

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
1625 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

DAC-3547

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. 5802 U.S. HIGHWAY 64 FARMINGTON, NM 87401
Operator Address

HOYT #1B C Sec 5 - T26N - R4W RIO ARRIBBA
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 173252 Property Code API No. 30-039-29256 Lease Type: Federal XXX State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO MESA VERDE		BASIN DAKOTA
Pool Code	72319		54599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6148-6294		8194-8350
Method of Production (Flowing or Artificial Lift)	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)			600
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1200 BTU		1280 BTU
Producing, Shut-In or New Zone	To be completed/commingled August 2005		To be completed/commingled August 2005
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.	Date: Rates:	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 16 % Gas 45 %	Oil % Gas %	Oil 84 % Gas 55 %

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.

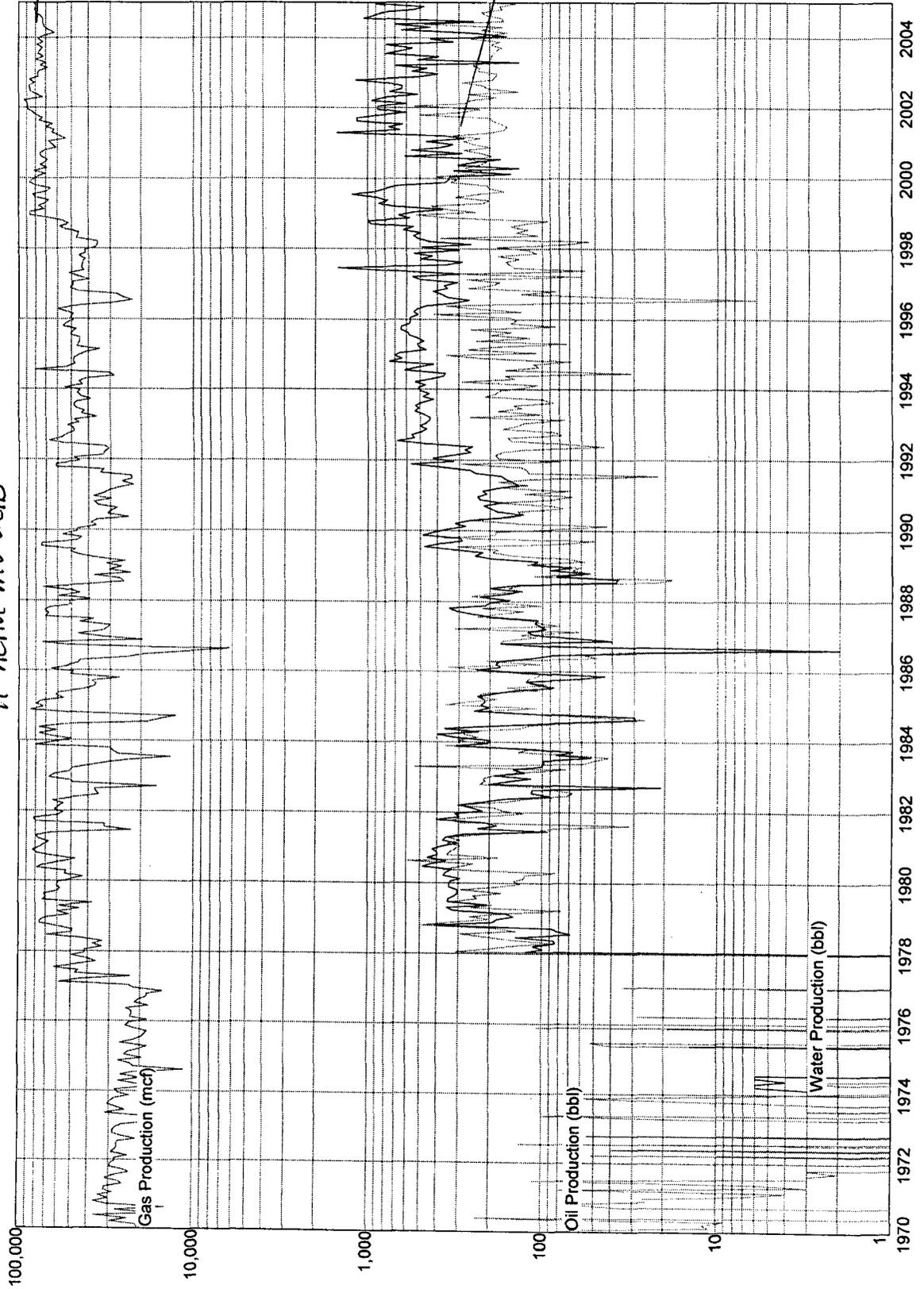
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE J Muse TITLE REGULATORY/ENGINEERING TECHNICIAN DATE 07/19/05
TYPE OR PRINT NAME JEAN M. MUSE TELEPHONE NO. (505) 632-8056

E-MAIL ADDRESS jmuse@patinasanjuan.com

9 Section Area
 Lease Name: MULTIPLE
 County, State: RIO ARBA, NM
 Operator: MULTIPLE
 Field: BLANCO
 Reservoir: MESAVERDE
 Location:
 5-26N-4W

Block #18
 MULTIPLE MESAVERDE
 41 Active MV Wells



80,000 MCF/month
 = 2,631 MCFEED
 41 wells
 = 64 MCFD/well

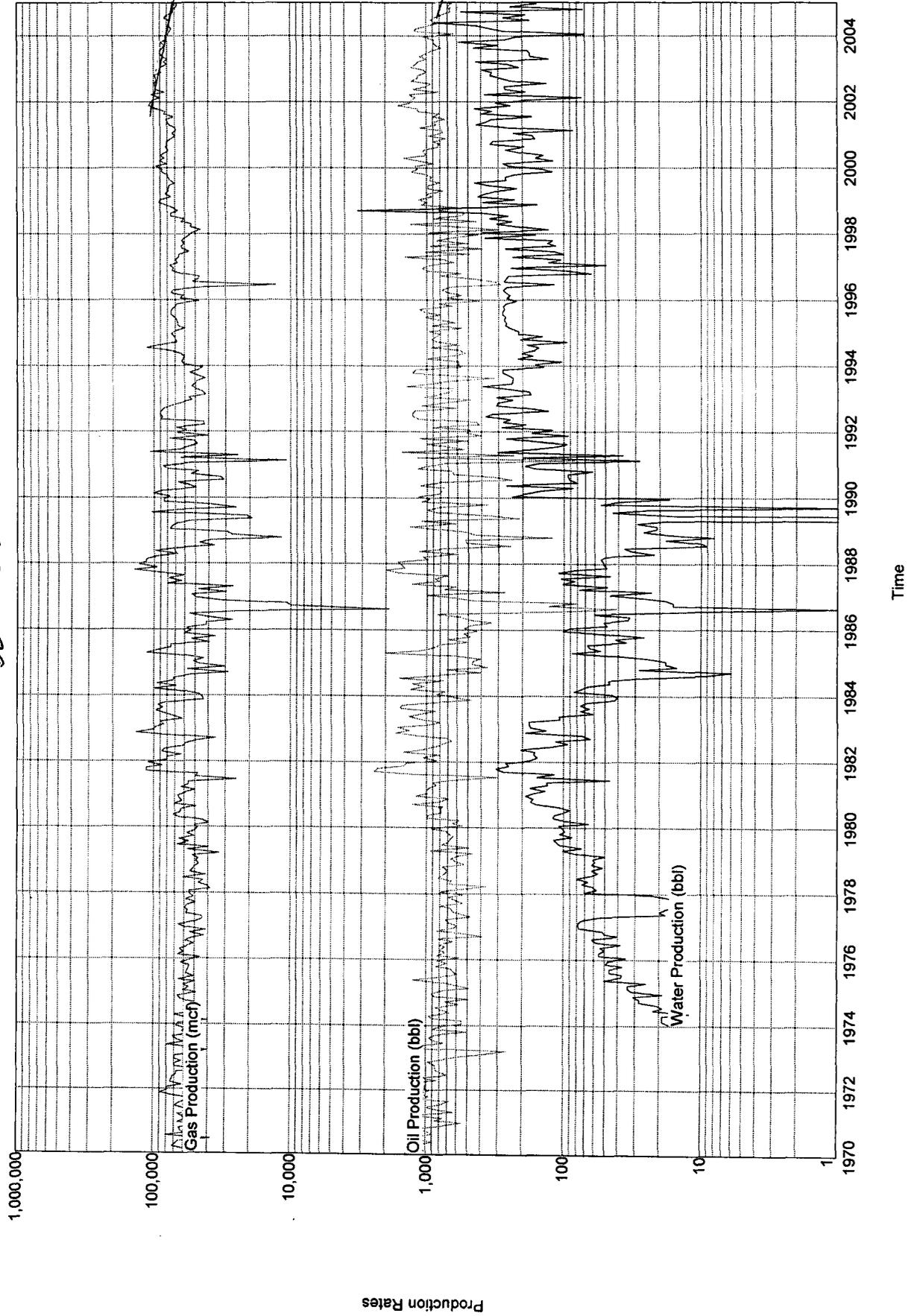
Oil Production (bbl)
 Gas Production (mcf)
 Water Production (bbl)
 180 BOP/month
 = 5.92 BOPD
 41 wells
 = 0.14 BOPD/well

Production Rates

Time

9 Section Area
 Lease Name: MULTIPLE
 County, State: RIO ARBA, NM
 Operator: MULTIPLE
 Field: BASIN
 Reservoir: DAKOTA
 Location:
 5-26N-4W

Hoyt #1B
 MULTIPLE DAKOTA
 32 Active Dakota wells



$$\begin{aligned}
 & 75,000 \text{ MCF/month} \\
 & = \frac{2,467 \text{ MCFD}}{32 \text{ wells}} \\
 & = 77 \text{ MCFD/well}
 \end{aligned}$$

$$\begin{aligned}
 & \text{Oil Production (bbl)} \\
 & - \text{Gas Production (mcf)} \\
 & - \text{Water Production (bbl)} \\
 & \frac{700 \text{ BOPD}}{32 \text{ wells}} \\
 & = 23 \text{ BOPD} \\
 & = 0.72 \text{ BOPD/well}
 \end{aligned}$$

Production Rates

Time

Recommended Allocation for Commingle

Well: Hoyt #1B

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

G a s	Zone	Average MCFD	Percentage of total flow
	MV	64	45%
	DK	77	55%
	Total	141	100%

O i l	Zone	Average BOPD	Percentage of total flow
	MV	0.14	16%
	DK	0.72	84%
	Total	0.86	100%

Recommended allocation for future downhole commingled production

Zone	Gas	Oil
MV	45%	16%
DK	55%	84%
Total	100%	100%

Statement of Notification

Hoyt #1B
UL "C" Sec 5, T26N – R4W
Rio Arriba County, New Mexico

The interested parties in the Basin Dakota and Blanco Mesa Verde pools affected by this commingle have been sent a copy of this application via certified mail, return receipt requested.



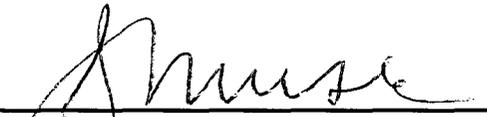
Jean M. Muse
Regulatory/Engineering Technician
Patina San Juan, Inc.

Statement of Commingling

Hoyt #1B
UL "C" Sec 5, T26N – R4W
Rio Arriba County, New Mexico

The commingling of the Basin Dakota and Blanco Mesa Verde 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 wells.

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



Jean M. Muse
Regulatory/Engineering Technician
Patina San Juan, Inc.

July 19, 2005

WORKING INTEREST OWNERS

Re: **Application to Down-Hole Commingle**
Hoyt #1B
UL "C" Sec 5, T26N – R4W
Rio Arriba County, New Mexico

To Whom It May Concern:

Patina San Juan, Inc. has submitted to the State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division an application to down-hole commingle the above-referenced well. Patina plans to down-hole commingle the Basin Dakota and Blanco Mesa Verde pools in this wellbore. These are pre-approved pools per NMOCD Order #11563. The well will initially be completed in both the Dakota and Mesa Verde formations.

Enclosed is a complete copy of the application submitted. Any objections must be submitted in writing to the State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division, 1000 Rio Brazos Road, Aztec, NM 87410 within twenty (20) days of receipt of this letter.

Please contact me at (505) 632-8056 with any further questions or concerns.

Cordially,
Patina San Juan, Inc. a division of
Noble Energy, Inc.


Jean M. Muse
Regulatory/Engineering Technician

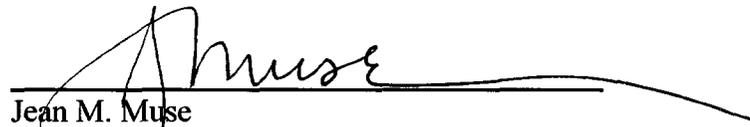
Statement of Notification- BLM

Hoyt #1B
UL "C" Sec 5, T26N – R4W
Rio Arriba County, New Mexico

Jicarilla C#1C
UL "G" Sec 11, T26N – R4W
Rio Arriba County, New Mexico

Tribal C#9C
UL "P" Sec 7, T26N – R3W
Rio Arriba County, New Mexico

The Bureau of Land Management has been sent copies of the commingling application for each of these wells.



Jean M. Muse
Regulatory/Engineering Technician
Patina San Juan, Inc.

District I
Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to. Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code		*Pool Name	
		72319 \ 71599		BLANCO MESAVERDE \ BASIN DAKOTA	
*Property Code		*Property Name			*Well Number
		HOYT			18
*GRID No.		*Operator Name			*Elevation
		CORDILLERA ENERGY, INC.			7233'

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
C	5	26N	4W		1270	NORTH	2280	WEST	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					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.
326.82 Acres - (N/2)					Y				

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

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Paul C. Thompson</i> Signature</p> <p>PAUL C. THOMPSON Printed Name</p> <p>AGENT Title</p> <p>8/6/03 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: JUNE 26, 2002</p> <p>Signature and Seal of Professional Surveyor</p> <p>JASON C. EDWARDS Certificate Number 15269</p>