



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 14, 2005

Patina San Juan Incorporated
c/o **J. Scott Hall**
Miller Stratvert, P. A.
P. O. Box 1986
Santa Fe, New Mexico 87404-1986

Administrative Order NSL-5169

Dear Mr. Hall:

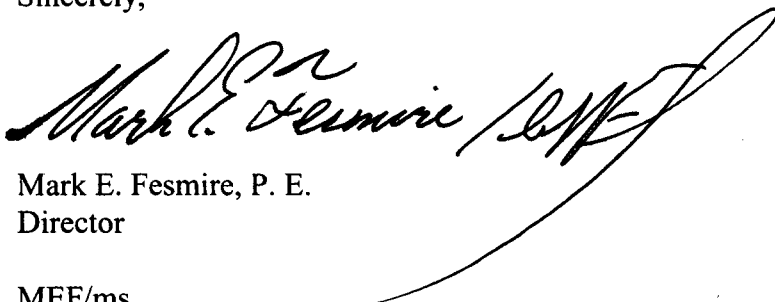
Reference is made to the following: (i) your application on behalf of the operator, Patina San Juan Incorporated, submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on February 16, 2005 (*administrative application reference No. pMES0-504951607*); (ii) your e-mail correspondence with Mr. Michael E. Stogner, Engineer/Hearing Officer with the Division in Santa Fe on Monday, March 14, 2005; and (iii) the Division's records in Aztec and Santa Fe: all concerning Patina San Juan Incorporated's request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, for its proposed Chavez "2" Well No. 15 to be drilled at an unorthodox infill gas well location 130 feet from the South line and 1752 feet from the East line (Unit O) of Section 2, Township 31 North, Range 13 West, NMPM, Blanco-Mesaverde Pool (72319), San Juan County, New Mexico.

The Blanco-Mesaverde gas production from this well is to be included within an existing standard 319.40-acre stand-up gas spacing and proration unit ("GPU") comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 2, which is currently dedicated to Patina San Juan Incorporated's: (i) Chavez Com. Well No. 1 (API No. 30-045-11100), located at a standard gas well location 990 feet from the North and East lines (Lot 1/Unit A) of Section 2; and (ii) Chavez Com. Well No. 1-A (API No. 30-045-23006), located at a standard infill gas well location 1190 feet from the South line and 1150 feet from the East line (Unit P) of Section 2.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for Patina San Juan Incorporated's proposed Chavez "2" Well No. 15 is hereby approved. Further, all three of the aforementioned Chavez Com. Wells No. 1 and 1-A and Chavez "2" Well No. 15, and existing 319.40-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", followed by a large, sweeping flourish that extends downwards and to the right.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
New Mexico State Land Office – Santa Fe