

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13683
ORDER NO. R-12535**

**APPLICATION OF PATINA SAN JUAN, INC. FOR AN UNORTHODOX GAS
WELL LOCATION, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 30, 2006, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 5th day of April, 2006, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) On January 24, 2006, the Division received an administrative application (Application No. pTDS0602638001) from Patina San Juan, Inc. ("Patina") seeking approval to drill its Valance "33" Well No. 2 (API No. 30-045-32689) at an unorthodox gas well location 320 feet from the North line and 2145 feet from the East line (Unit B) of Section 33, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico, to test the Basin-Dakota and Basin-Fruitland Coal Gas Pools. The E/2 of Section 33 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for both pools.

(3) On February 22, 2006, the Division received an objection to the application from Richard J. and Darla L. Bramwell, the surface owners at the proposed well location.

(4) The subject application was subsequently set for hearing before a Division examiner.

(5) On March 28, 2006, two days before the case was to be heard, the Division received a letter from Richard J. and Darla L. Bramwell withdrawing their objection to the application.

(6) Patina appeared at the hearing through legal counsel and presented evidence to support this application. No other party appeared at the hearing.

(7) The proposed well is located within the Basin-Dakota and Basin-Fruitland Coal Gas Pools. Both of these pools are governed by special pool rules that require wells to be located no closer than 660 feet to the outer boundary of the proration unit nor closer than 10 feet to any interior quarter-quarter section line or subdivision inner boundary.

(8) The evidence presented by Patina shows that the proposed unorthodox location is necessitated by topographic considerations, namely the presence of the La Plata River and associated wetlands.

(9) The Valance "33" Well No. 2 is to be dedicated to an existing 320-acre spacing and proration unit in the Basin-Dakota Gas Pool which is currently dedicated to the Patina Kaufman Well No. 1 (API No. 30-045-10174) located at a standard gas well location 1450 feet from the North line and 790 feet from the East line (Unit H), and to the Patina Kaufman Well No. 1E (API No. 30-045-25972) located at a standard gas well location 857 feet from the South line and 1827 feet from the East line (Unit O) of Section 33.

(10) The Valance "33" Well No. 2 will be the first well completed in the Basin-Fruitland Coal Gas Pool within the E/2 of Section 33.

(11) Patina is the operator of the affected offset acreage in Section 33, and Fuller Production, Inc. is the operator of the affected offset acreage in Section 28.

(12) Fuller Production, Inc. has not objected to the proposed unorthodox gas well location.

(13) No other operator and/or interest owner appeared at the hearing in opposition to the application.

(14) Approval of the subject application will provide Patina the opportunity to recover additional gas reserves within the Basin-Dakota and Basin-Fruitland Coal Gas Pools within the E/2 of Section 33, thereby preventing waste, and will not violate correlative rights.

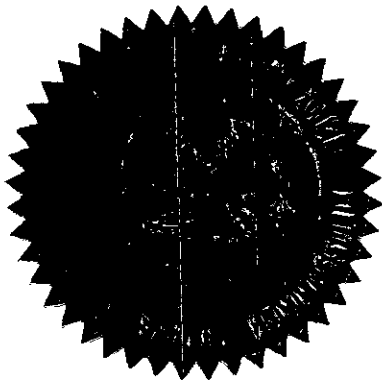
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Patina San Juan, Inc., is hereby authorized to drill its Valance "33" Well No. 2 (API No. 30-045-32689) at an unorthodox gas well location 320 feet from the North line and 2145 feet from the East line (Unit B) of Section 33, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico, to test the Basin-Dakota and Basin-Fruitland Coal Gas Pools.

(2) The E/2 of Section 33 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for both pools.

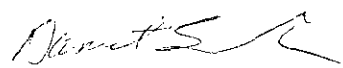
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


for MARK E. FESMIRE, P.E.
Director