

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-266-2780
TKELLAHIN@COMCAST.NET

June 7, 2010

RECEIVED OGD
JUN - 7 A 11: 23

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

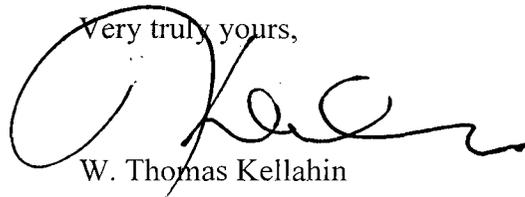
Case 14498

Re: Application of San Juan Resources, Inc.
to amend Order R-13053
unorthodox gas well location
Blancett Ranch "24" Well No. 1
Unit H of Section 24, T30N, R12W
2463 feet FNL and 552 feet FEL
Basin Dakota Gas Pool and Blanco Mesaverde Gas Pool
San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of San Juan Resources, Inc., please find enclosed our referenced application which I request be set for hearing on the July 8, 2010 hearings docket.

Very truly yours,



W. Thomas Kellahin

cc: San Juan Resources, Inc.
Attn: Jerry McHugh

CASE 14498: Application of San Juan Resources, Inc. to amend Division Order R-13053 for an unorthodox well location, San Juan County, New Mexico. Applicant seeks an order amending Order R-13053 to a less unorthodox gas well location such that its Blancett Ranch "24" Well No. 1 (API No. 30-045-33769) can be produced at an unorthodox well location 2463 feet from the North line and 552 feet from the East line (Unit H) of Section 24, Township 30 North Range 12 West, NMPM to be dedicate to a standard 320-acre spacing unit consisting of the E/2 of this section for any production for the Basin-Dakota Gas Pool and/or the Blanco-Mesaverde Gas Pool. This well is located approximately 1/2 of a mile northwest from Flora Vista, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF SAN JUAN RESOURCES, INC. TO AMEND
ORDER R-13053 FOR AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

2010 JUN -7 A 11:23

RECEIVED OCD

CASE 14498

APPLICATION

San Juan Resources, Inc. ("SJR") by its attorneys, Kellahin & Kellahin, seeks an order amending Order R-13053 to a less unorthodox well location such that its Blancett Ranch "24" Well No. 1 can be produced an unorthodox gas well location 2463 feet from the North line and 552 feet from the East line (Unit H) of Section 24, Township 30 North Range 12 West, NMPM to be dedicated to a standard 320-acre gas spacing unit dedicated to production from the Basin-Dakota Gas Pool and the Blanco Mesaverde Gas Pool.

In support of its application SJR states:

1. By Order R-13053, dated November 18, 2010, the Division granted SJR application to drill its Blancett Ranch "24" Well No. 1 (API # 30-045-33769) at an original unorthodox gas well location 2435 feet FNL and 450 feet FEL (Unit H) of Section 24, T30N, R12W, San Juan County, New Mexico and dedicated it to 320-acre gas spacing units consisting of the E/2 of this section.
2. This location was necessary because of topography and the request of the surface owner.
3. This spacing unit is subject, among other things, to the Special Rules and Regulations for the Basin-Dakota Gas Pool Pool (pool code 71599) and Order R-10981-B (1), effective January 29, 2002) requiring 320-acre standard spacing units and well to be located not closer than 660 feet of a quarter section line.
4. Also this spacing unit is subject, among other things, to the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (pool code 72319) and Order R-10987-A (1), effective December 2, 2002) requiring 320-acre standard spacing units and well to be located not closer than 660 feet of a quarter section line.

5. SJR's original location encroached towards the W/2 of Section 19, T30N R11W operated by San Juan Resources, Inc and developed with two 320-acre spacing units oriented N/2 and S/2.
6. On June 1, 2010, during restaking of this new well, SJR discovered that the original approved NSL had been erroneously staked (in 2006-2007) when the surveyor had spun off the wrong pin, causing the original NSL location to have erroneous footage on the ground
7. The correct location is less unorthodox than originally approved by Order R-13053. The revised location is 2463 feet FNL and 552 feet FEL being some 102 feet further west from the original approved unorthodox location. **See Revised C-102 attached as Exhibits "A-1 & A-2"**
8. Notification is being sent to the surface owner, Blancett Land & Cattle LLC.
9. In accordance with the Division's notice requirements, a copy of this application has been sent to SJR's working interest owners in the N/2 and S/2 of Section 19. **See Exhibit "B" attached**

WHEREFORE, San Juan Resources, Inc. as applicant, requests that the Division enter its order amending Order R-13053 and approve this revised unorthodox well location

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
Telephone: (505) 982-4285
Email--tkellahin@comcast.net

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
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 30-045-33769		*Pool Code 72319	*Pool Name BLANCO MESA VERDE
*Property Code 35731	*Property Name BLANCETT RANCH 24		*Well Number 1
*DGRID No. 20208	*Operator Name SAN JUAN RESOURCES, INC.		*Elevation 5641

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	30N	12W		2463	NORTH	552	EAST	SAN JUAN

¹¹ 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

¹² Dedicated Acres 320.00	¹³ Joint or Inf:11	¹⁴ Consolidation Code C	¹⁵ Order No. R-13053, R-13053-A
---	-------------------------------	---------------------------------------	---

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

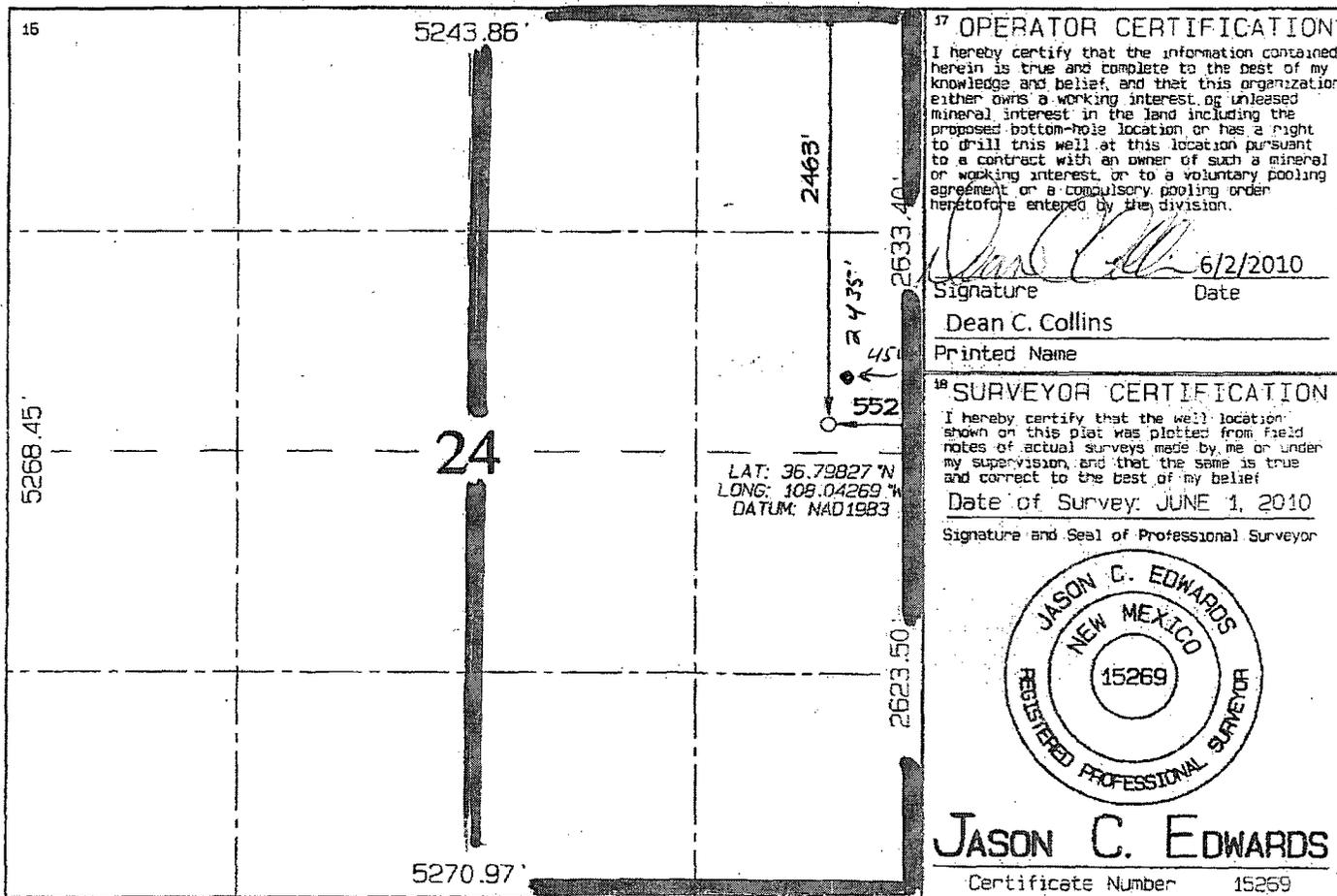


EXHIBIT
A-2
PENGAD 800-631-6889

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005

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 30-045-33769		*Pool Code 71599		*Pool Name BASIN DAKOTA	
*Property Code 35731		*Property Name BLANCETT RANCH 24			*Well Number 1
*OGRID No. 20208		*Operator Name SAN JUAN RESOURCES, INC.			*Elevation 5641'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
H	24	30N	12W		2463	NORTH	552	EAST	SAN JUAN

¹¹ 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

¹² Dedicated Acres 320.00	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ Order No. R-13053, R-13053-A
---	-------------------------------	---------------------------------------	---

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

5243.86'

24

5270.97'

2463'

552'

LAT: 36.79827°N
LONG: 108.04269°W
DATUM: NAD1983

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Dean C. Collins 6/2/2010
Signature Date

Dean C. Collins
Printed Name

¹⁸ SURVEYOR CERTIFICATION

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.

Date of Survey: JUNE 1, 2010

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
Certificate Number 15269

EXHIBIT
A-2

**SAN JUAN RESOURCES
EXHIBIT "B"**

NOTICE LIST

James Martin
R.R. 1, Box 321
Council Grove, KS 66846-8777

A.D. Mammel
4642 N. Versailles Ave
Dallas TX 75209-6016

Frank King
8235 Douglas Ave, Suite 525
Dallas TX 75225

Burlington Resources Oil & Gas Company
P. O. Box 4289
Farmington, NM 87499-4289

ConocoPhillips Co.
P. O. Box 4289
Farmington, NM 87499-4289

Koch Exploration Company
9777 Pyramid Court, Suite 210
Englewood CO 80122

Jesse A. Payne & Kimberly D. Payne
13 County Road
Aztec, NM 87410