

PAUL BACA PROFESSIONAL COURT REPORTERS

OIL CONSERVATION

CASE NO: 14179

EXHIBIT 3

500 4TH STREET NW, SUITE 105, ALBUQUERQUE, NEW MEXICO 87102

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

[Signature]
 Print or Type Name

Signature

Kellahin & Kellahin
 Attorneys At Law
 Title
 706 Gonzales Rd.
 Santa Fe, NM 87501
 E-mail Address

Date

2008 JUL 17 AM 10 46

RECEIVED

Before the Oil Conservation Division
 Exhibit No. *5*
 San Juan Resources, Inc.
 OCD CASE 14179
 Hearing: October 2, 2008

7/16/08

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

July 15, 2008

HAND DELIVERED

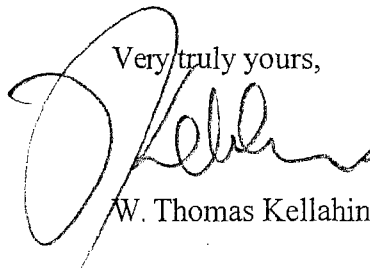
Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Blancett Ranch "24" Well No. 1
 Unit H of Section 24, T30N, R12W
 2435 feet FNL and 450 feet FEL
 Administrative Application of San Juan Resources, Inc.
 for an unorthodox gas well location,
 Basin Dakota Gas Pool and Blanco Mesaverde Gas Pool
 San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of San Juan Resources Inc., please find enclosed our referenced administrative application.

Very truly yours,



W. Thomas Kellahin

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

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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2008 JUL 17 AM 10 46

IN THE MATTER OF THE APPLICATION
OF SAN JUAN RESOURCES, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

ADMINISTRATIVE APPLICATION

San Juan Resources Inc. ("SJR") by its attorneys, Kellahin & Kellahin, and seeks an order authorizing the drilling and production of its Blancett Ranch "24" Well No. 1 at an unorthodox gas well location 2435 feet from the North line and 450 feet from the East line (Unit H) of Section 24, Township 30 North Range 12 West, NMPM to be dedicate to a standard 320-acre gas spacing unit dedicated to production from the Basin-Dakota Gas Pool and the Blanco Mesaverde Gas Pool

In support of its application SJR states:

1. SJR proposes to drill its Blancett Ranch "24" Well No. 1 (API # 30-045-33769) at an unorthodox gas well location 2435 feet FNL and 450 feet FEL (Unit H) of Section 24, T30N, R12W, San Juan County, New Mexico and dedicated it to 320-acre gas spacing units consisting of the E/2 of this section. See C-102s attached as Exhibit "A" and "B"
2. This spacing unit is subject, among other things, to the Special Rules and Regulations for the Basin-Dakota Gas Pool Pool (pool code 71599) and Order R-10981-B (1), effective January 29, 2002) requiring 320-acre standard spacing units and well to be located not closer than 660 feet of a quarter section line.
3. Also this spacing unit is subject, among other things, to the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (pool code 72319) and Order R-10987-A (1), effective December 2, 2002) requiring 320-acre standard spacing units and well to be located not closer than 660 feet of a quarter section line.

TOPOGRAPHIC EVIDENCE

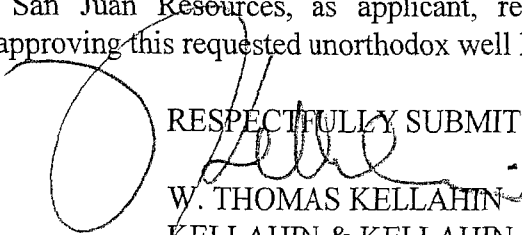
4. SJR is unable to place the wellbores at a standard well location because the surface owner, Blancett Ranches, does not want it to interfere with its fields:
 - a. Exhibit "C" is a map showing the offsetting Dakota and MV wells
 - b. Exhibit "D" is a topographical locator map
 - c. Exhibit "E" is a photo view to the north across the Blancett's fields
 - d. Exhibit "F" is a photo view looking north from the proposed NSL which is adjacent to a compressor station,
 - e. Exhibit "G" is a photo view looking NE from the proposed NSL showing fields where a standard location would be located.
5. As an accommodation to the surface owner, SJR is willing to place the well at the requested unorthodox location.

NOTIFICATION

6. SJR's proposed location encroaches towards the W/2 of Section 19, T30N R11W operated by San Juan Resources and developed with two 320-acre spacing units oriented N/2 and S/2.
7. Notification is being sent to the surface owner, Blancett Land & Cattle LLC
8. In accordance with the Division's notice requirements, a copy of this application has been sent to SJR's working interest owners in the N/2 and S/2 of Section 19. In addition, SJR is sending notice to its working interest owners in Sections 18 and 30 of T30N R11W and to Section 13 (S/2), Section 24(W/2 and Section 25 (N/2) of T30N, R12W **See Exhibit "H" attached**

WHEREFORE, San Juan Resources, as applicant, requests that the Division enter its order approving this requested unorthodox well location

RESPECTFULLY SUBMITTED:


W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN

706 Gonzales Road
Santa Fe, New Mexico 87501
Telephone: (505) 982-4285
Fax: (505) 982-2047

District I

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Phone: (505) 393-6161 Fax: (505) 393-0720

District II

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

District III

1000 Rio Bravo 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

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

Form C-102
Permit 30972

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-33769	2. Pool Code 71599	3. Pool Name BASIN DAKOTA (PRORATED GAS)
4. Property Code 35731	5. Property Name BLANCETT RANCH 24	6. Well No. 001
7. OGRID No. 20208	8. Operator Name SAN JUAN RESOURCES, INC.	9. Elevation 5635

10. Surface Location

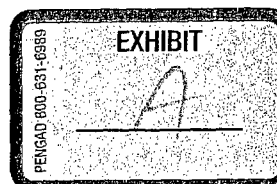
UL - Lot H	Section 24	Township 30N	Range 12W	Lot 1/4	Feet From 2435	N/S Line N	Feet From 450	E/W Line E	County SAN JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot 1/4	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or well	14. Consolidation Code Communization	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>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.</i>	
	E-Signed By: Lori Walters Title: Manager Date: 5/31/2006	
	SURVEYOR CERTIFICATION	
<i>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.</i>		
Surveyed By: Jason Edwards Date of Survey: 5/1/2006 Certificate Number: 15269		



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

District II
1301 W. Grand Ave., Arteria, NM 88210
Phone: (505) 748-1282 Fax: (505) 748-9720

District III
1000 Rio Escalof Rd., Aztec, NM 87410
Phone: (505) 334-6176 Fax: (505) 334-6170

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

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 30972

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-33769	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
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7. OGEID No. 20208	8. Operator Name SAN JUAN RESOURCES, INC.	9. Elevation 5635

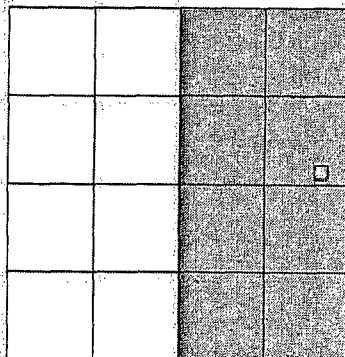
10. Surface Location

UL - Lot H	Section 24	Township 30N	Range 12W	Lot 1st	Feet From 2435	N/S Line N	Feet From 450	E/W Line E	County SAN JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot 1st	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill	14. Consolidation Code Communization	15. Order No.						

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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

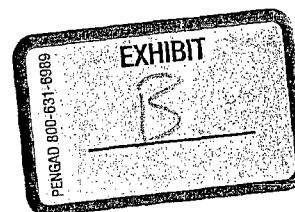
SURVEYOR CERTIFICATION

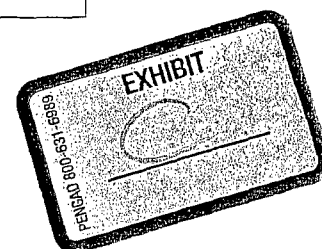
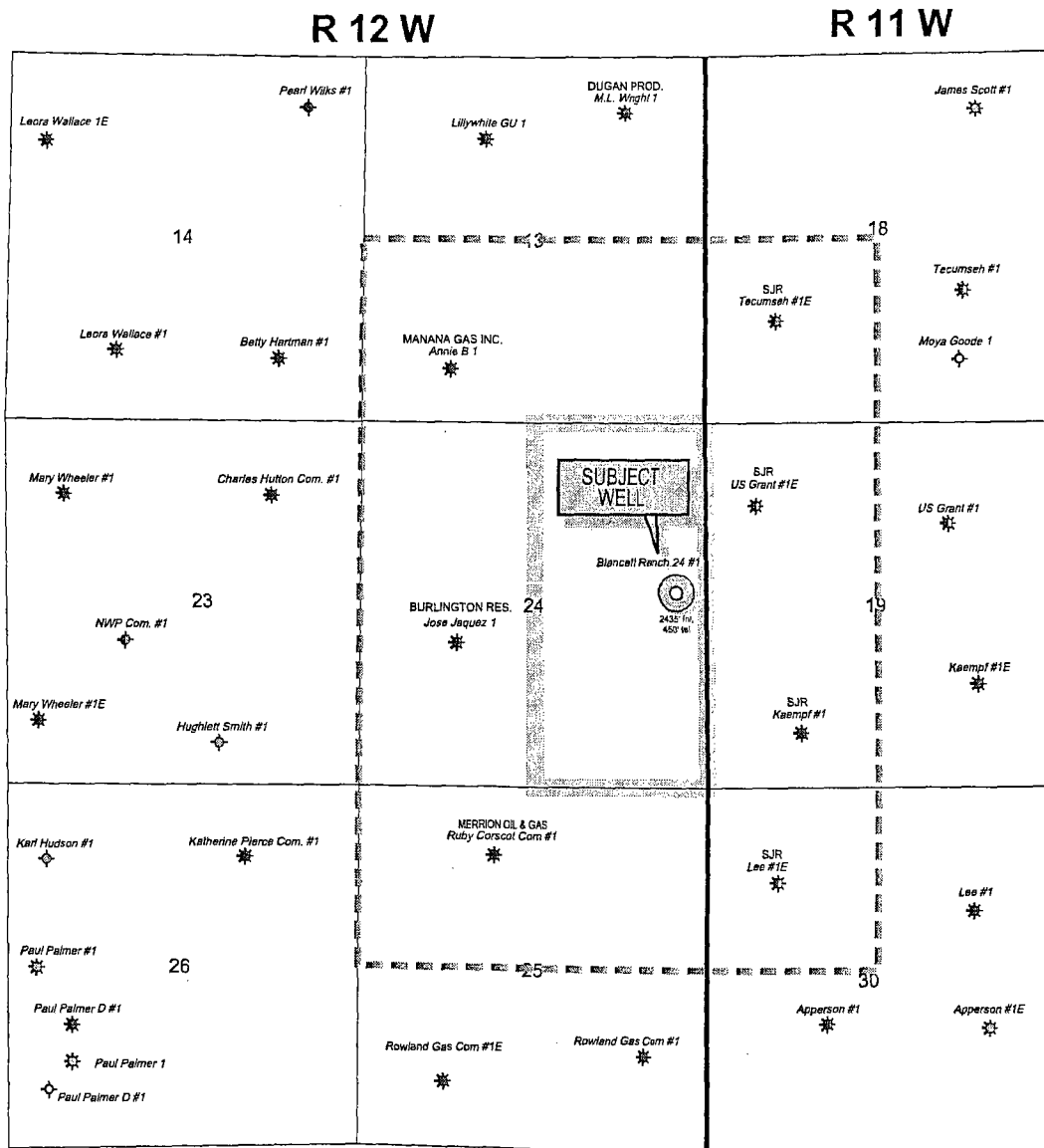
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Jason Edwards

Date of Survey: 5/11/2006


Certificate Number: 15269

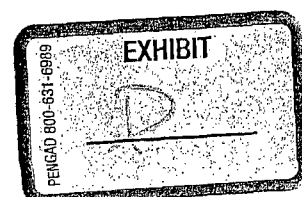
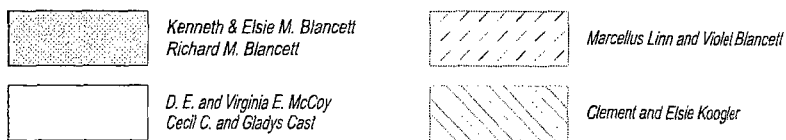




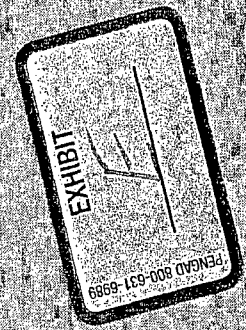
LEGEND

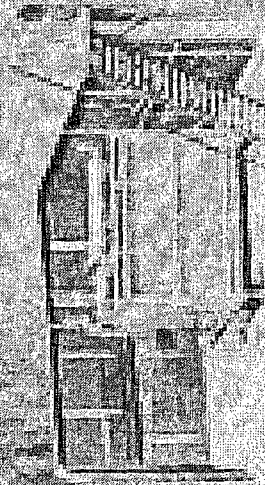
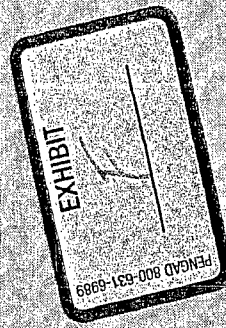
- ✱ Blanco Mesaverde
- ✧ Basin Dakota

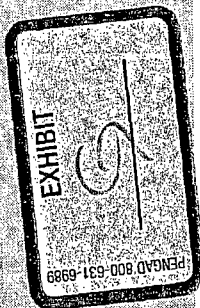
 <p>SAN JUAN COUNTY</p>	<p>1499 BLAKE STREET, 10C DENVER, COLORADO 80202 PHONE 303-573-6333</p>
<p>AZTEC AREA SAN JUAN COUNTY, NEW MEXICO</p> <p>BLANCETT RANCH 24 #1 WELL NON-STANDARD LOCATION PLAT Township 30 North, Range 12 West, New Mexico Principal Meridian MAP SCALE : 1" = 2,700'</p>	



NSL







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Brooks, OR 97305

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Wilmette, IL 60091

Church of the Redeemer
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St. Johns Parish
Attn: Stephen Maltby
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Vfc Company, LLC
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Norman L. and Loretta Gilbreath
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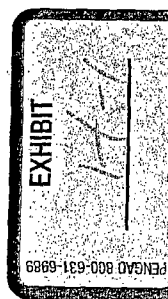
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Roswell,, NM 88202

Lamp Investments
Attn: Bill C. Elms, Trustee
Post Office Box 6583
Odessa, TX 97960



Ruth Bullis
5526 Aldine Bender
Houston, TX 77032

Sylvia F. Little, Trustee
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Scottsdale, AZ 85250

Hartman Oil & Gas, LLC
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Albuquerque, NM 87122

Manana Gas, Inc.
Attn: Edward Hartman
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Albuquerque, NM 87122

Ed and Betty M. Hartman
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Albuquerque, NM 87122

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Georgia Lee Kelton aka Georgia Lee
Bright
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Arlington, VA 22207

Gladys Murphy
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