



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 30, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Patina San Juan Incorporated
c/o J. Scott Hall
Miller Stratvert, P. A.
P. O. Box 1986
Santa Fe, New Mexico 87404-1986

Division Administrative Order NSL-202-A

Dear Mr. Hall:

Reference is made to the following: (a) your application on behalf of the operator, Patina San Juan Incorporated, submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on November 9, 2004 (*administrative application reference No. pMES0-432358333*); and (b) the Division's records in Aztec and Santa Fe, including: (i) the files on Division Administrative Orders NSL-202 and NSL-1045; (ii) the files in Division Cases No. 7319 and 9097; (iii) the well records for Patina San Juan Incorporated's existing Alberding Well No. 1 (**API No. 30-045-11104**) and Landaur Well No. 1-E (**API No. 30-045-23791**) and proposed Alberding "3" Well No. 15 (**API No. 30-045-32602**); and (iv) an independent search by Division staff of records in the public domain (i.e. topographic maps, aerial photos, and personal knowledge and familiarity of the immediate area): all concerning Patina San Juan Incorporated's request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, for its proposed Alberding "3" Well No. 7 to be drilled at an unorthodox infill gas well location 1857 feet from the North line and 2303 feet from the East line (Unit G) of Section 3, Township 31 North, Range 13 West, NMPM, Blanco-Mesaverde Pool (72319), San Juan County, New Mexico.

The Blanco-Mesaverde gas production from this well is to be included within an existing non-standard 160.10-acre gas spacing and proration unit ("GPU") comprising Lots 1 and 2 and the S/2 NE/4 (NE equivalent) of Section 3 (*approved by Division Order No. R-6760 issued in Case No. 7319 on August 26, 1981*) that is currently dedicated to Patina San Juan Incorporated's Alberding Well No. 1 (**API No. 30-045-11104**), located at a standard gas well location 790 feet from the North and East lines (Lot 1/Unit A) of Section 3. This well was the subject of Division Administrative Order NSL-202, dated October 2, 1959.

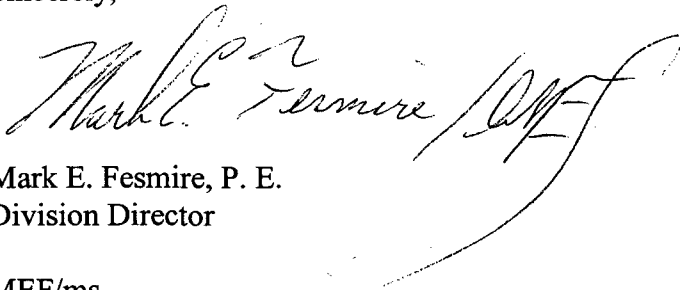
This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

It is the Division's understanding the proposed unorthodox location will minimize disturbance to residences within the immediate area.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for Patina San Juan Incorporated's proposed Alberding "3" Well No. 7 is hereby approved. Further, both of the aforementioned Alberding Well No. 1 and Alberding "3" Well No. 7, and existing 160.10-acre non-standard GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

All provisions of Division Orders No. R-6760 and R-6760-A, issued in Case No. 9097 on May 2, 1988, applicable to the above-described 160.10-acre non-standard GPU shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire". The signature is written in dark ink and is positioned above the typed name and title.

Mark E. Fesmire, P. E.
Division Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
File: Division Case No. 7319
Division Case No. 9097
Administrative Order NSL-202