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October 13, 2003

HAND DELIVERED

RECEIVED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

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Oil Conservation Division

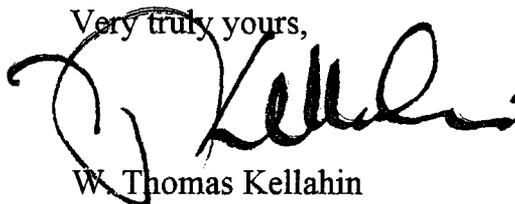
Case 13178

Re: Kaempf Well No. 1E
Unit I, S/2 Section 19, T30N, R11W
Application of San Juan Resources Properties LLC.
To re-instate Division Order R-11762
(Case 12796, compulsory pooling)
San Juan County, New Mexico

Dear Ms. Wrotenbery:

On behalf of San Juan Resources Properties LLC, find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for November 6, 2003. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: San Juan Resources Properties LLC
Attn: Jerry McHugh, Jr.

CASE 13178 Application of San Juan Resources Properties LLC to re-instate Division Order R-11762 (compulsory pooling) San Juan County, New Mexico. Applicant seeks to re-instate Order R-11762 that pooled all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of irregular Section 19, T30N, R11W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the surface to the base Dakota formation, including but not limited to the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. This unit is to be dedicated to its Kaempf Well No. 1E to be drilled at a standard well location in Unit I of this section. Also to be considered will be the costs of the drilling this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of San Juan Resources of Colorado, Inc. as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 2 miles East from Flora Vista, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

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

**IN THE MATTER OF THE APPLICATION
OF SAN JUAN RESOURCES PROPERTIES LLC
FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13178

APPLICATION

San Juan Resources Properties LLC ("San Juan") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks to re-instate Order R-11762 that pooled all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of irregular Section 19, T30N, R11W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production from the surface to the base Dakota formation, including but not limited to the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. This unit is to be dedicated to its Kaempf Well No. 1E to be drilled at a standard well location in Unit I of this section. Also to be considered will be the costs of the drilling this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of San Juan Resources of Colorado, Inc. as the operator of the well and a 200% charge for risk involved in this well.

In support of its application, San Juan Resources Properties LLC states:

1. San Juan has a working interest ownership in the oil and gas minerals from the surface to the base of the Dakota formation underlying the S/2 of Section 19, T30N, R11N, NMPM, San Juan County, New Mexico.
2. This gas spacing unit is located within the boundaries of the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.

3. On April 17, 2002, the Division entered Order R-11762 (Case 12796) granting San Juan's application for a compulsory pooling order for this spacing unit. The order expired on November 1, 2002.

4. This order pooled a working interest held by Frank A King, et ux, that San Juan believes to be 5.63% in the Mesaverde formation for this downhole commingled wellbore.

5. With the exception of the circumstances involved with the expiration of the order, the estimated well costs and other facts for this pooling order remain the same as on February 21, 2002, the date of the hearing for Order R-11762.

6. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, San Juan needs to re-instate order of the Division pooling the working interest identified above in order to protect correlative rights and prevent waste.

7. Applicant, in the absence of timely objection, will present its evidence by affidavit as provided by Division Rule 1207.A(1) and request the 200% risk charge in accordance with Commission Order R-11992, effective August 15, 2003.

8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for November 6, 2003.

WHEREFORE, San Juan Resources Properties LLC, as applicant, requests that this application be set for hearing on November 6, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) San Juan Resources of Colorado, Inc. be named operator;

(2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

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Exhibit "A"

Frank A. King, et ux
4580 Belfort Place
Dallas, Texas 75205