

(August 1999)

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Patina San Juan, Inc.

3a. Address

1625 Broadway, Suite 2000, Denver, CO 80202

3b. Phone No. (include area code)

303.389.3600

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1950' FNL, 2200' FEL "G", Sec. 11, T31N - R13W

FORM APPROVED

OMB No. 1004-0135

Expires: November 30, 2000

5. Lease Serial No.

NM - 059848

6. If Indian, Allottee, or Tribe Name

n/a

7. If Unit or CA Agreement Designation

n/a

8. Well Name and No.

Freeman #18

9. API Well No.

30-045-32254

10. Field and Pool, or Exploratory Area

Basin Dakota / Blanco Mesaverde

11. County or Parish, State

San Juan County, New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-off☐ Subsequent Report☐ Altering Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Final Abandonment Notice☐ Casing Repair☐ New Construction☐ Recomplete☒ Other Application☐ Change Plans☐ Plug and abandon☐ Temporarily Abandon

to Commingle

☐ Convert to Injection☐ Plug back☐ Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details including estimated starting date of any proposed work and approximate duration thereof.

If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and sands. Attach the Bond under which the work will be performed or provide the Bond No. on file with the BLM/ BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Patina San Juan, Inc. request approval to down-hole commingle the subject well. Patina plans to down-hole commingle the Basin Dakota (71599) and Blanco Mesaverde (72319) pools in this wellbore. The commingling of the pools are pre-approved per NMOCD Order #11563. The well will be initially completed in both the Dakota and Mesa Verde formations. Work will begin soon after approval.

See Attached Exhibits:

Wellbore Diagram, Allocation Method with supporting data, Statement of Commingle, Interest Owner Statement

14. I hereby certify that the foregoing is true and correct.

Name (Printed/ Typed)

Joe Mazotti

Title

Agent for Patina San Juan

Signature

Date

12/24/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD

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. 30-045-32254
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal NM - 059848
7. Lease Name or Unit Agreement Name Freeman
8. Well Number # 1B
9. OGRID Number 173252
10. Pool name or Wildcat Basin Dakota / Blanco Mesa Verde

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 G : 1950 feet from the North line and 2200 feet from the East line

Section 11 Township 31 North Range 13 West NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5721' GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Down-hole Commingle; pre-approved pools ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

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 Mesa Verde (72319) pools in this wellbore. The commingling of the pools are pre-approved per NMOCD Order #11563. The well will be initially completed in both the Dakota and Mesa Verde formations. Work will begin soon after approval.

See Attached Exhibits:

Wellbore Diagram, Allocation Method with supporting data, Statement of Commingle, Interest Owner Notification.

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

Please contact Gary Ohlman 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 [Signature] TITLE Agent for Patina San Juan DATE 12-29-04

Type or print name Joe Mazotti E-mail address: jmazotti@eazy.net Telephone No. 720.352.0158

(This space for State use)

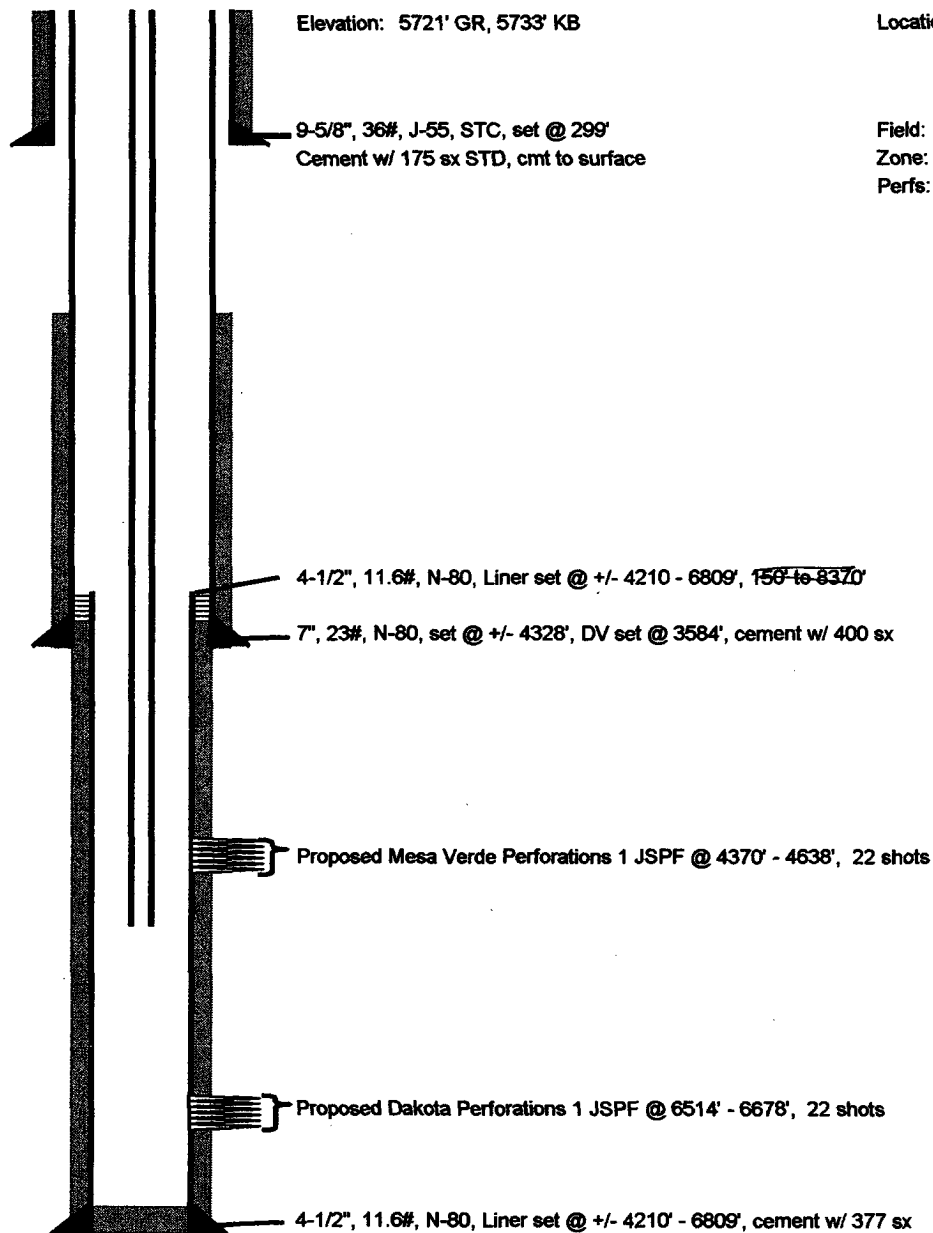
APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

PATINA

OIL & GAS CORPORATION

Freeman #1B Proposed Wellbore



Location: 1950' FSL, 2200' FEL,
Section 11, T31N - R13W,
San Juan County, New Mexico
Fed. Lease #: NM - 059848
Field: Basin Dakota / Blanco Mesa Verde
Zone: Basin Dakota / Blanco Mesa Verde
Perfs: Mesaverde: 4370' - 4638'
Dakota: 6514' - 6678'

TD: 6810'

Recommended Allocation for Commingle

Well: Freeman # 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	60	62%
	DK	37	38%
	Total	97	100%

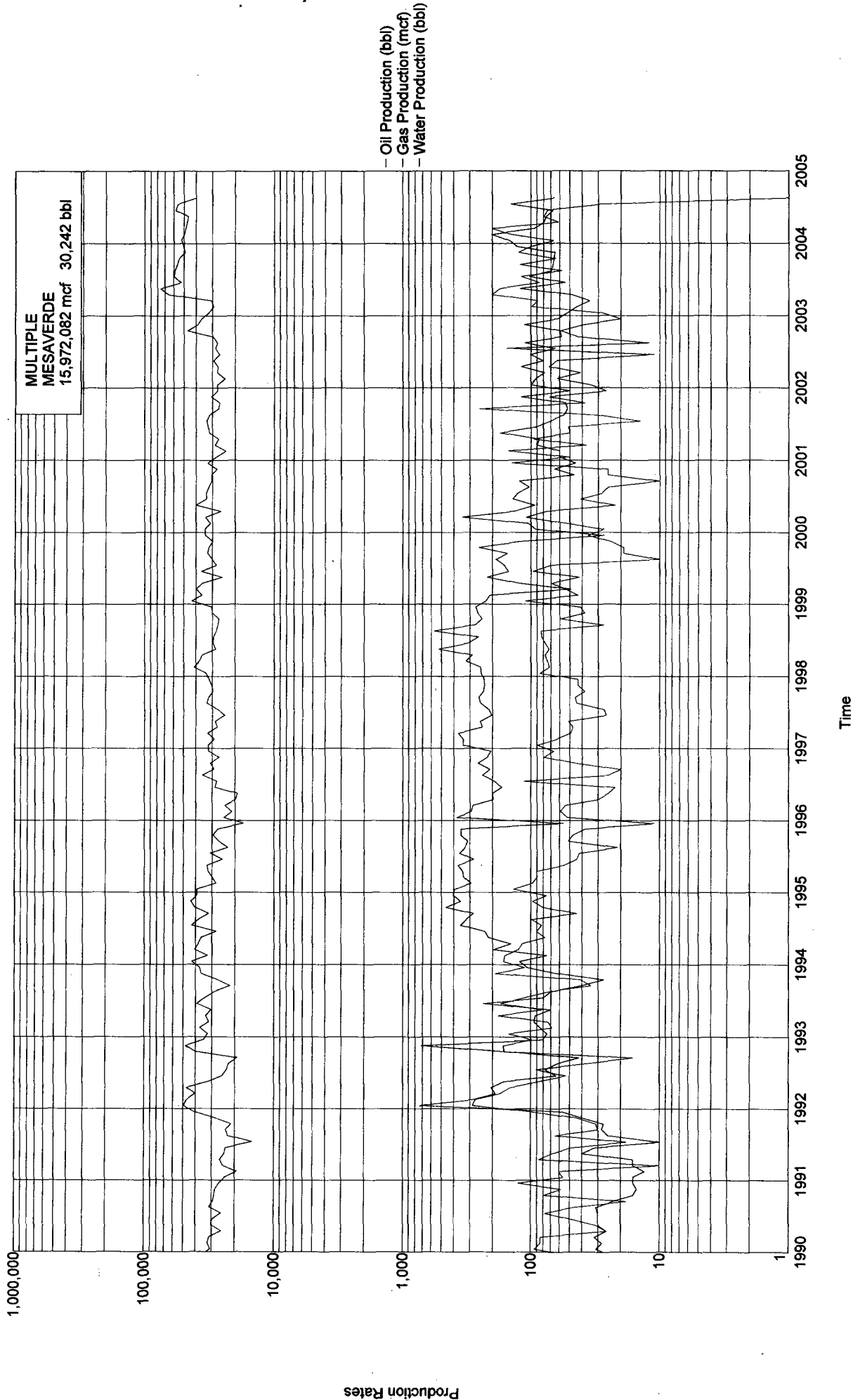
O i l	Zone	Average BOPD	Percentage of total flow
	MV	0.1	50%
	DK	0.1	50%
	Total	0.2	100%

Recommended allocation for future downhole commingled production

Zone	Gas	Oil
MV	62%	50%
DK	38%	50%
Total	100%	100%

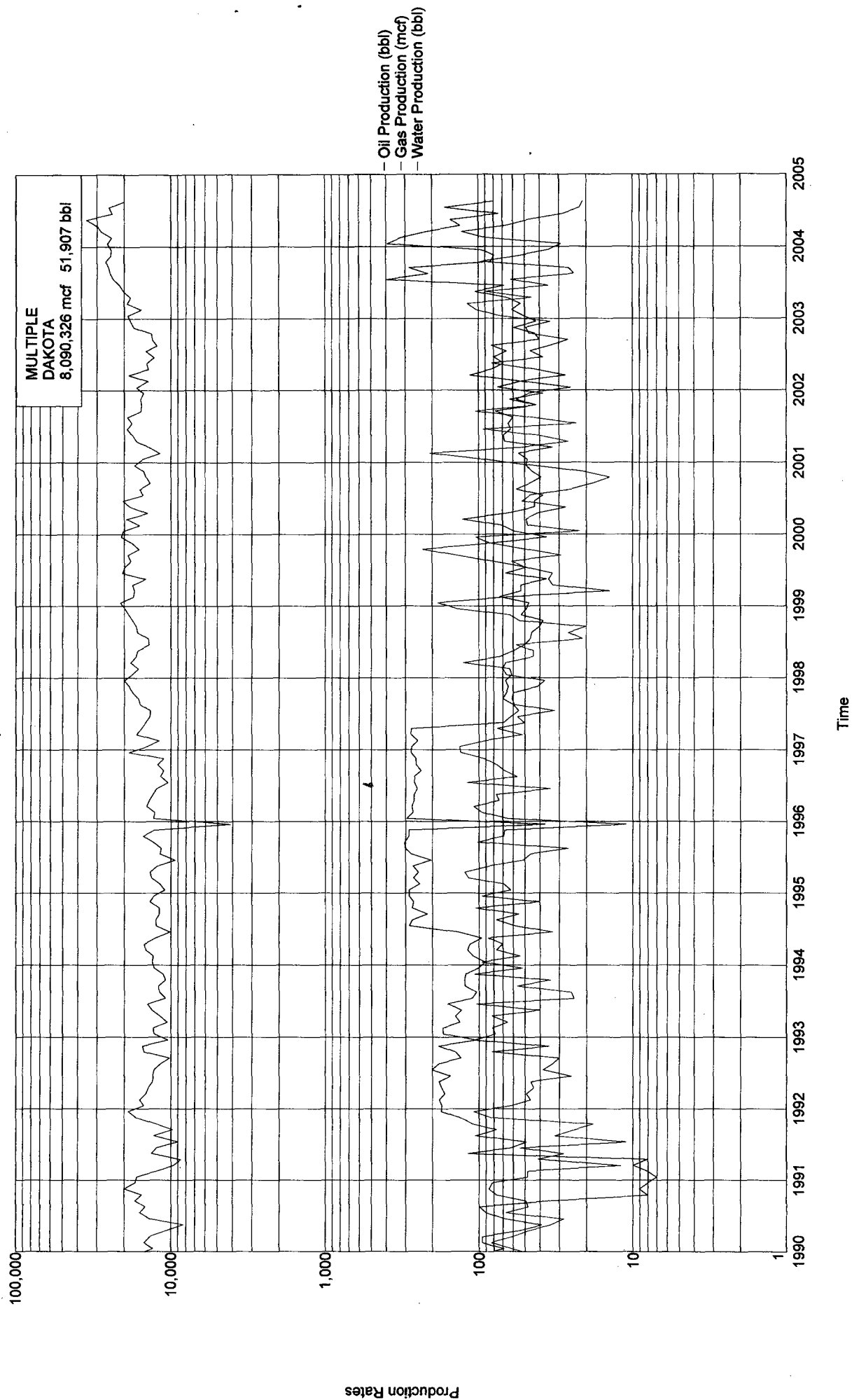
Lease Name: MULTIPLE
County, State: SAN JUAN, NM
Operator: MULTIPLE
Field: BLANCO
Reservoir: MESAVERDE
Location:

MULTIPLE MESAVERDE



Lease Name: MULTIPLE
County, State: SAN JUAN, NM
Operator: MULTIPLE
Field: BASIN
Reservoir: DAKOTA
Location:

MULTIPLE DAKOTA



Freeman #1B
Section 11, T31N – R13W
San Juan County, New Mexico

Data from surrounding active Dakota and Mesa Verde Wells

Dakota Wells

22 active Dakota wells

Gas Production

Well average monthly rate = 24750 mcf

Monthly rater per well = $24750/22 = 1125$ mcf

Daily rate per well = $1125/30.4 = 37$ mcfd

Oil Production

Well average monthly rate = 66 bopm

Monthly rater per well = $66/22 = 3$ bopm

Daily rate per well = $3/30.4 = 0.1$ bopd

Mesa Verde Wells

25 active Mesa Vede wells

Gas Production

Well average monthly rate = 45600 mcf

Monthly rater per well = $45600/25 = 1824$ mcf

Daily rate per well = $1824/30.4 = 60$ mcfd

Oil Production

Well average monthly rate = 75 bopm

Monthly rater per well = $75/25 = 3$ bopm

Daily rate per well = $3/30.4 = 0.1$ bopd

Statement of Commingling

Feeman #1B
Section 11, T31N – R13W
San Juan County, New Mexico

The commingling of the Blanco Mesa Verde 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.

Statement of Notification

Freeman #1B
Section 11, T31N – R13W
San Juan County, New Mexico

No notification is required for this well; the interested parties in Dakota and Mesa Verde pools are identical.



Joe Mazotti
Agent for Patina San Juan