

|                     |          |                     |                       |             |                           |
|---------------------|----------|---------------------|-----------------------|-------------|---------------------------|
| DATE IN<br>12-15-04 | SUSPENSE | ENGINEER<br>Stogner | LOGGED IN<br>12-16-04 | TYPE<br>NSL | APP NO.<br>PSEM0435120504 |
|---------------------|----------|---------------------|-----------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

#### Application Acronyms:

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify \_\_\_\_\_

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

#### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

# MILLER STRATVERT

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## 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

December 15, 2004

## HAND-DELIVERED

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

RECEIVED

DEC 15 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Re: Request for Administrative Approval of Unorthodox Well Location  
Montoya 1C Well  
Blanco Mesaverde Pool  
2180' FEL and 225' FSL  
Section 35 (E/2) T-32-N, R-13-W, NMPM, San Juan County, New Mexico

Dear Mr. Stogner:

On behalf of Patina San Juan, Incorporated and pursuant to Division Rule 104.F and the applicable rules governing the Blanco-Mesaverde Pool, we request administrative approval for an unorthodox well location for the Patina San Juan Montoya 1C Well at the surface and bottom-hole locations reflected above. Patina San Juan seeks an exception from the applicable well location rules for geologic and engineering reasons. The straight-hole well will be drilled to a depth sufficient to test the Mesaverde formation, Blanco Mesaverde pool (72319; Order No. R-10987-A, as amended.). The pool rules for the pool 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 feet to any quarter-quarter section line or subdivision inner boundary. The E/2 of Section 35, T-32-N, R-13-W will be dedicated to the well and is the second Mesaverde well within the GPU. A plat showing the E/2 spacing unit, the proposed unorthodox surface and bottom hole locations, and adjoining spacing units and wells is attached as Exhibit "A". A list of affected parties in the adjoining Section 2, T31N, R13W to whom notice and waiver requests are being sent is attached as Exhibit "B". Patina San Juan is the operator of the adjoining unit in the E/2 of Section 2 and owns 100% of the working interest in that unit.

The Montoya 1C Well was originally planned to be drilled at a location 1475' FEL and 1180' FSL of Section 35. (See Exhibit "C"). However, that location placed the well within the drainage radii of the Montoya 1A Well (now the 1M) in unit I of Section 3 and the Pan Am State 1B Well in unit M of the adjoining Section 36 to the east, both of which produce from the Mesaverde formation.

## LAW OFFICES

ALBUQUERQUE  
(505) 842-1950

FARMINGTON  
(505) 326-4521

LAS CRUCES  
(505) 523-2481

SANTA FE  
(505) 989-9614

Mr. Michael Stogner  
December 15, 2004  
Page 2

Additionally, relocation to the proposed unorthodox location places the Montoya 1C Well in a more advantageous position, geologically, as demonstrated on Exhibit "D", and the well would be better situated to more efficiently and economically recover the Mesaverde reserves underlying Section 3.

Thank you for your consideration of this request.

Very truly yours,

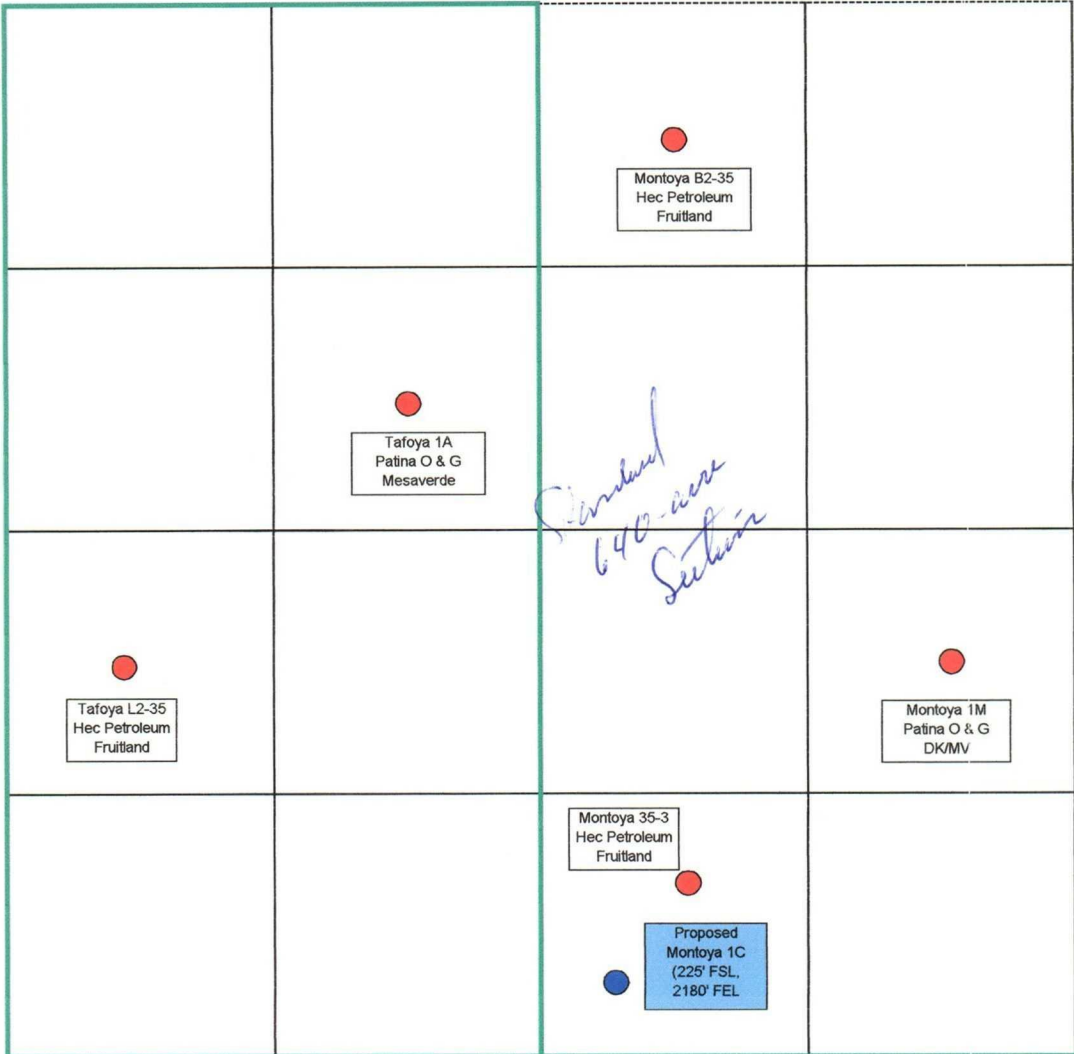
MILLER STRATVERT P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

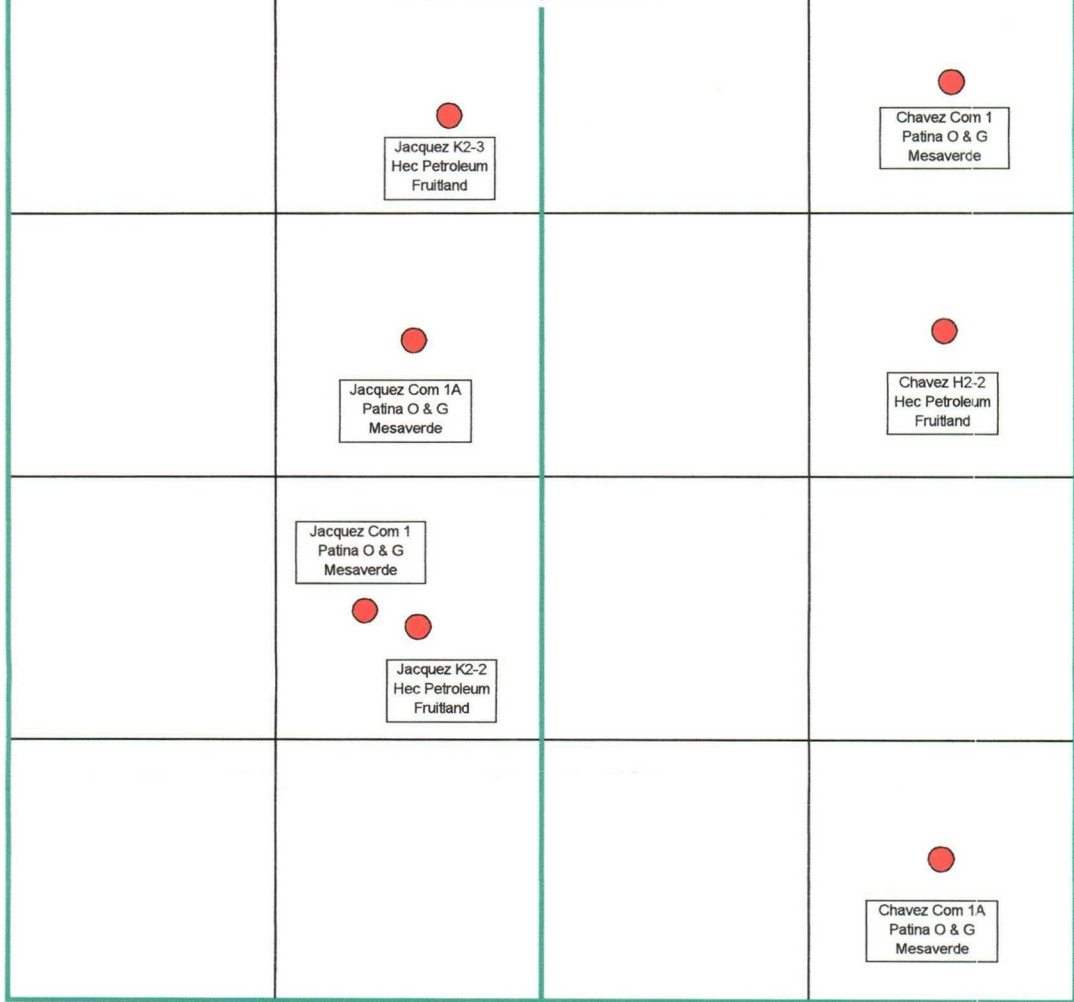
J. Scott Hall  
Attorneys for Patina San Juan, Inc.

Exhibit "A"

T32N-R13W, Section 35



T31N-R13W, Section 2



Patina San Juan, Incorporated  
Proposed Montoya 1C - MV  
San Juan County, NM

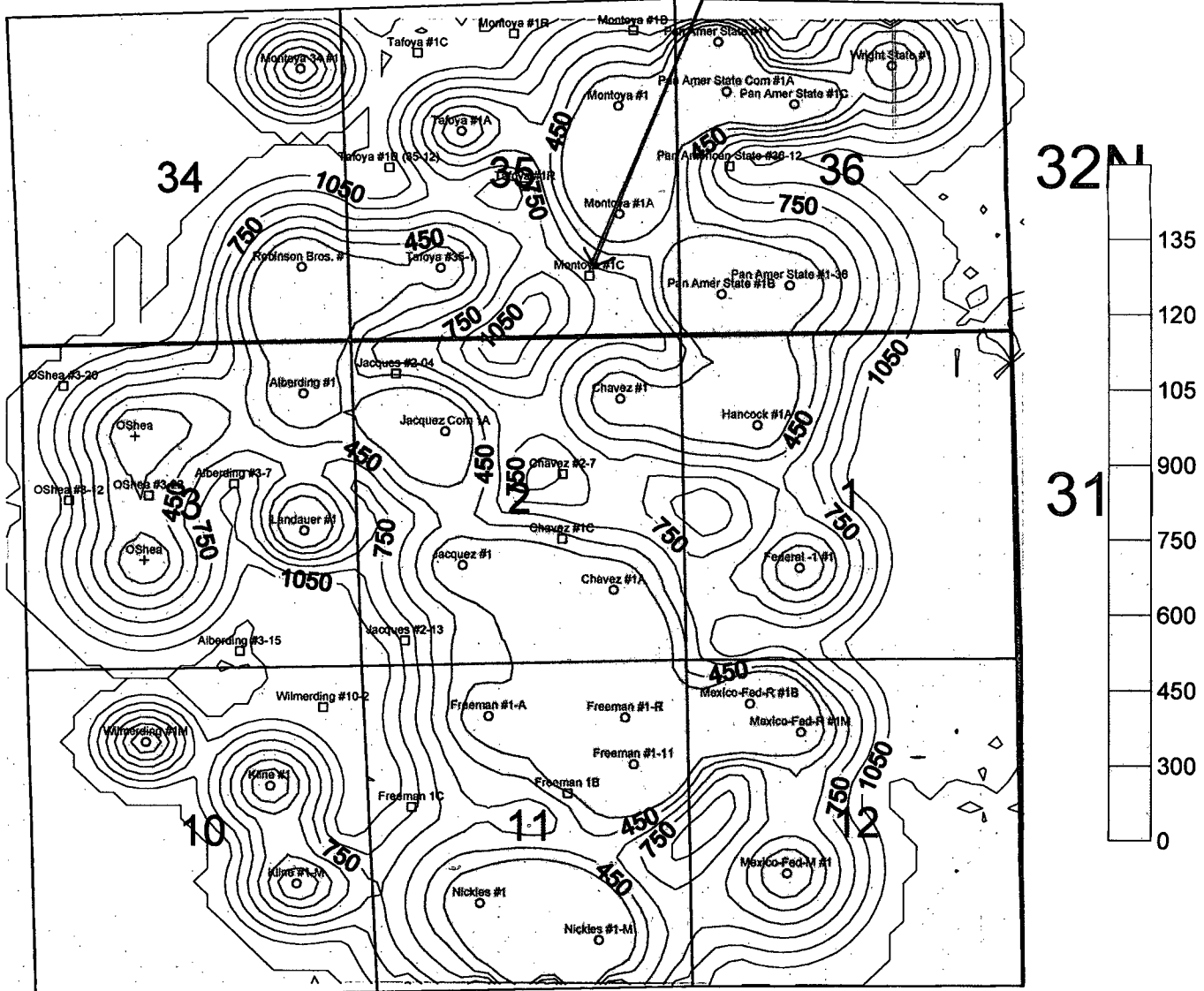
Adjoining Unit

**Exhibit "B"**  
Affected Working Interest Owners / Operator(s)

HEC Petroleum  
500 West Illinois Avenue  
Midland, TX 79701

# Exhibit "C"

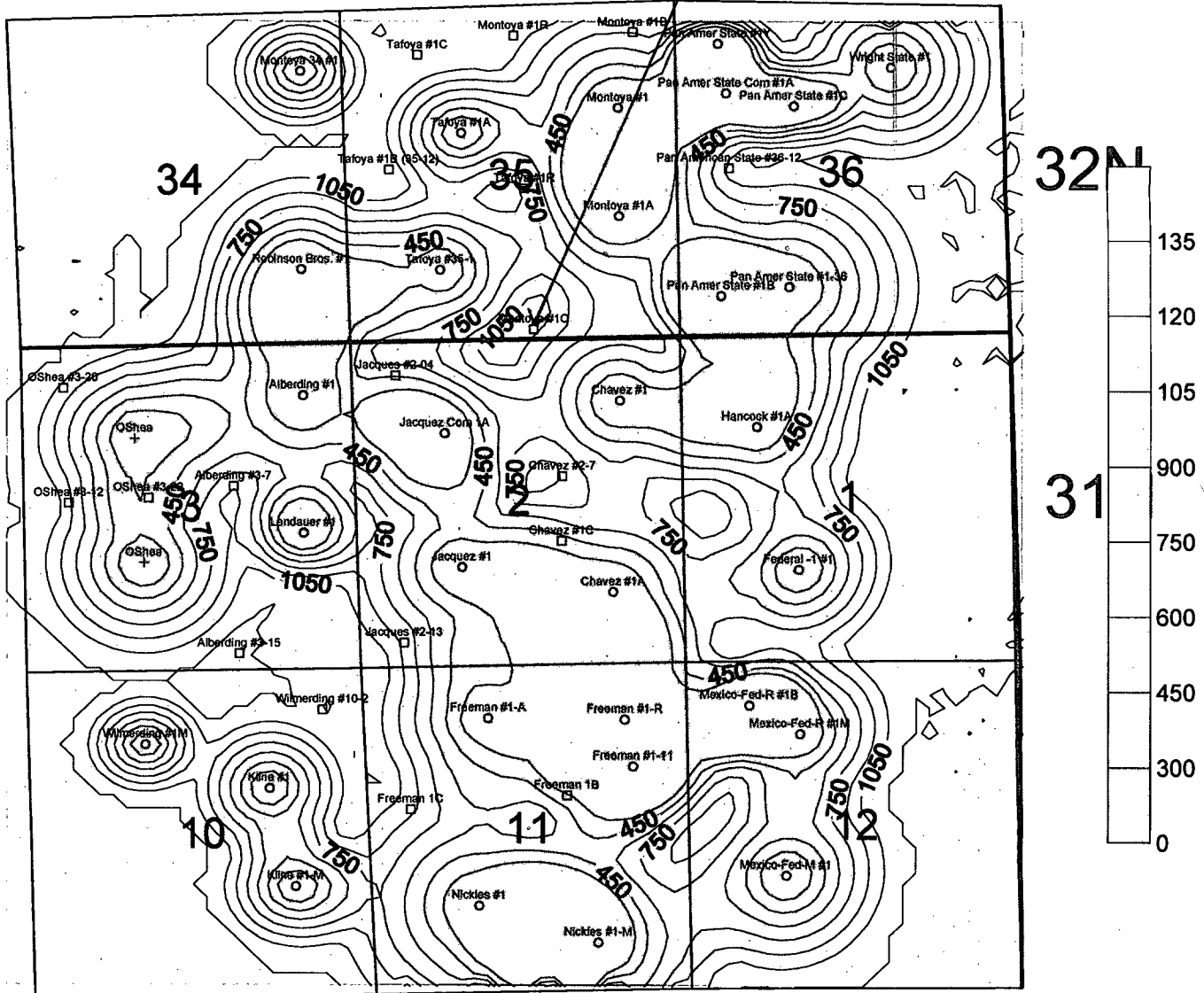
13W



Montoya 1C as originally staked  
1475' FEL, 1180' FSL

# Exhibit "D"

13W



Montoya 1C as currently staked  
2180' FEL, 225' FSL

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-101  
Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

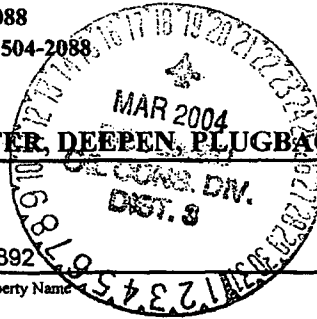
DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION  
PO BOX 2088  
Santa Fe, NM 87504-2088



☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|   |                          |                               |
|---|--------------------------|-------------------------------|
| Operator Name and Address<br>Patina San Juan, Inc.<br>c/o Walsh Engineering and Production Corp.<br>7415 E. Main St., Farmington, NM 87402 (505) 327-4892 |                          | OGRID Number<br>173252        |
| Property Code<br>24059  | Property Name<br>Montoya | API Number<br>30 - 0 45-32237 |
|   |                          | Well No.<br>1C                |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West Line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| O             | 35      | 32N      | 13W   |         | 1180'         | South            | 1475'         | East           | San Juan |

Proposed Bottom Hole Location If Different From Surface

| UL or lot no.                        | Section | Township | Range | Lot Idn | Feet from the                   | North/South Line | Feet from the | East/West Line | County |
|--------------------------------------|---------|----------|-------|---------|---------------------------------|------------------|---------------|----------------|--------|
| Proposed Pool 1<br>Blanco Mesa Verde |         |          |       |         | Proposed Pool 2<br>Basin Dakota |                  |               |                |        |

|                     |                            |                     |                      |                                 |
|---------------------|----------------------------|---------------------|----------------------|---------------------------------|
| Work Type Code<br>N | Well Type Code<br>G        | Cable/Rotary<br>R   | Lease Type Code<br>P | Ground Level Elevation<br>5840' |
| Multiple<br>Yes     | Proposed Depth<br>6950 +/- | Formation<br>Dakota | Contractor<br>NA     | Spud Date<br>June 2004          |

Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/feet | Setting Depth | Sacks of Cement       | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------------|---------------|
| 12-1/4"   | 9-5/8"      | 36#                | 250' +/-      | 140 (165 cu.ft.)      | Surface       |
| 8-3/4"    | 7"          | 20#                | 4140' +/-     | 1108 c.ft. + 139 c.ft | Surface       |
| 6-1/4"    | 4-1/2"      | 11.6#              | 6950' +/-     | 307 c.ft. + 196 c.ft. | 4040'         |
|           |             |                    |               |                       |               |
|           |             |                    |               |                       |               |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Patina San Juan proposes to drill a vertical well at the above described location and test the Dakota & Mesa Verde. A 12-1/4" surface hole will be drilled to 250' where 9-5/8", 36# casing will set set and cemented to surface with 140 sx (165 cu.ft.) of CI "B" with 1/4#/sk celloflake and 2% CaCl<sub>2</sub>. After WOC, a 2000 psi double ram preventer will be installed and pressure tested to 1500 psi. A 8-3/4" hole will be drilled to approximately 4140' with a fresh water polymer mud system. 7", 20# casing will be cemented to surface with 530 sx (1108 cu.ft.) and 100 sx (139 cu.ft.) of Type III cement with additives. A 6-1/4" hole will be drilled to TD with air. 4-1/2" casing will be cemented to 100' above the 7" shoe with 155 sx (307 cu.ft.) and 100 sx (196 cu.ft.) of CI "B" cement with additives. Induction/GR and Density logs will be run at TD. Formation Tops PC - 2160'; CH - 3771'; Men - 4041'; PL - 4490'; GH - 6589'; DK - 6685'. The well will connected to EPFS gathering system.

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

Signature: *Paul C. Thompson*

Printed name: Paul C. Thompson, P.E.

Title: Agent

Date: 03/17/04

Phone: (505) 327-4892

OIL CONSERVATION DIVISION

Approved by:

Title: DEPUTY OIL & GAS INSPECTOR, DIST. 8

Approval Date: MAR 19 2004

Expiration Date: MAR 19 2005

Conditions of Approval

Attached ☐



District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                   |  |                                    |  |
|-----------------------------------|--|------------------------------------|--|
| *API Number<br><b>30-05-32237</b> |  | *Pool Code<br><b>72319 / 71599</b> | *Pool Name<br><b>BLANCO MESAVERDE / BASIN DAKOTA</b> |
| *Property Code<br><b>24059</b>    | *Property Name<br><b>MONTOYA</b>               |                                    | *Well Number<br><b>1C</b>                            |
| *GRID No.<br><b>173252</b>        | *Operator Name<br><b>PATINA SAN JUAN, INC.</b> |                                    | *Elevation<br><b>5840</b>                            |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| 0             | 35      | 32N      | 13W   |         | 1180          | SOUTH            | 1475          | EAST           | SAN JUAN |

<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|   |   |                                  |                         |
|---|---|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br><b>320.0 Acres - (E/2)</b> | <sup>13</sup> Joint or Infill<br><b>Y</b> | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|---|---|----------------------------------|-------------------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |   |
|--|---|
| <div><div><div><div><div>16</div><div>1374.78'</div></div><div><div>2658.48'</div><div>1323.30'</div><div>1382.04'</div></div><div><div>1327.26'</div><div>2611.62'</div><div>5278.68'</div></div><div><div>2654.52'</div><div>2808.30'</div><div>1475'</div></div><div>35</div></div><div><div><div><div><div>MAR 2004</div><div>FEBRUARY 27, 2004</div><div>OIL CONSERVATION DIVISION</div></div><div>19 20 21 22 23 24 25 26 27 28 29 30</div></div><div>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18</div></div></div></div></div> | <p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Paul C. Thompson</i><br/>Signature</p> <p><b>Paul C. Thompson</b><br/>Printed Name</p> <p><b>AGENT</b><br/>Title</p> <p><b>3/17/04</b><br/>Date</p> <p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Survey Date: <b>FEBRUARY 27, 2004</b></p> <p>Signature and Seal of Professional Surveyor</p> <div><div><div><div>JASON C. EDWARDS</div><div>NEW MEXICO</div><div>15269</div><div>REGISTERED PROFESSIONAL SURVEYOR</div></div></div></div> <p><b>JASON C. EDWARDS</b><br/>Certificate Number 15269</p> |
|--|---|