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Of Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert

#### Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

Writer's Direct E-Mail: shall@mstlaw.com

Board Certified Specialist: Natural Resources - Oil & Gas Law
 Board Certified Specialist: Real Estate Law

## October 13, 2006

# HAND-DELIVERED

Ranne B. Miller Alice T. Lorenz

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Stephan M. Vidmar

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Rudolph Lucero

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Deborah A. Solove Garv L. Gordon

Lawrence R. White

Virginia Anderman

Marte D. Lightstone

J. Scott Hall\*

Thomas R. Mack

Thomas M. Domme

Mr. Mark Fesmire, Director New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87504

> Re: Request for Administrative Approval of Unorthodox Well Location Patina San Juan, Inc. Hoyt No. 1-C Well Mesaverde/Dakota Formation 2,490' FNL and 2,320' FEL Unit G Section 5 (N/2) T26N, R4W, NMPM, Rio Arriba County, New Mexico

# Dear Mr. Fesmire:

On behalf of Patina San Juan, Incorporated and pursuant to Division Rule 104.F and the applicable rules governing the Blanco Mesaverde Pool (72319; Order No. R-10987-A, as amended) and the Basin-Dakota Pool (71599; Order No. R-10987-B, as amended) we request administrative approval for an unorthodox well location for the Patina San Juan Hoyt No. 1-C Well (API No. 30-039-29258) at the surface and bottom-hole locations reflected above. We are also requesting expedited consideration of this application for the reasons set forth below.

The straight-hole well will be drilled to a depth sufficient to test the Mesaverde and Dakota formations. The conformed pool rules for the pools 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' to any quarterquarter section line or subdivision inner boundary.

Patina San Juan seeks an exception from the applicable well location rules for topographical reasons and in order to preserve archeological resources. The surface and minerals of the subject lands are within Jicarilla Apache Tribal Reservation. The topography in the area of the well location

LAW OFFICES

Mr. Mark Fesmire, Director October 13, 2006 Page 2

consists of uneven terrain, including cliffs and arroyos. An area topographic map is enclosed as Exhibit "A". Previously, this well was permitted at a location 2,440' FNL and 1,520' FEL of said section 5. At the on-site direction of the BIA, the well location was moved to 2,490' FNL and 2,320' FEL in order to avoid an archeological site. (See BLM Form 3160-5 Sundry Notice dated September, 14, 2006, Exhibit "B", attached.) The uneven topography and the location of other archeological resources in the area precluded locating the well at a standard well location for Blanco-Mesaverde and Basin-Dakota formation wells. The BIA's Jicarilla Area Superintendent's Finding of No Significant Impact (FONSI) and letter approving of the well location are attached as Exhibits "C" and "D".

The N/2 of Section 5, T26N, R4W will be dedicated to the well. A plat showing the N/2 spacing unit, the proposed unorthodox surface and bottom hole locations, and adjoining spacing units and wells is attached as Exhibit "E". The Division's C-102 for the well is attached as Exhibit "F". The well encroaches toward the 320 acre unit consisting of the S/2 of Section 5, T26N, R4W. Patina San Juan is the operator of that unit and accordingly, notice of this application and requests for waivers of objections is being sent to the non-operating interest owners shown on the attached Exhibit "G".

Working Interests for the Mesaverde and Dakota Formations in the drillsite spacing unit being the N/2 of Section 5, T26N, R4W are as follows:

Mesaverde Formation:		Dakota Formation:	
Patina San Juan, Inc.	57.109375%	Patina San Juan, Inc.	88.75%
Geodyne Nominee Corp.	35.859375%	Geodyne Nominee Corp.	11.25%
Adelman Trust M1	6.25%		
Star R Properties, LLC	.78125%		

Working interests for the Mesaverde and Dakota Formations in the spacing unit covering the S/2 of Section 5, T26N, R4W, are as follows:

Patina San Juan, Inc.	88.75%
Geodyne Nominee Corp.	11.25%

Geodyne Nominee Corp. is the only other working interest owner in the adjoining spacing unit in the S/2 of Section 5. However, Geodyne Nominee is participating in the Hoyt No. 1-C by virtue of its ownership in the N/2 of the section and has executed an AFE for the well at the proposed location. Geodyne's October 13, 2006 letter waiving any objection to the proposed unorthodox location is attached as Exhibit "H". Consequently, waiver of the 20-day waiting period under Division Rule 104 F(4) is indicated under these circumstances.

Mr. Mark Fesmire, Director October 13, 2006 Page 3

Please note that the well was dry-spudded to 44'on September 26, 2006 in order to prevent the expiration of the BIA and JAT approved drilling permit, however additional drilling activity will soon be required. Further, Patina San Juan has recently managed to schedule a drilling rig for this well when rigs are otherwise of limited availability in the area. The rig is scheduled to be moved to the location in the next several days. For these reasons, Patina San Juan respectfully requests the Division's expedited consideration and approval of this administrative application.

Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Very truly yours,

MILLER STRATVERT P.A.

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

JSH/glb Enclosures

cc: Robert Hoelsken, Noble Energy/Patina San Juan

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m 3160-5 UNITED STATES pril 2004) DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT					FORM APPROVED OM B No. 1004-0137 Expires: March 31, 2007
	NOTICES AND RI		10	5. Lease Seri JICAR	al No. ILLA CONTRACT #119
					n, Allottee or Tribe Name
abandoned we	nis form for proposals ell. Use Form 3160-3	(APD) Yor such pro	posale (6	JICAR	ILLA APACHE TRIBE
	IPLICATE- Other ins	structions bit revers	se side.	7. If Unit o	r CA/Agreement, Name and/or No. 77
	Gas Well Other	070 FARMING	TON IIM	8. Well Na HOYT	THE GET OUT
	SAN JUAN, INC.			9. API W	
Ba Address 5802 US HIGHWAY 64 FAR	MINGTON, NM 87402	3b. Phone No. (include) 505-632-8056	area code)	10. Field an	-29258 💭 🏠
4. Location of Well (Footage, Sec.,	T., R., M., or Survey Description	2)		h	Dakota/Blanco Mesa Verde
2490' FNL AND 2320' FEL G Sec 5 - T26N - R4W					RRIBA CTY, NEW MEXICO
12. CHECK A	PPROPRIATE BOX(ES) 1	O INDICATE NATUR	E OF NOTICE, R	REPORT, O	R OTHER DATA
TYPE OF SUBMISSION		TYP	E OF ACTION		
Notice of Intent	Acidize	Deepen Fracture Treat	Production (St	art/Resume)	Water Shut-Off
Subsequent Report	Casing Repair	New Construction	Recomplete		Other MOVE WELL
Final Abandonment Notice	Change Plans	Plug and Abandon	Water Disposal		LOCATION
Attach the Bond under which the following completion of the in testing has been completed. For determined that the site is read	the work will be performed or pa wolved operations. If the operational Abandonment Notices shall	rovide the Bond No. on file w ion results in a multiple comp be filed only after all requirer	vith BLM/BIA. Requir detion or recompletion ments, including reclar	ue vertical dep red subsequent in a new interv mation, have be	ths of all pertinent markers and zones. reports shall be filed within 30 days val, a Form 3160-4 shall be filed once ten completed, and the operator has
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# FINDING OF NO SIGNIFICANT IMPACT (FONSI) Patina San Juan Inc.

This FONSI was completed in accordance with the National Environmental Policy Act of 1969 (NEPA), Council of Environmental Quality Regulations, Department of Interior Procedures and Bureau of Indian Affairs NEPA Manual.

## **Proposed Action:**

Patina San Juan Inc. proposes to drill one (1) individual well locations: The Hoyt # 1C staked 2490 feet from the north line and 2320 feet from the east line with a 2360.67' access road, in Section 5, Township 6 North, Range 4 West; N.M.P.M., Rio Arriba County, New Mexico all encumbrances lay within the Exterior Boundaries of the Jicarilla Apache Indian Reservation.

Based on the Environmental Assessment dated November, 2004 for the following seven (7) Oil & Gas Well sites and Access Roads. The Environmental Assessments were prepared by Velarde Energy Services of Dulce, New Mexico and reviewed in context with the 1994 Programmatic Environmental Assessment for Leasing Exploration and Development of Oil & Gas Resources on the Jicarilla Apache Indian Reservation, it was determined that the proposed action will not have a significant impact on the human environment, therefore an Environmental Impact Statement is not required.

## This Determination is supported by the following:

- 1. No significant impacts on vegetation, soil, water, resources or air quality are anticipated.
- 2. No effects to water resources, wildlife and resource-patterns in the projects expected to occur.
- 3. No effects to Federal-listed threatened and endangered species are anticipated.
- 4. No effects to cultural/archaeological resources in the project area.
- 5. Positive impacts to socio-economic and environmental justice are anticipated.

Based on these reasons, the Bureau of Indian Affairs, Jicarilla Agency declares a Finding of No Significant Impact (FONSI) on the quality of the human environment. The projects Environmental Assessment is on file at the Jicarilla Agency and will be made available for review upon request.

An appeal on this decision maybe submitted in writing to the Bureau of Indian Affairs, Jicarilla Agency, Branch of Real Property, P O Box 167, Dulce, New Mexico 87528. Your appeal must be received no later than thirty (30) days of date below.

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Prepared by Manuel Mm Date 9-13-06

Title Rentty G en

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Superintendent

9-13-06 Date

**Branch of Real Property** 

Mr. Ray Sanchez Bureau of Land Management Farmington Field Office 1235 La Plata Highway Farmington, New Mexico 87401

Dear Mr. Sanchez:

On September 12, 2006, <u>Well # Hoyt 1C</u> proposed well locations and their pipeline right-of-ways were On-Sited for Patina San Juan Inc.}. In regards to the Jicarilla Apache Nation, Oil and Gas Administration letter of concurrence. This letter in conformity with the Bureau of Indian Affairs. Trust Responsibilities, to promote Self-Determination and accordance with the Code of Federal Regulations relevant to Oil and Gas is subject to 43 C.F.R. 3160 On-Shore Orders. 25 C.F.R. 169.25 Oil and Gas Pipeline Lines, 25 C.F.R. 211.7 Environmental Studies (Environmental Assessment) and 25 C.F.R. 211.55 Penalties of Non-Compliances shall and will strictly be adhere to by all Operators, Contractors and Sub-Contractors.

Therefore, this concurrence letter fully supports and ratifies the Jicarilla Apache Nation, Oil and Gas Administration letter of concurrence and stipulations, which is included. To approve all attached proposed well locations and related access roads, pipeline right-of-ways and calculated surface damage fees, location plats, and Regional Archeological Survey concurrence letter.

#### LOCATIONS ARE AS FOLLOWS:

	Well Name & No.	Section	Township	Range	<u>Qtr./Qtr.</u>
1_ 2. 3. 4. 5.	Hoyt # 1C	5	26 North	4 West	SW4SW4

In closing, as briefly mentioned our approval took into consideration, to address on-site participants, questions and concerns. Also, our obligation to the Jicarilla Apache Nation to implement, promote and develop the Nations natural resources and yet adequately protect valuable trust land surfaces and sub-surfaces.

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	EXHIBIT
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Sincerely.

gles Fradery

Superintendent

Attachment(s)

Construction Superintendent's File Office Admin, File - Chrono Well File(s)





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DISTRICT I 1625 N. French Dr., Hobbs, N.M. 68240

DISTRICT II 1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, N.M. 87410

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DISTRICT IV 2040 S. St. Francis Dr., Santa Fe, NM 87505

# State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised October 12, 2005

Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

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

AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API 1	Number	72.58 Pool Code Pool Name										
*Property Co		10.50	<sup>s</sup> Property Name								• We	ll Number
					н	OYT						#1C
OGRID No.						erator N				**	•1	Elevation
				·	PATINA	SAN	JUAN					7341'
					<sup>10</sup> Sur	face	Location					
UL or lot no.	Section 5	Township	Range 4-W	Lot Idn	Feet from 249	the	North/South line	Feet fro		East/We		County
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Notice to Affected Persons Patina San Juan, Inc. Hoyt No. 1-C Well

Geodyne Nominee Corp. c/o Samson Resources 370 17th Street, Ste. 3000 Denver, CO 80202



1625 S. Broadway Suite 2000 Denver, CO 80202

Tel: 303.389.3600 Fax: 303.595.7410 moetsken@ nobleensngyinc.com

Robert A. Hoolsken. Negodiator Rocky Mountain Business Unit Onshore Division



October 13, 2006

Geodyne Nominee Corp. c/o Samson Resources 370 17th Street, Ste. 3000 Denver, CO 80202

Attention: Tom Hewett

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GEODYNE NOMINEE CORP. BY: -3/00 101 DATE:

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Tel: 303.389.3600 Fax: 303.595.7410 modsken@ nobleenergyinc.com

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GEODYNE NOMINEE CORP. BY: . 3-7 10/13/00 DATE:

## **STATE OF NEW MEXICO** ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT **OIL CONSERVATION DIVISION**

# IN THE MATTER OF THE APPLICATION FOR REQUEST FOR ADMINISTRATIVE **APPROVAL OF UNORTHODOX WELL LOCATION, RIO ARRIBA COUNTY, NEW MEXICO**

CASE NO.

## **AFFIDAVIT**

STATE OF NEW MEXICO ) )ss. COUNTY OF SANTA FE )

Ś

J. SCOTT HALL, attorney and authorized representative of Noble Energy Production, Inc./Patina San Juan, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1210 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1210, notice has been given at the correct addresses provided by such rule.

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J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 13th day of October, 2006

Sirginia Bell Notary Public

OFFICIAL SEAL ssion Expres AV COMMISSION Expires



#### PROFESSIONAL ASSOCIATION

Ruth O. Pregenzer Jeffrey E. Jones James J. Widland Bradley D. Tepper\*\* Robin A. Goble James R. Wood Dana M. Kyle Kirk R. Allen Ruth Fuess H. Brook Laskey Paula G. Maynes M. Dylan O'Reilly Jennifer D. Hali Todd A. Schwarz Nell Graham Sale Scott P. Hatcher Ann M. Conway Randall J. McDonald Robert H. Clark Richard L. Alvidrez Kelsey D. Green Marcy Baysinger Caroline Blankenship Matthew S. Rappaport Karen E. Wootton Nicole V. Strauser Joseph L. Romero Kelly A. Stone Deron B. Knoner Patricia A. Bradley T. Aaron Garrett Amy P. Hauser Rebecca M. Alves Alisa R, Wigley-DeLara W. Scott Jaworski Anita M. Kelley Elizabeth B. Driggers Jerome A. O'Connell

Of Counsel

William K. Stratvert James B. Collins Sharon P. Gross Robert D. Taichert Reply to Santa Fe

150 Washington Ave., Suite 300 Santa Fe, NM 87501

Mailing Address: P.O. Box 1986 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614 Facsimile: (505) 989-9857

Writer's Direct E-Mail: shall@mstlaw.com

Board Certified Specialist: Natural Resources - Oil & Gas Law
 \*\* Board Certified Specialist: Real Estate Law

October 13, 2006

# <u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

Geodyne Nominee Corporation c/o Samson Resources 370 17<sup>th</sup> Street, Ste. 3000 Denver, CO 80202

Attn: Kevin Stowe

Ranne B. Miller

Alice T. Lorenz

Stephen M. Williams

Stephan M. Vidmar

Seth V. Bingham

Rudolph Lucero

Gary L. Gordon

J. Scott Hall\*

Timothy R. Briggs

Deborah A. Solove

Lawrence R. White

Virginia Anderman

Marte D. Lightstone

Thomas M. Domme

Thomas R. Mack

Re: Request for Administrative Approval of Unorthodox Well Location Patina San Juan, Inc. Hoyt No. 1-C Well Mesaverde/Dakota Formation 2,490' FNL and 2,320' FEL Unit G Section 5 (N/2) T26N, R4W, NMPM, Rio Arriba County, New Mexico

Dear Mr. Stowe:

This firm represents Noble Energy Production, Inc./Patina San Juan, Inc. Pursuant to New Mexico Oil Conservation Division (NMOCD) Rule 1207 and 1210 A(2), you are hereby notified that Patina San Juan has made application to the NMOCD for administrative approval for an unorthodox well location for its Hoyt No. 1-C Well at the surface and bottom-hole locations reflected above for a straight-hole well to be drilled to a depth sufficient to test the Mesaverde/Dakota formations. A copy of the application is enclosed.

As the owner of an interest that may be affected, you have the right to object to the application. To do so, you must file a written protest with the NMOCD within twenty days. Failure to do so will prevent you from challenging the matter at a later time. A letter of protest may be sent to the NMOCD at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505.

Geodyne Nominee Corporation October 13, 2006 Page 2

Should you consent to the application and the proposed unorthodox well location, you are requested to indicate your waiver of objection by signing where indicated below and then returning this letter to me at your earliest convenience.

Very truly yours,

1. ) wy gall

J. Scott Hall MILLER STRATVERT P.A. Attorneys for Noble Energy Production, Inc./Patina San Juan, Inc.

JSH/glb Enclosure cc: Mr. Robert A. Hoelsken

CONSENT:

Geodyne Nominee Corporation c/o Samson Resources

By:

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