

**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 TO CONSIDER:**

**Case No. 22508  
Order No. R-22075**

**APPLICATION OF SAN JUAN RESOURCES, INC FOR APPROVAL OF THE  
REGINA RANCH (DEEP) UNIT, SANDOVAL COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came for hearing February 3rd, 2022, at Santa Fe, New Mexico, before Examiner Dylan Rose-Coss.

NOW, on this 15th day of March 2022, 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 Oil Conservation Division ("OCD") has jurisdiction of this case and its subject matter.

(2) San Juan Resources, Inc ("Applicant") is seeking approval from the U.S. Bureau of Land Management ("BLM") of the Regina Ranch (Deep) Unit ("Unit") consisting of 7,279.65 acres of the following federal and patented lands situated in Sandoval County, New Mexico ("Unit Area"):

Township 23 North, Range 1 West, N.M.P.M

Section 28: S/2, NE/4NE/4, S/2NE/4, that part of the NW/4NE/4 lying East of the centerline of Hwy 96, containing 16.00 acres

Section 29: W/2, NE/4NE/4, W/2NE/4, SE/4

Section 30: ALL

Section 31: ALL

Section 32: ALL

Section 33: ALL

Township 22 North, Range 1 West, N.M.P.M

Section 4: W/2, N/2SE/4

Section 5: ALL

Section 6: ALL

Section 7: N/2

Section 8: N/2, SE/4, E/2SW/4, E/2NW/4SW/4, E/2W/2NW/4SW/4, NW/4NW/4NW/4SW/4

Section 9: W/2, S/2NE/4, SE/4

Section 16: N/2

Section 17: NE/4, E/2NW/4

(3) Unitized Interval: The unitized interval for the Regina Ranch (Deep) Unit is all formations below the top of the Mancos Formation, which is defined as the stratigraphic equivalent of 5,400 feet MD in the Regina Ranch Federal 32-1 well located in the SW/4, Section 32, Township 23 North, Range 1 West, N.M.P.M., Sandoval County, New Mexico (API# 30-043-20989).

(4) The Applicant presented testimony and exhibits as follows:

a. The Regina Ranch (Deep) Unit is a proposed voluntary federal exploratory unit and all depths below the top of the Mancos Formation will be unitized.

b. The proposed Unit is comprised of thirty-four (34) federal and patented tracts. Federal land comprises over 69% of the proposed unit. Applicant is the operator for San Juan Basin Properties LLC which owns 82.80% of the total working interest committed to the proposed Unit. 88% of the working interest owners are committed to the Unit.

c. The Unit obligation well, as identified on a proposed form C-102 is the Regina Ranch Deep Unit 32-10H well, a horizontal well with a surface location in Unit E, of Section 32, Township 23 North, Range 1 West (API No. 30-043-Pending) and a bottomhole location in Unit P of Section 32, Township 23 North, Range 1 West. The well will be completed in the WC 23N1W32; MANCOS Pool (Pool Code 98332).

d. Applicant proposes to complete wells in different members of the Mancos Shale. Initial development will target the Mancos Niobrara C but additional targets include the Mancos Silt, Mancos Niobrara A, Mancos Niobrara B and the Sanostee/Juana Lopez member. Applicant contacted the OCD Geologist who assigned the WC Mancos Pool.

e. Applicant presented the proposed Unit Agreement ("Unit Agreement"), which designates the Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.

f. Applicant has received a logical designation letter from the BLM, indicating the land proposed for unitization is logically subject to exploration and development. The letter contains several requirements and obligations for final approval from the BLM that will be met by SJR.

g. The Applicant will also seek ratification of the Unit Agreement from royalty and overriding royalty interest owners not otherwise contractually committed to the unitization.

(5) No other party appeared at the hearing or otherwise opposed this application.

(6) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(7) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

**IT IS THEREFORE ORDERED THAT:**

(1) OCD recommends approval of the Regina Ranch (Deep) Unit comprised of federal and patented lands in Sandoval County, New Mexico.

(2) The Unit Area comprises 7,279.65 acres situated in Sandoval County, New Mexico and described above.

(3) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(4) OCD recognizes that San Juan Resources, Inc. (OGRID No 20208) is designated the Unit Operator under the proposed Unit Agreement.

(5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a "unitized area" as provided in 19.15.16 NMAC.

(6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(7) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(8) The Unit Operator shall file with the OCD the fully executed Unit Agreement within 30 days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within 30 days after approval or notification of BLM, the amended Unit Agreement or other documentation reflecting the changes.

(9) All filings required by this Order shall be submitted to the OCD Engineering Bureau ([OCD.Engineer@state.nm.us](mailto:OCD.Engineer@state.nm.us)). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

(10) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



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Adrienne Sandoval  
Director