

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

Form C-103
 Revised June 10, 2003

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

| |
|--|
| WELL API NO. 30-039-27661 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. Indian/Federal Jicarilla Contract #97 |
| 7. Lease Name or Unit Agreement Name Tribal "C" |
| 8. Well Number # 5B |
| 9. OGRID Number 173252 |
| 10. Pool name or Wildcat Basin Dakota / Blanco Mesaverde |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7190' GR |

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-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
Patina San Juan, Inc.

3. Address of Operator
 1625 Broadway, Suite 2000, Denver, CO 80202

4. Well Location
 Unit Letter K : 1980 feet from the South line and 1980 feet from the East line
 Section 5 Township 26 North Range 3 West NMPM County Rio Arriba

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| | | | |
|--|--|---|---|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: Down-hole Commingle; pre-approved pools <input checked="" 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. The commingling of the pools is pre-approved per NMOCD Order #11563. The well will be initially completed in both the Dakota and Mesaverde formations. Work will begin soon after approval.

See Attached Exhibits:

Wellbore Diagram, Allocation Method with supporting data, Statement of Commingle, Interest Owner Notification and Copy of WIO Letter.

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

Please contact Gary Ohlman at 303.389.3600 with any questions.

DHC 1679AZ

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

SIGNATURE [Signature] TITLE Agent for Patina San Juan DATE 10/26/04

Type or print name Joe Mazotti E-mail address: jmazotti@easy.net Telephone No. 720.352.0158
 (This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #2 DATE OCT 28 2004

Conditions of approval, if any:

Recommended Allocation for Commingle

Well: Tribal C #5B

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

| G a s | Zone | Average MCFD | Percentage of total flow |
|----------------------|-------------|-------------------------|-------------------------------------|
| | MV | 48 | 53% |
| | DK | 42 | 47% |
| | Total | 90 | 100% |

| O i l | Zone | Average BOPD | Percentage of total flow |
|----------------------|-------------|-------------------------|-------------------------------------|
| | MV | 0.1 | 21% |
| | DK | 0.37 | 79% |
| | Total | 0.47 | 100% |

Recommended allocation for future downhole commingled production

| Zone | Gas | Oil |
|-------------|------------|------------|
| MV | 53% | 21% |
| DK | 47% | 79% |
| Total | 100% | 100% |

Tribal "C" #5B
Section 5, T26N – R3W
Rio Arriba County, New Mexico

Data from surrounding active Dakota and Mesaverde Wells

Dakota Wells

9 active Dakota wells

Gas Production

Well average monthly rate = 11500 mcf

Monthly rater per well = $11500/9 = 1278$ mcf

Daily rate per well = $1278/30.416 = 42$ mcf/d

Oil Production

Well average monthly rate = 100 bopm

Monthly rater per well = $100/9 = 11.11$ bopm

Daily rate per well = $11.11/30.416 = 0.37$ bopd

Mesaverde Wells

13 active Mesavede wells

Gas Production

Well average monthly rate = 19000 mcf

Monthly rater per well = $19000/13 = 1462$ mcf

Daily rate per well = $1462/30.416 = 48$ mcf/d

Oil Production

Well average monthly rate = 40 bopm

Monthly rater per well = $40/13 = 3.07$ bopm

Daily rate per well = $3.07/30.416 = 0.1$ bopd

Statement of Notification

Tribal "C" #5B
"K", Section 5, T26N – R5W
Rio Arriba County, New Mexico

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 handwritten signature in black ink, appearing to read "Joe Mazotti", is written over a horizontal line. The signature is stylized and extends to the right of the line.

Joe Mazotti
Regulatory Agent for Patina San Juan, Inc.

Statement of Commingling

Tribal "C" #5B
"K", Section 5, T26N – R5W
Rio Arriba County, New Mexico

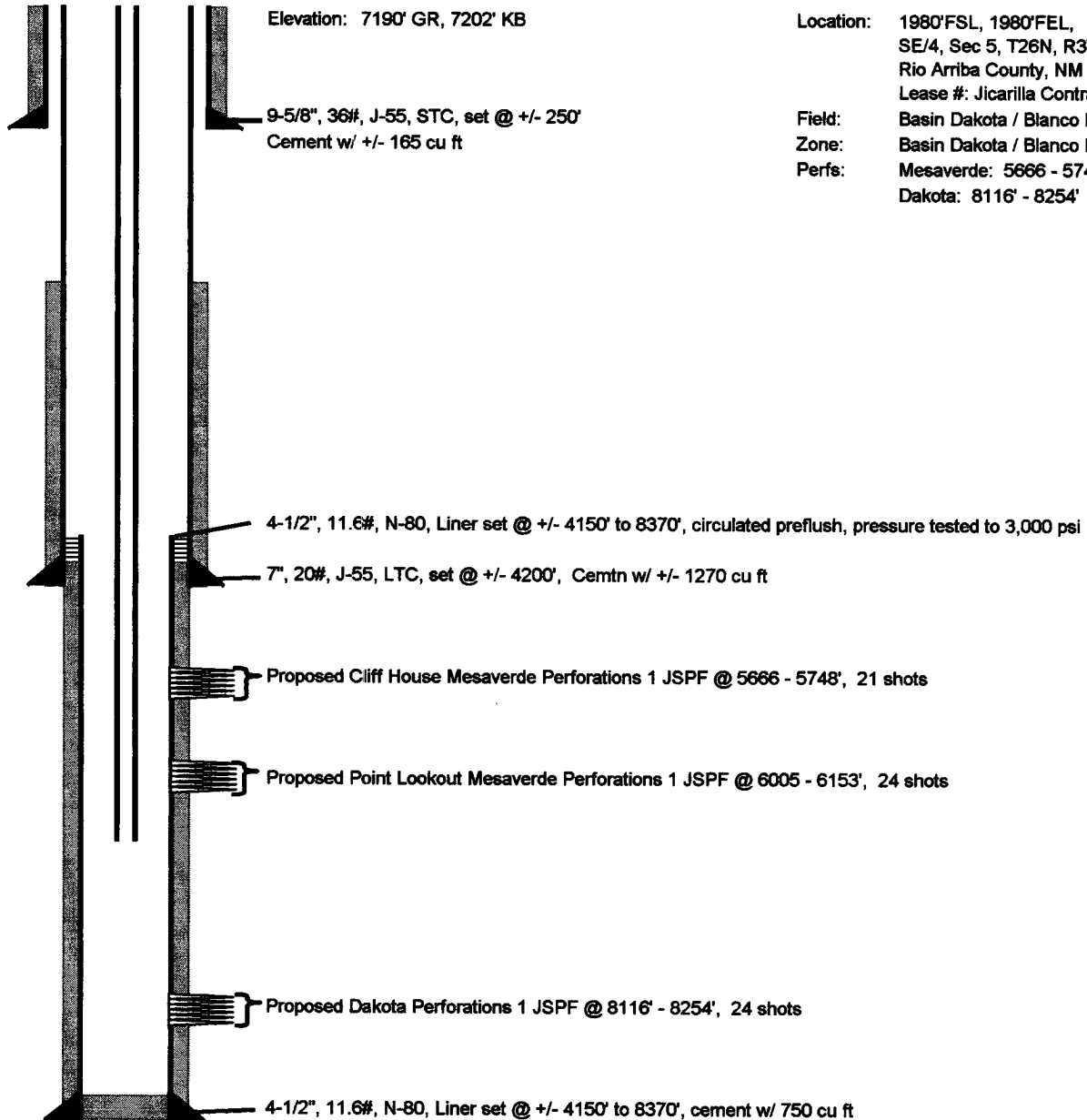
The commingling of the Blanco Mesaverde and Basin Dakota pools in this wellbore will not reduce the value of the remaining production. Commingling these pools should increase the value of the remaining reserves due to using the remaining reservoir energy in both zones to produce the well.

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

PATINA

OIL & GAS CORPORATION

Tribal "C" # 5B Proposed Wellbore



Location: 1980'FSL, 1980'FEL,
SE/4, Sec 5, T26N, R3W,
Rio Arriba County, NM
Lease #: Jicarilla Contract #97

Field: Basin Dakota / Blanco Mesaverde
Zone: Basin Dakota / Blanco Mesaverde
Perfs: Mesaverde: 5666 - 5748', 6005 -
Dakota: 8116' - 8254'

TD: +/- 8370'