

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised June 10, 2003

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-106) FOR SUCH PROPOSALS.)		WELL API NO. <u>30-045-31341</u>
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Patina San Juan, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator 1625 Broadway, Suite 2000, Denver, CO 80202		7. Lease Name or Unit Agreement Name Clayton
4. Well Location Unit Letter <u>L</u> : 1980 feet from the <u>South</u> line and <u>660</u> feet from the <u>West</u> line Section <u>2</u> Township <u>30 North</u> Range <u>12 West</u> NMPM County <u>San Juan</u>		8. Well Number # <u>1B</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>5828' GR</u>		9. OGRID Number <u>72319-71599-173252</u>
		10. Pool name or Wildcat Basin Dakota / Blanco Mesaverde

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: Down-hole Commingle; pre-approved pools <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Patina San Juan, Inc. request approval to down-hole commingle the subject well. Patina plans to down-hole commingle the Basin Dakota (71599) and the Blanco Mesaverde (72319) pools in this wellbore. These are pre-approved pools per NMOC Order #11563. These zones have been segregated since completion. Work will begin soon after approval.

See Attached Exhibits:

Wellbore Diagram, Allocation Method with supporting data, Statement of Commingle, interest owner notification, form C-102 and Topo Map.

A copy of this application has been sent to the BLM.

Please contact Bob Ovitz at 303.389.3600 with any questions.

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

SIGNATURE Robert W. Ovitz TITLE Operations Manager DATE 1/27/04

Type or print name Robert W. Ovitz E-mail address: bovitz@patinaoil.com Telephone No. 303.389.3600

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 8 DATE FEB - 2 2004

Conditions of approval, if any:

Recommended Allocation for Commingles

Well: Clayton #1B

30-day average production based on December, 2003 production
(see attached decline curves)

G a s	Zone	Average MCFD	Percentage of total flow
	MV	265	58%
	DK	189	42%
	Total	454	100%

O i l	Zone	Average BOPD	Percentage of total flow
	MV	0	0%
	DK	0.42	100%
	Total	0.42	100%

Recommended allocation for future downhole commingled production

Zone	Gas	Oil
MV	58%	0%
DK	42%	100%
Total	100%	100%

Statement of Commingling

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 well.

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

Statement of Notification

The interested parties in the two pools affected by this commingle have been sent a copy of this application via certified mail, return receipt requested.

A copy of this application has been forward to the Bureau of Land Management.



Robert W. Ovitz,
Operations Manager