

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address SAN JUAN RESOURCES, INC. 1400 BLAKE, #7K DENVER, CO 80202		2. OGRID Number 20208
		3. API Number 30-045-33768
4. Property Code 35732	5. Property Name MEMGEM WALTERS 34	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	34	32N	13W	I	1980	S	885	E	SAN JUAN

8. Pool Information

BASIN DAKOTA (PRORATED GAS)	71599
BLANCO-MESAVERDE (PRORATED GAS)	72319

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 5777
14. Multiple Y	15. Proposed Depth 7000	16. Formation Dakota Formation	17. Contractor	18. Spud Date 7/1/2006
Depth to Ground water 30		Distance from nearest fresh water well > 1000		Distance to nearest surface water 300
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 4000 _____ bbls Drilling Method:				
Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	250	180	0
Prod	7.875	4.5	11.6	3700	780	0
Prod	7.875	4.5	11.6	7000	700	3700

Casing/Cement Program: Additional Comments

San Juan Resources of Colorado proposes to drill a 12-1/4" surface hole to 250', run and cement 8-5/8" casing to 250' w/ 180 sack neat cement. A 7-7/8" hole will then be drilled to ~7000'. 4-1/2" casing will be run to TD w/ a stage tool @ ~3700'. First stage cement will consist of 600 sx (1392 cuft) 65/35 Poz w/ additives followed by 100 sx (116 cuft) neat w/ additives. second stage will consist of 680 sx (1578 cuft) 65/35 Poz with additives followed by 100 sx (116 cuft) neat w/ additives.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	1000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Lori Walters	Approved By: Charlie Perrin
Title: Manager	Title: District Supervisor
Email Address: accounting@sanjuanbasin.com	Approved Date: 6/14/2006 Expiration Date: 6/14/2007
Date: 5/31/2006 Phone: 303-573-6333	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 30977

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-33768	2. Pool Code 71599	3. Pool Name BASIN DAKOTA (PRORATED GAS)
4. Property Code 35732	5. Property Name MEMGEM WALTERS 34	6. Well No. 001
7. OGRID No. 20208	8. Operator Name SAN JUAN RESOURCES, INC.	9. Elevation 5777

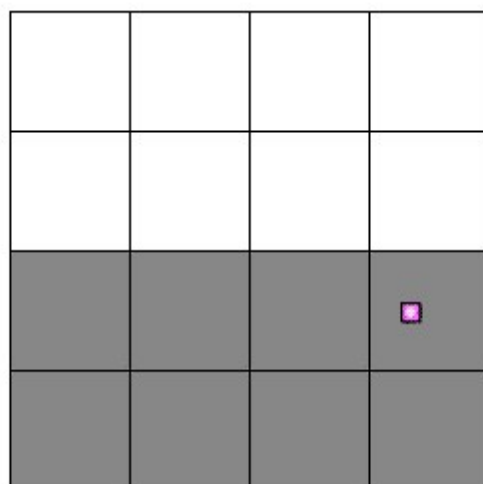
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code N/A		15. Order No.			

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



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(s) 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.

E-Signed By: Lori Walters
 Title: Manager
 Date: 5/31/2006

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.

Surveyed By: Jason Edwards
 Date of Survey: 5/1/2006
 Certificate Number: 15269

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WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-33768	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 35732	5. Property Name MEMGEM WALTERS 34	6. Well No. 001
7. OGRID No. 20208	8. Operator Name SAN JUAN RESOURCES, INC.	9. Elevation 5777

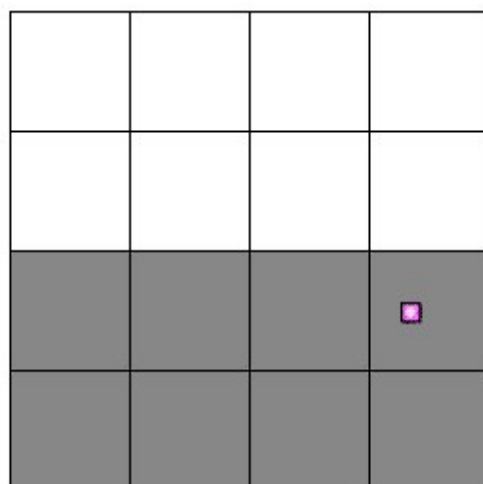
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 Title: Manager
 Date: 5/31/2006

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 Date of Survey: 5/1/2006
 Certificate Number: 15269

Permit Comments

Operator: SAN JUAN RESOURCES, INC. , 20208

Well: MEMGEM WALTERS 34 #001

API: 30-045-33768

Created By	Comment	Comment Date
collinsd	No other operators in the unit	5/30/2006