

MILLER STRATVERT
PROFESSIONAL ASSOCIATION

Rev: 2-16-2005

Susp: 3-8-05

PMESD-504951607

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February 16, 2005

HAND-DELIVERED

Mr. Michael Stogner

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

Re: Request for Administrative Approval of Unorthodox Well Location
Chavez 2-15 Well
Blanco Mesaverde Pool
130' FSL and 1752' FEL, Unit O
Section 2 (E/2) T-31-N, R-13-W, NMPM, San Juan County, New Mexico

2005 FEB 16 PM 2 14

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 Chavez 2-15 Well at the surface and bottom-hole locations reflected above.

Patina San Juan seeks an exception from the applicable well location rules for geologic and engineering reasons. 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 35, T-32-N, R-13-W will be dedicated to the well and is the second Mesaverde infill well within the GPU. A plat showing the E/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 N/2 of Section 11, T31N, R13W to whom notice and waiver requests are being sent is attached as Exhibit "B". Patina San Juan is the operator of the adjoining units in the W/2 of Section 2 and the N/2 of Section 11, T-31-N, R-13-W. Patina San Juan owns 100% of the working interest in the Mesaverde and Dakota formations in all of Section 2.

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The Chavez 2-15 Well was originally planned to be drilled at a location 1980' FEL and 1980' FSL of Section 2. However, that location placed the well within the drainage radii of the Jaquez Com No. 1 Well in unit K of Section 2 and the Chavez Com 1A Well in unit P, both of which produce from the Mesaverde formation. Additionally, relocation to the proposed unorthodox location places the Chavez 2-15 Well in a more advantageous position, geologically, and the well would be better situated to more efficiently and economically recover the Mesaverde reserves underlying Section 2.

Thank you for your consideration of this request.

Very truly yours,

MILLER STRATVERT P.A.

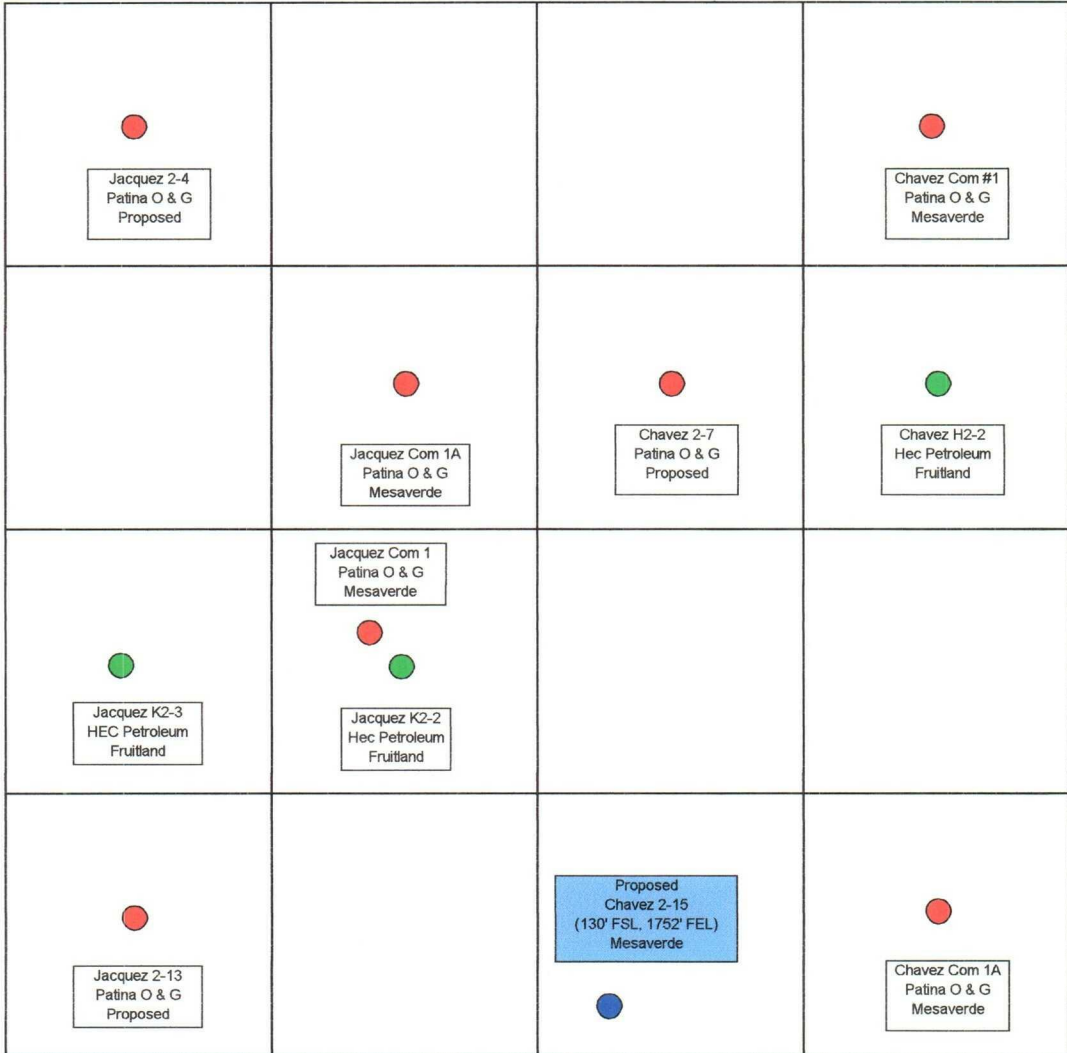
A handwritten signature in black ink, appearing to read "J. Scott Hall".

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

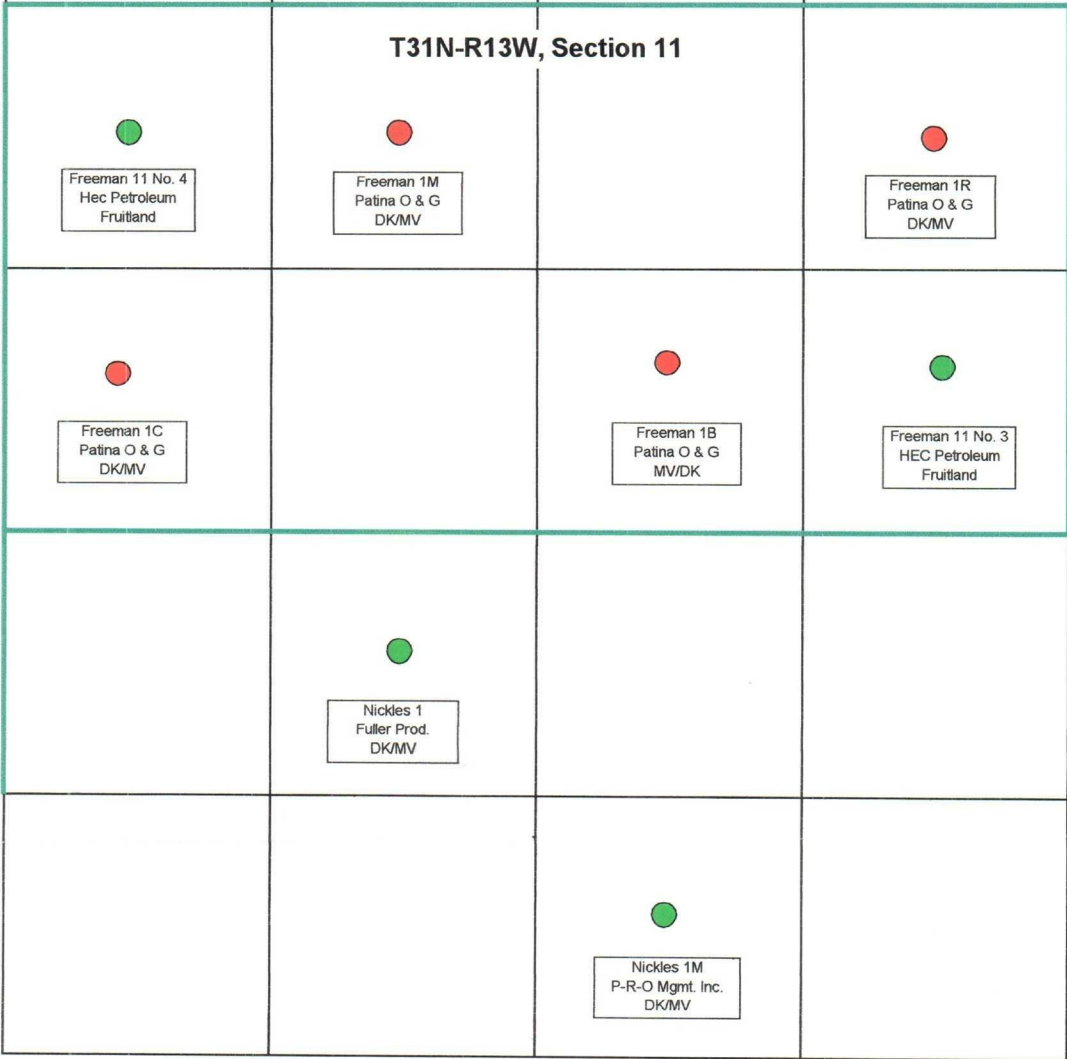
JSH/glb

Exhibit "A"

T31N-R13W, Section 2



T31N-R13W, Section 11



Patina San Juan, Incorporated
Proposed Chavez 2-15- MV
San Juan County, NM

Adjoining Unit

Patina San Juan Operated

Non-Operated

Seagal Oil & Gas
10 East 70th Street (6A)
New York, NY 10021-4913

Devon Energy Corporation
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Neil F. Toler
1600 Delta
Arlington, TX 76102

Robert A. Leach
3905 Oakmont Drive
The Colony, TX 75056

Ell McComb Estate
Ann McComb Independent Executor
3907-B Belmont Park Drive
Austin, TX 78746

Miriam B. Usry
6631 Oranewood Drive
Dallas, TX 75248-5309

Leonard Steel
52-12 Concord Street
Little Neck, NY 11362-1833

Vince Gas Unit 1
c/o John Eads CPA
Post Office Box 544
Desoto, TX 75123

HEC Petroleum
500 W. Illinois Ave.
Midland, TX 79701

Exhibit "B"

CMD :
OGGSECT

ONGARD
INQUIRE LAND BY SECTION

03/14/05 09:55:24
OGOMES -TP2M
PAGE NO: 1

Sec : 02 Twp : 31N Rng : 13W Section Type : NORMAL

4 39.95 Federal owned C A	3 39.85 Federal owned C A A	2 39.75 Federal owned C	1 39.65 Federal owned C A
E 40.00 Federal owned C	F 40.00 Fee owned C A	G 40.00 Federal owned C A	H 40.00 Fee owned C A
L 40.00 Federal owned C	K 40.00 Federal owned C A A A	J 40.00 Federal owned C A	I 40.00 Federal owned C
M 40.00 Federal owned C A	N 40.00 CS OG0290 0000 CONSOLIDATED OIL C 10/16/66	O 40.00 CS E03150 0011 BURLINGTON RESOUR C 12/10/59	P 40.00 CS E03150 0011 BURLINGTON RESOUR C 12/10/59 A

179.75
179.65
159.40
16
319.40