

DATE IN 11-11-04	SUSPENSE 12/1/04	ENGINEER Jones	LOGGED IN 11-12-04	TYPE DHC	APP NO. PSEM0431742825
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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			

District I
1695 N. French Drive, Hobbs, NM 88240

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

District III
1000 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

Form C-107A
Revised June 10, 2003

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

Patina San Juan, Inc. 1625 Broadway, Suite 2000, Denver, CO 80202

Operator **Hoyt** Address **"E", Section 5, T26N - R4W** **DAC-3372** **Rio Arriba**

Lease Well No. **#2C** Unit Letter-Section-Township-Range **"E", Section 5, T26N - R4W** County **Rio Arriba**

OGRID No. **173252** Property Code _____ API No. **30-039-27663** Lease Type: Federal State _____ Fee _____

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO Mesaverde Pro Gas	BS MESA - Gallup Gas	DASH - Dakota Pro Gas
Pool Code	72319	72920/9209	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5654' - 6272'	7622' - 7634'	8094' - 8286'
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)	1250 psi (est.)	1200 psi (est.)	1600 psi (est.)
Oil Gravity or Gas BTU (Degree API or Gas BTU)			12
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
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.)	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: 13% Gas: 35%	Oil: 12% Gas: 15%	Oil: 75% Gas: 50%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes _____ No

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

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 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 TITLE Agent for Pantina San Juan DATE 11/10/04

TYPE OR PRINT NAME Joe Mazotti TELEPHONE NO. (720) 352-0158

Recommended Allocation for Commingle

Well: Hoyt #2C

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

G a s	Zone	Average MCFD	Percentage of total flow
	MV	59	35%
	Gallup	26	15%
	DK	85	50%
	Total	170	100%

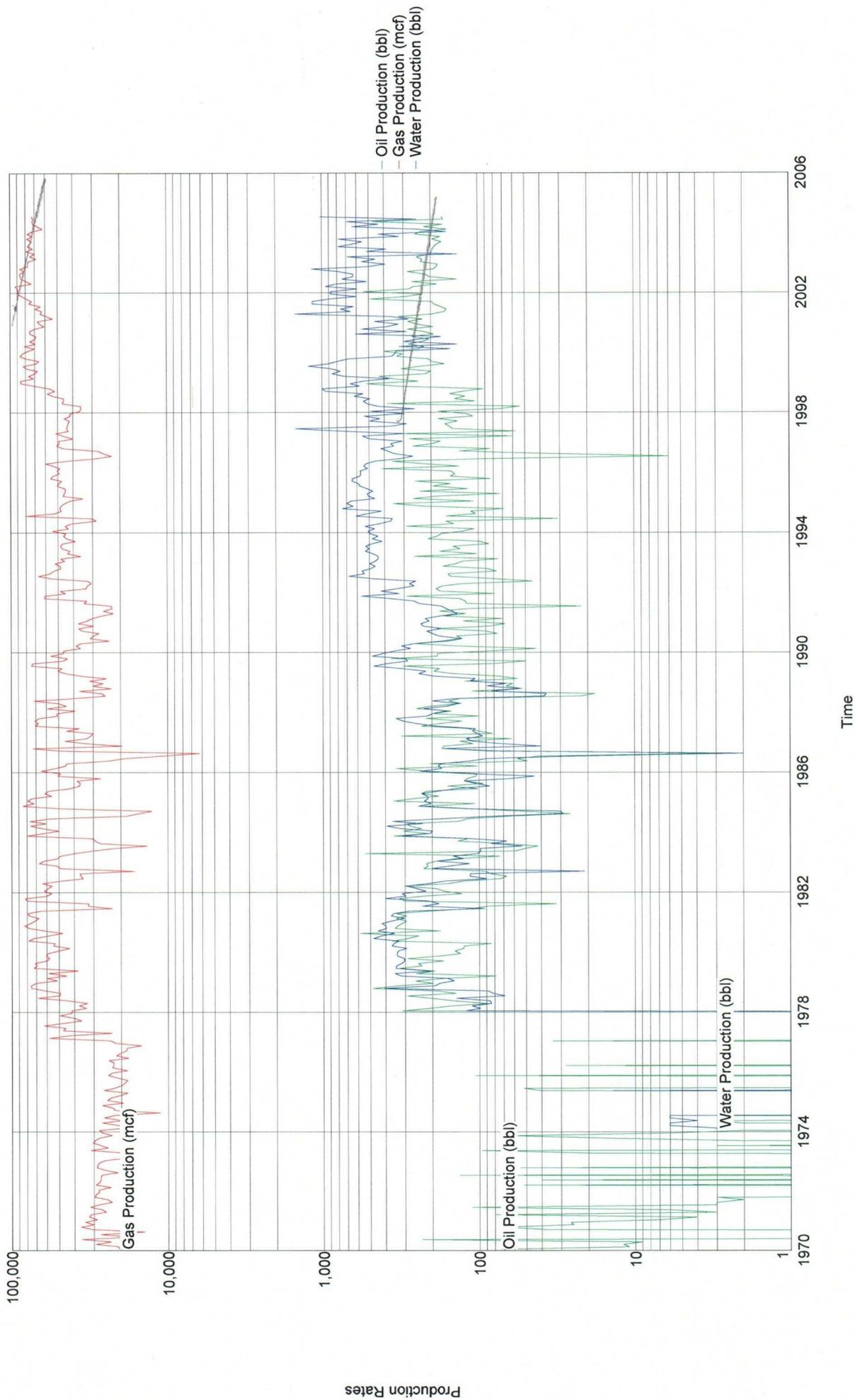
O i l	Zone	Average BOPD	Percentage of total flow
	MV	0.17	13%
	Gallup	0.15	12%
	DK	0.95	75%
	Total	1.27	100%

Recommended allocation for future downhole commingled production

Zone	Gas	Oil
MV	35%	13%
Gallup	15%	12%
DK	50%	75%
Total	100%	100%

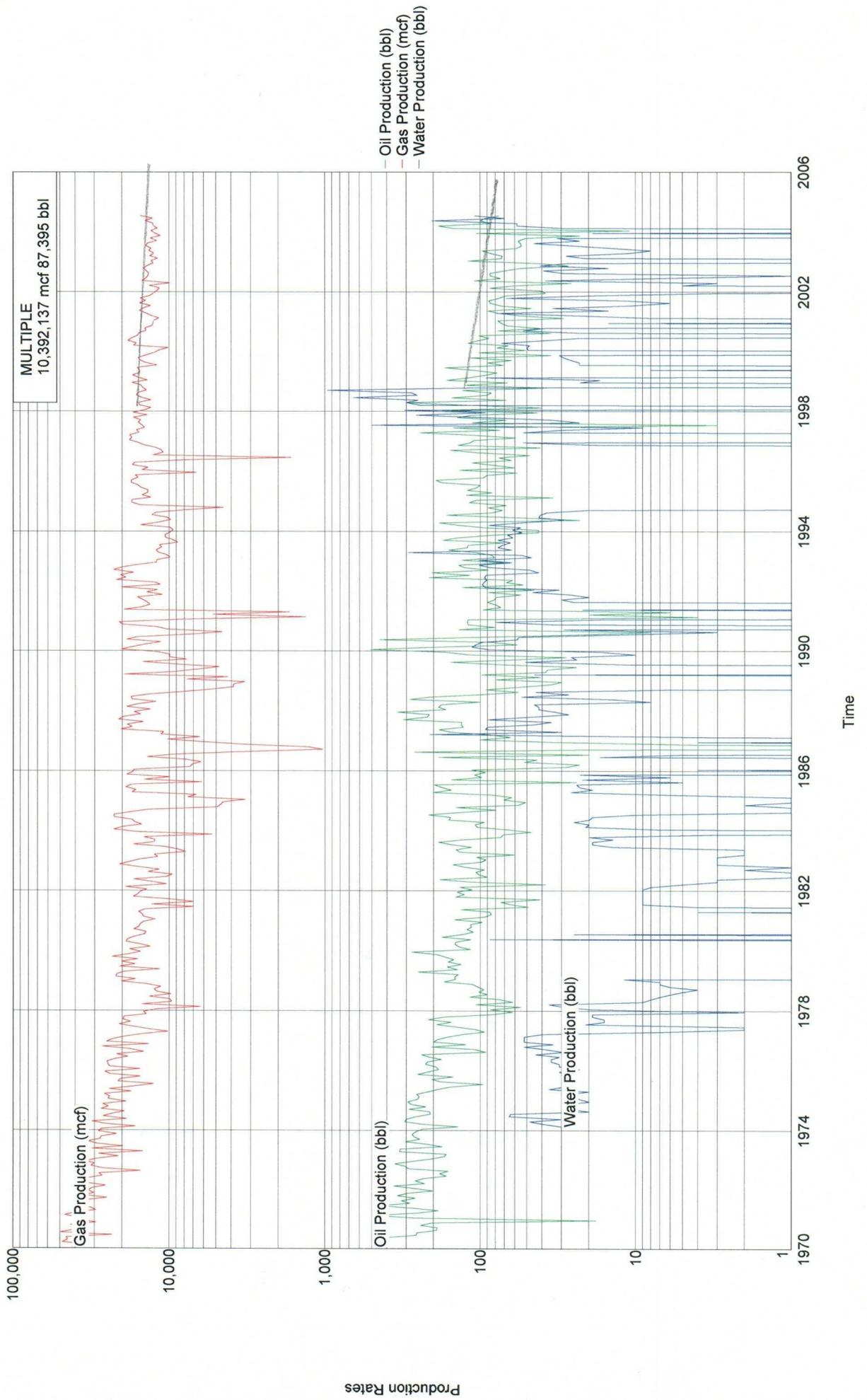
Lease Name: MULTIPLE
County, State: RIO ARBA, NM
Operator: MULTIPLE
Field: BLANCO
Reservoir: MESAVERDE
Location:

MULTIPLE MESAVERDE



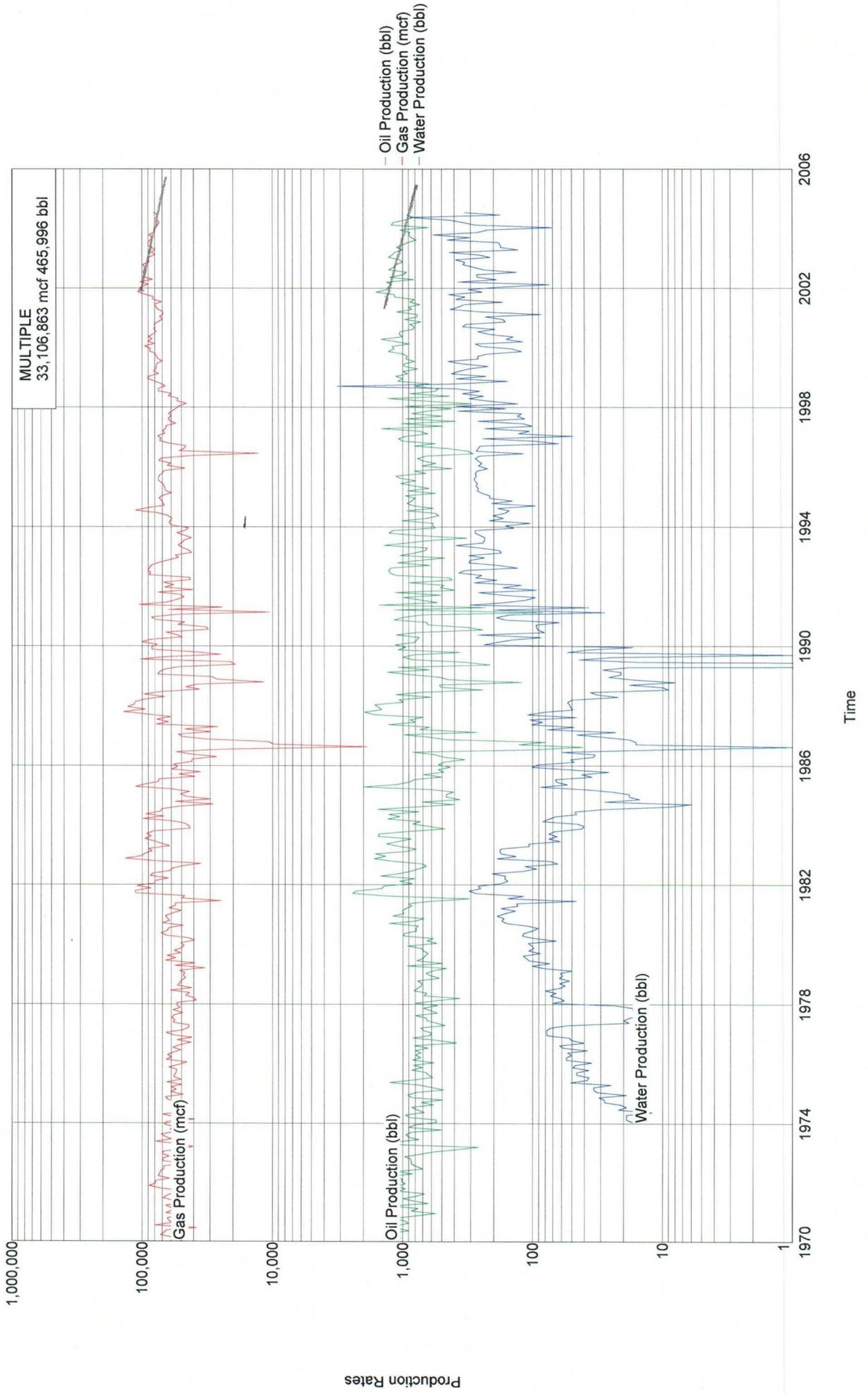
Lease Name: MULTIPLE
 County, State: RIO ARBA, NM
 Operator: MULTIPLE
 Field: B S MESA
 Reservoir: GALLUP
 Location:

MULTIPLE GALLUP /SD/ SH/



Lease Name: MULTIPLE
County, State: RIO ARBA, NM
Operator: MULTIPLE
Field: BASIN
Reservoir: DAKOTA
Location:

MULTIPLE DAKOTA



Hoyt #2C
Section 5, T26N – R4W
Rio Arriba County, New Mexico

Data from surrounding active Dakota, Gallup and Mesaverde Wells

Dakota Production

31 active Dakota wells

Gas Production

Well average monthly rate = 80,000 mcf

Monthly rater per well = $80000/31 = 2581$ mcf

Daily rate per well = $2581/30.4167 = 85$ mcf/d

Oil Production

Well average monthly rate = 900 bopm

Monthly rater per well = $900/31 = 29$ bopm

Daily rate per well = $29/30.4167 = 0.95$ bop/d

Gallup Production

19 active Gallup wells

Gas Production

Well average monthly rate = 15,000 mcf

Monthly rater per well = $15000/19 = 789$ mcf

Daily rate per well = $789/30.4167 = 26$ mcf/d

Oil Production

Well average monthly rate = 85 bopm

Monthly rater per well = $85/19 = 4.5$ bopm

Daily rate per well = $4.5/30.4167 = 0.15$ bop/d

Mesaverde Wells

39 active Mesaverde wells

Gas Production

Well average monthly rate = 70,000 mcf

Monthly rate per well = $70000/39 = 1795$ mcf

Daily rate per well = $1795/30.4167 = 59$ mcfd

Oil Production

Well average monthly rate = 200 bopm

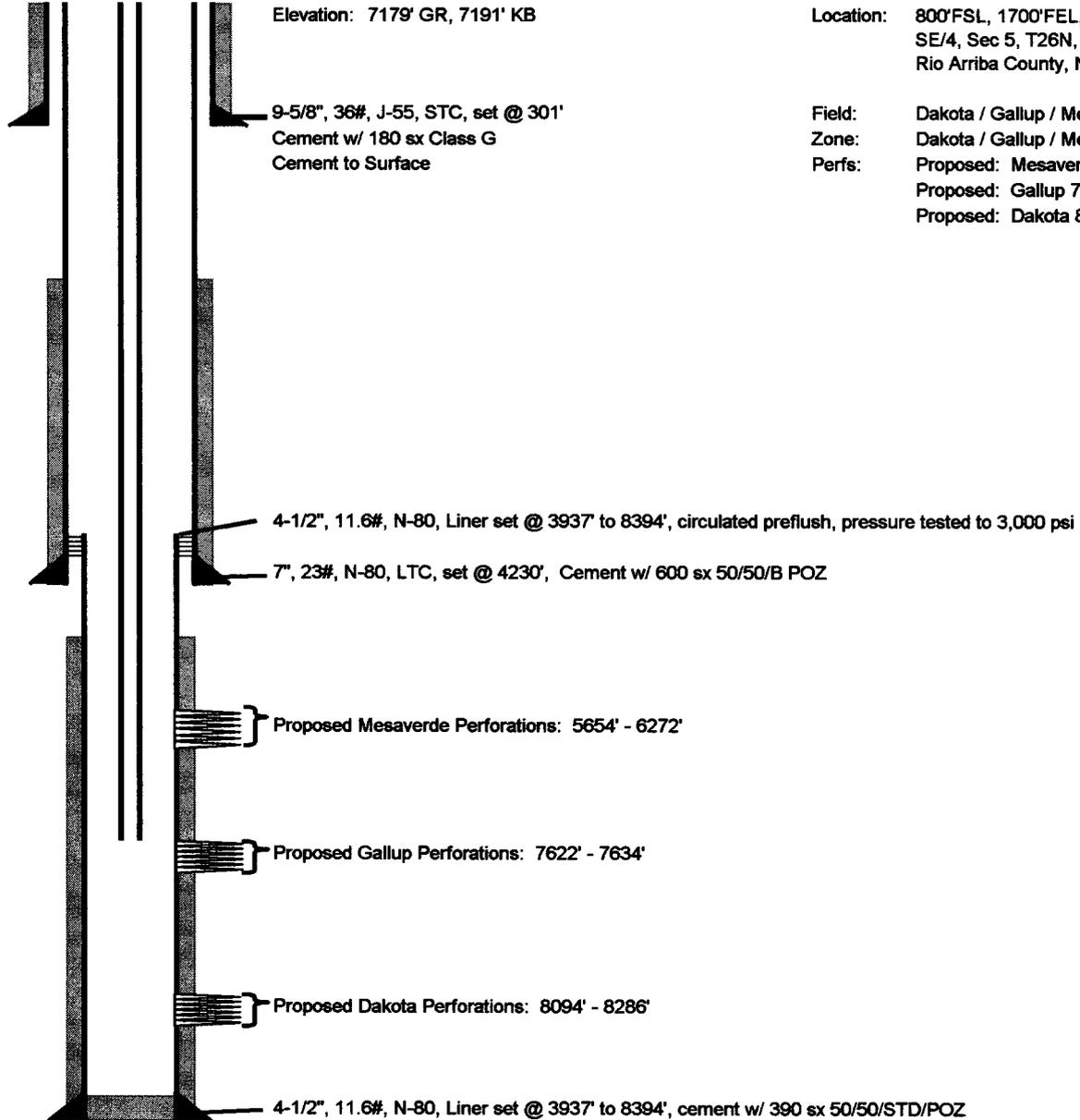
Monthly rate per well = $200/39 = 5.12$ bopm

Daily rate per well = $5.12/30.4167 = 0.17$ bopd

PATINA

OIL & GAS CORPORATION

Hoyt #2C Proposed Wellbore



Location: 800'FSL, 1700'FEL,
SE/4, Sec 5, T26N, R4W,
Rio Arriba County, NM

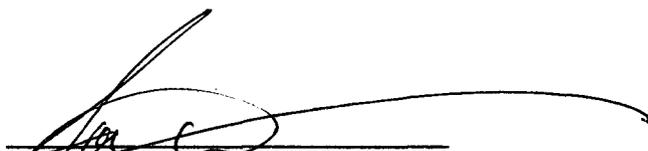
Field: Dakota / Gallup / Mesaverde
Zone: Dakota / Gallup / Mesaverde
Perfs: Proposed: Mesaverde 5654' - 627
Proposed: Gallup 7622' - 7634'
Proposed: Dakota 8094' - 8286'

TD: 8394'

Statement of Notification

Hoyt #2C
"E", Section 5, T26N – R4W
Rio Arriba County, New Mexico

The interested parties in the three (3) pools (Dakota, Gallup and Mesaverde) affected by this commingle have been sent a copy of this application via certified mail, return receipt requested.



Joe Mazotti
Regulatory Agent for Patina San Juan, Inc.

Statement of Commingling

Hoyt #2C

"E", Section 5, T26N – R4W

Rio Arriba County, New Mexico

The commingling of the Basin Dakota, Gallup and Blanco Mesaverde pools in this wellbore will not reduce the value of the remaining production. Commingling these pools should increase the value of the remaining reserves due to using the remaining reservoir energy in both zones to produce the well.

Commingling operations conducted on other similar wells have resulted in increased production rates and greater reserve than producing the zones separately.

PATINA SAN JUAN, INC.

CERTIFIED MAIL No. P _____

November 10, 2004

WORKING INTEREST OWNER

RE: Application to Down-Hole Commingle
Hoyt #2C
SE/4, Section 5, T26N – R4W
Rio Arriba County, New Mexico

COPY

To Whom It May Concern:

On November 10, 2004, Patina San Juan Inc. (Patina) submitted to the State of New Mexico, Energy, Minerals and Natural Resources Oil Conservation Division an application to down-hole commingle the subject well. Patina plans to down-hole commingle the Dakota, Gallup and Mesaverde pools in this wellbore. The well will be initially completed in the three formations.

Enclosed is a complete copy of the application. Any objections must be submitted in writing to the State of New Mexico, Energy, Minerals and Natural Resources Oil Conservation Division, Santa Fe, NM within twenty (20) days of receipt of this letter.

Please contact Gary Olhman at 303.389.3600 with any questions or concerns.

Sincerely,

Joe Mazotti
Agent for Patina San Juan

Enclosure