



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark E. Fesmire, P.E

Director

Oil Conservation Division

September 25, 2007

Mitchel S. Burns
Tucker, Burns & Yoder
111 N. Orchard Ave. Suite 200
Farmington, NM 87401

Re: Patina Oil and Gas Corporation

Dear Mr. Burns,

I am responding to your September 13, 2007, letter directed to Mr. Frank Chavez, who retired in 2004. Please note that we received no pictures with your letter.

The New Mexico Oil Conservation Division (OCD) regulates oil and gas activities and works with the operators when issues arise that may not directly relate to oil and gas but that relate to the OCD rules and regulations.

Upon receipt of your letter I dispatched Deputy Oil and Gas Inspector Kelly Roberts to conduct an inspection of the Tafoya Fed 1R API # 30-045-32337, Section 35, Township 32N, Range 13W well site. The inspection determined the well and location were in compliance with OCD rules and regulations.

While on site Mr. Roberts reviewed the area and drew a map. His inspection report states as follows:

Respond to landowner complaint about drainage from location that is causing nuisance for landowner. Took photos and drew map of area. Drainage to landowner's property appears to me to be natural drainage for the area. The lease road to location does run directly toward landowner's Property but drainage is diverted by bar ditch on NCM road 1300. Most drainage in the area runs to the bar ditches on NCM road 1300 and follows the bar ditches past the landowner's property. His view of the area indicates there is a natural drainage running south

east that crosses CR 1300 which is a road that is not county maintained. Once it crosses the road it continues southeast and crosses a driveway continuing southeast.

I have attached a copy of Mr. Roberts map for your reference. In Mr. Roberts' opinion, the flow is natural drainage, and when it rains the water will follow the natural drainage across the road and then across the driveway. In a hard rain the flow may wash out both the road and the drive.

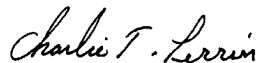
I contacted Mr. Billy Maez with Patina Oil and Gas Corporation to discuss the concerns noted in your letter. Mr. Maez indicated that he had met previously with you and the landowner on site and discussed the referenced issues. It was Mr. Maez' understanding that you were going to locate someone who could assist in resolving the issue and get back with him.

The OCD does not have a drainage expert, and the only involvement the OCD would have with regard to issues relating to drainage would be if and when they fall within the purview of OCD rules and regulations.

Perhaps it would be helpful in this situation for your client to contact/hire a local surveyor for the purpose of surveying the area and obtaining a plat, that shows the elevations of the area which may assist in determining specific patterns of drainage for the area.

If you have any further questions please do not hesitate to call.

Sincerely yours,



Charlie T. Perrin
District III Supervisor
charlie.perrin@state.nm.us

Pc: Patina Oil and Gas Corporation
Mikal Altomare, OCD Assistant General Counsel