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December 30, 2002

HAND DELIVERED

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

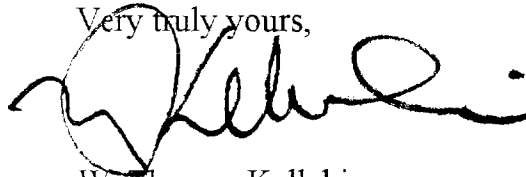
Case 12992

Re: Tecumseh Well No. 1
Unit J, S/2 Section 18, T30N, R11W
Application of San Juan Resources, Inc.
for Compulsory Pooling
San Juan County, New Mexico

Dear Ms. Wrotenbery:

On behalf of San Juan Resources, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for January 23, 2003. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

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

CASE 12992 Application of San Juan Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in accordance with Division Rule 1207.A(1)(b) seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of Section 18, T30N, R11W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Blanco Mesaverde Gas Pool and the Basin Dakota Gas Pool. This unit is to be dedicated to its Tecumseh Well No. 1 has been drilled and completed at a standard well location in Unit J of this section for downhole commingled production from the Blanco Mesaverde Gas Pool and the Basin-Dakota Gas Pool. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a 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 MATTER 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, INC.
FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 12992

APPLICATION

San Juan Resources , Inc. ("San Juan") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) and Division Rule 1207.A(1)(b) seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of Section 18, T30N, R11W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. This unit is to be dedicated to its Tecumseh Well No. 1 has been drilled and completed at a standard well location in Unit J of this section for downhole commingling production from the Mesaverde and Dakota formations Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application San Juan 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 18, T30N, R11W, NMPM, San Juan County, New Mexico.
2. The subject tract is located within the Blanco Mesaverde Gas Pool and the Basin-Dakota Gas Pool.
3. This well was drilled at a standard gas well location in the S/2 (Unit J) of Section 18 to test any and all formations in the pooled interval from the surface to the base of the Dakota Formation.

4. San Juan has the voluntary agreement of certain of the working interest ownership of the oil & gas minerals from the surface to the base of the Dakota formation underlying the S/2 of this section

5. San Juan despite its good faith effort, has been unable to obtain the voluntary agreement the remaining mineral and working interest owner(s) in the spacing unit as identified on Exhibit "A."

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 an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

7. San Juan requests that this application be processed in accordance with Division Rule 1207.A(1)(b) and at the time of hearing will submit the data required by this rule.

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 January 23, 2003.

WHEREFORE, San Juan, as applicant, requests that this application be set for hearing on January 23, 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, 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', with a stylized, flowing script.

W. THOMAS KELLAHIN
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