

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

30-045-30818

October 14, 2009

Memorandum

To: State Director (NM920)

From: Legal Instruments Examiner, Petroleum Management Branch (21110)

Subject: First Production Communitization Agreement NMNM 123843 CORRECTED

RCVD FEB 18 '10

OIL CONS. DIV.

DIST. 3

Date of Completion: November 14, 2008

Date of First Production: March 19, 2008

Pool: Blanco Mesaverde

Date Spudded: December 08, 2003

Operator: San Juan Resources, Inc.

Well Name/Number: Kaempf #1E

API Number: 30045-30818

Location (footage & ¼¼): 1490FSL & 1133FEL, (NE¼NE¼)
Sec. 19 T30N, R11W
San Juan County, New Mexico
FEE

Total Depth/Plug Back Depth: 6717' / 6681'

Producing Formation and Intervals: Mesaverde: 3997' - 4626'

Well Capable of Production in Paying Quantities: Yes

Current Status: PGW

Remarks: Agreement NMNM123843 includes 38.56 acres of Federal Lease NMSF 078138, and 287.70 acres of Fee land. San Juan Resources, Inc. is the designated operator of the Communitization Agreement. First delivered on 3/19/2008, MCF: 646.

/s/Lucy Bee
Lucy Bee

cc:
MMS-(MS-357 B1), Denver, CO

air. Flowed well to FB tank through 2" line. Well flowing @ 100 psi manifold pressure, moderate mist, trace sand. Turned well over for flowback. Hauled out 2 loads flowback water. At 0600 hrs well flowing @ 50 psi manifold pressure. Well produced 130 bbls water overnite.

3/11/08 Well flowing through 2" line @ 50 psi. SI well. RIH and tagged 20' fill. Started air. Cleaned out fill w/ /1250 scfpm, 10-12 BPH mist. Circulated hole w/ air/mist. Well making very little water, light sand. SD air. TOOH w/ 25 stds. Circulated well with air /600-700 scfpm, 10-12 BPH mist recovering very little water. Light sand. SD and turned well over for flowback. Hauled out 2 loads flowback water. At 0600 hrs well flowing @ 50 psi manifold pressure, very light sand Well produced 70 bbls water overnite.

3/12/08 Well flowing through 2" line @ 50 psi. SI well. RIH and tagged 18' fill. PU off bottom. Opened well on 1/2" choke @ 0930 hrs.. Manifold pressure immediately increased to 200 psi. Pressures as follows:

0930 hrs	200 psi	water mist
1000 hrs	160 psi	water mist
1030 hrs	140 psi	water mist
1100 hrs	160 psi	water mist
1130 hrs	175 psi	water mist

Well produced no measurable water during 2 hour period. RIH and tagged 6' fill. POOH laying down 50 jts tbg. Landed tbg w/ tail to 4587', 1.78" "F" nipple @ 4579'. ND BOP and kill spool. Installed WH. Dropped ball and pumped out expendable check @ 750 psi. Circulated hole w/ air. Flowed well up casing and tbg to purge well of air. RD rig and equipment. Released rig @ 1630 hrs 3/12/08.

Well placed on production 3/19/08. Will produce from the Mesa Verde fm until pressures decline.

11/10/08 MIRU rig, pump, pit and air package. Spotted work trailer w/ 67 jts tubing. MI and set flowback tank. Began rigging up FB tank.

11/10/08 Finished RU flowback tank. Blew down casing and tubing to flowback tank. ND WH. NU BOP. TOOH with 140 jts 2-3/8" tbg. F-nipple, 6' pup and expendable check. PU 1 jt 2-3/8" tbg and made up 3-7/8" mill, bit sub and float. TIH w/ 70 stds 2-3/8" tbg. PU 49 jts 2-3/8" tbg. Tagged top of sand fill @ 6153'. Picked up power swivel and pulled off bottom.

11/12/08 SICP 420 psi. SITP N/A. Unloaded hole w/ air @ 900 psi. Cleaned out fill 6153' to CIBP @ 6217'. Drilled out CIBP @ 6217' w/ 1200 cfm, 10 BPH water mist. Chased remains of CBIP downhole. Stopped @ 6510'. Cleaned out hole to 6677'. Circulated hole clean and dried up hole. Laid down 10 jts.

11/13/08 SICP 600 psi. SITP N/A. RIH 10 jts., - no fill. CO additional 4' to 6681'. Circulated hole 1 hour. LD 4 jts tbg. TOOH w/ 201 jts 2-3/8" tbg, float, bit sub and 3-7/8" mill. LD float, bit and mill. Made up expendable check, 6' pup and 1.78" F-nipple. RIH w/ 201 jts 2-3/8. Landed tbg on donut w/ tbg to 6586'. ND BOP. NU WH. Dropped ball and pumped out expendable check w/ 1500 psi air and ~8 bbls water. Circulated hole w/ air. 11/14/08 RDMO.

Well returned to production on 11/14/2008.