

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 San Juan Resources of Colorado c/o Walsh Engineering

3a. Address
 7415 E. Main, Farmington, NM, 87402

3b. Phone No. (include area code)
 505-327-4892

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 840' FNL and 930' FEL Section 30, T30N, R11W

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
 CA Pending

8. Well Name and No.
 Lee #1F

9. API Well No.
 30-045-34515

10. Field and Pool, or Exploratory Area
 Basin Dakota/ Blanco Mesa Verde

11. County or Parish, State
 San Juan County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Downhole
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Commingle

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

San Juan Resources of Colorado has applied to the NMOCD to downhole commingle the production from the Basin Dakota and Blanco Mesa Verde pools. The North half of Section 30 is dedicated to both formations. Lot #2 (SW/NW) is a Federal Lease. All pertinent data is attached.

RCVD JAN 10 '13
OIL CONS. DIV.
DIST. 3

DHC 3743 AZ

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Paul C. Thompson, P.E.	Title Agent
Signature	Date December 21, 2012

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>Joe Henrich</i>	Title GEO	Date 1-7-13
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office FEO	

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD ca

Submit 1 Copy to Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised August 1, 2011

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

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-34515
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator San Juan Resources of Colorado		6. State Oil & Gas Lease No.
3. Address of Operator 1499 Blake Street 10C, Denver, CO 80202		7. Lease Name or Unit Agreement Name Lee
4. Well Location Unit Letter <u>A</u> : <u>840</u> feet from the <u>North</u> line and <u>930</u> feet from the <u>East</u> line Section <u>30</u> Township <u>30N</u> Range <u>11W</u> NMPM San Juan County		8. Well Number #1F
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5689' GL		9. OGRID Number 20208
		10. Pool name or Wildcat Blanco Mesa Verde & Basin Dakota

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> RCVD JAN 10 '13 OIL CONS. DIV. DIST. 3
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

San Juan Resources proposes to downhole commingle the production from the Blanco Mesa Verde (72319) with the Basin Dakota (71599). The commingling of these pre-approved pools is authorized in Order R-11363. The interests in these pools is not common and all of the interest owners have been advised of this application by certified mail. Part of the proration unit contains Federal minerals so the BLM has also been notified of this application. The Dakota is perforated from 6453' to 6529' and the Mesa Verde is perforated from 4234' to 4400'. The zones have been produced individually. Using six months of actual individual production from each zone, San Juan Resources proposes to allocate 74.8% of the oil and 35.7% of the gas to the Mesa Verde and 25.2% of the oil and 64.3% of the gas production to the Dakota. Commingling these two formations will not reduce the total remaining production's value.

DHC - 3743 AZ

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Paul C. Thompson TITLE Agent DATE 12/21/12

Type or print name Paul C. Thompson, P.E. E-mail address: paul@walsheng.net PHONE: (505) 327-4892

For State Use Only
 APPROVED BY: Wm J. [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE JAN 15 2013

Conditions of Approval (if any):

Lee #1F

Mesa Verde Production

	Oil	Gas
Dec-11	6	216
Jan-12	94	829
Feb-12	169	456
Mar-12	65	997
Apr-12	17	1456
May-12	11	724
Jun-12	0	0 Well SI
Jul-12	0	0 Well SI
Aug-12	0	511 Well SI most of the month
Sep-12	0	216 Well SI most of the month
Oct-12	0	124 Well SI most of the month
Nov-12	16	808
	62	878 Six Month Average
		Jan 2012 - May 2012 & Nov 2012

Dakota Production

Nov-10	71	4549
Dec-10	41	3649
Jan-11	40	2806
Feb-11	30	2362
Mar-11	29	2194
Apr-11	33	1936
May-11	22	1828
Jun-11	23	1751
Jul-11	26	1691
Aug-11	20	1661
Sep-11	20	1543
Oct-11	24	1565
Nov-11	12	1287
	21	1583 Last six month Average

	BO/mo.	MCF/mo.
Combined	83	2461
MV %	74.8	35.7
DK %	25.2	64.3



December 21, 2012

To: Interest Owners

Via Certified Return Receipt

Subject: Notice of Intent to Apply for Downhole Commingling
Lee #1F Well
T30N, R11W, N.M.P.M.
Section 30: Lots 1, 2, E/2NW/4, NE/4
San Juan County, New Mexico

Dear Interest Owners:

San Juan Resources, Inc. ("San Juan") plans to commingle the Lee #1F well located in the NE/4NE/4 of Section 30, Township 30 North, Range 11 West, N.M.P.M. in the Blanco Mesaverde (72319) and Basin Dakota (71599) pools. **Both pools are included in NMOCD pre-approved pool combinations for downhole commingling by Order No. R11363** in the San Juan Basin. Based on six months of individual production histories, San Juan proposes to allocate 74.8% of the oil and 35.7% of the gas to the Mesaverde pool and 25.2% of the oil and 64.3% of the gas to the Dakota pool. Commingling of these pools will minimize operating costs, add reserves, and improve economics of the well.

The rules and regulations of the New Mexico Oil Conservation Division require that San Juan notify all interest owners of its intent to downhole commingle the production from the two zones if the ownership between the two zones is not identical. Please accept this letter as formal notification of said intent. Should you have objection to approval by the Division of this application for downhole commingling, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

If you have no objection to the proposal, no action is required on your part.

Thank you for your attention to this matter

Very truly yours,

Sheryl A. Olson, CPL
Land Manager