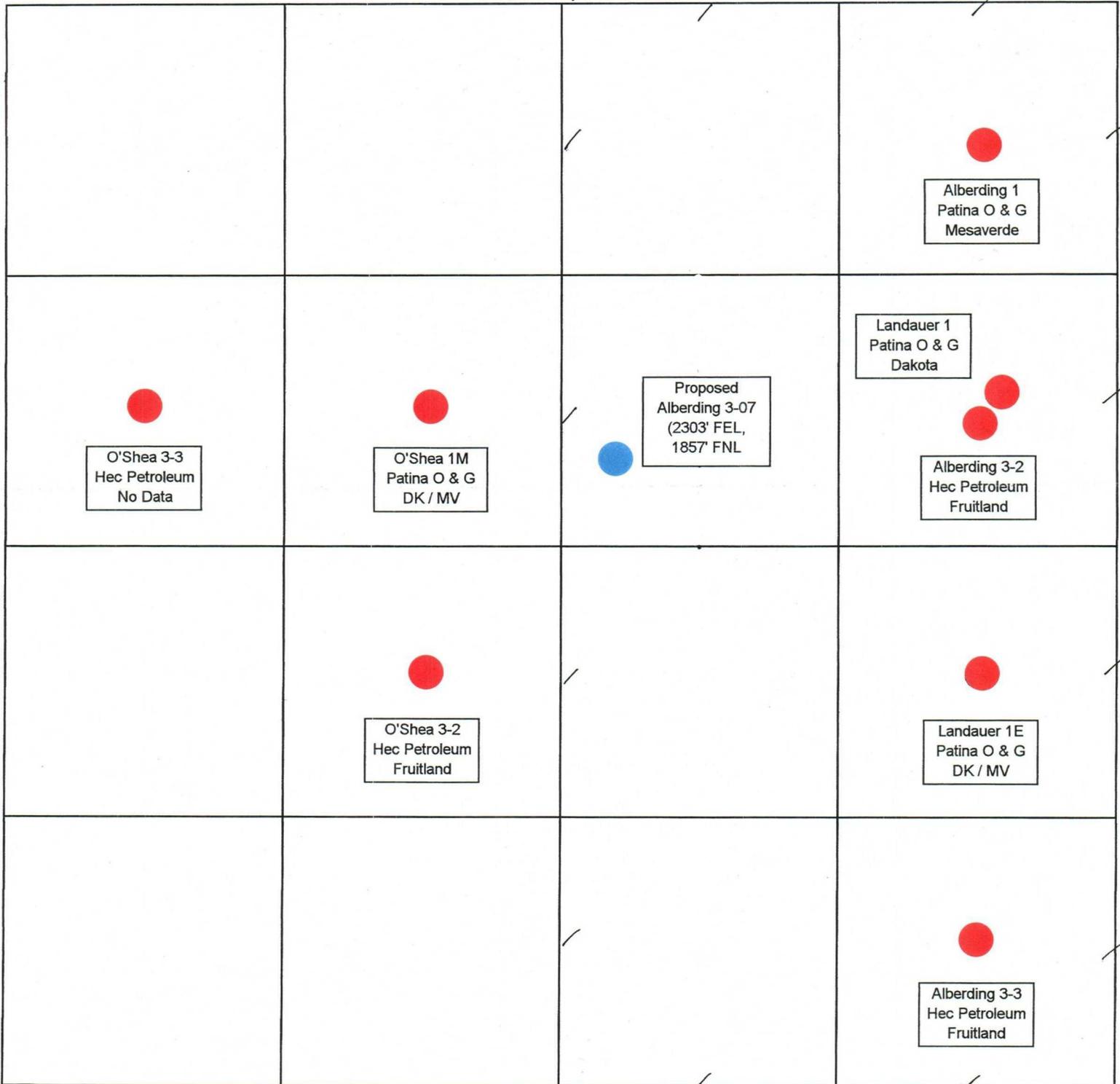


J. Scott Hall
Attorneys for Patina San Juan, Inc.

JSH/glb
Enclosures
cc: Bill Marquis, Patina San Juan, Inc.

Exhibit "A"

T31N-R13W, Section 3



 Patina San Juan, Incorporated
Proposed Alberding 3-07
(Mesaverde)

EXHIBIT "B"

Shirley Mizzy Trust
c/o Shirley Mizzy Trustee
2920 Neilson Way, No. 404
Santa Monica, CA 92604

Segal Oil & Gas, Inc.
c/o A. Segal
10 East 70th Street (6A)
New York, New York 10021-4913

HEC Petroleum, Inc.
500 West Illinois Ave.
Midland, Texas 79701

Doris Leeds Trust
c/o Richard F. Leeds, Trustee
15 Shearwater
Irvine, CA 92604

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November 10, 2004

CERTIFIED MAIL **RETURN RECEIPT REQUESTED**

Shirley Mizzy Trust
c/o Shirley Mizzy Trustee
2920 Neilson Way, No. 404
Santa Monica, CA 92604

Re: Notification of Request for Administrative Approval for Unorthodox Well Location
Alberding 3-07 Well.
Blanco Mesaverde Pool
1857' FNL and 2303' FEL
E/2 Section 3 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 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 Alberding 3-07 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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Shirley Mizzy Trust
c/o Shirley Mizzy, Trustee
November 10, 2004
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. Bill Marquis, Patina San Juan, Inc.

CONSENT:

Shirley Mizzy Trust
Shirley Mizzy, Trustee

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November 10, 2004

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

HEC Petroleum, Inc.
500 West Illinois Ave.
Midland, Texas 79701

Re: Notification of Request for Administrative Approval for Unorthodox Well Location
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Blanco Mesaverde Pool
1857' FNL and 2303' FEL
E/2 Section 3 T-31-N, R-13-W, NMPM, San Juan County, New Mexico

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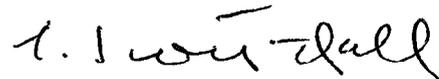
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HEC Petroleum
November 10, 2004
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J. Scott Hall
MILLER STRATVERT P.A.
Attorneys for Patina San Juan, Inc.

JSH/glb
Enclosure
cc: Mr. Bill Marquis, Patina San Juan, Inc.

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c/o A. Segal
10 East 70th Street (6A)
New York, New York 10021-4913

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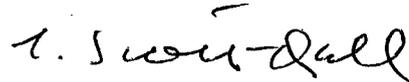
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Segal Oil & Gas, Inc.
November 10, 2004
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Attorneys for Patina San Juan, Inc.

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Enclosure
cc: Mr. Bill Marquis, Patina San Juan, Inc.

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Segal Oil & Gas, Inc.

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15 Shearwater
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