

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

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June 7, 2010

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**HAND DELIVERED**

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

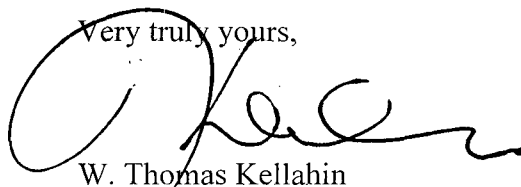
*Case 14498*

Re: Application of San Juan Resources, Inc.  
to amend Order R-13053  
unorthodox gas well location  
Blancett Ranch "24" Well No. 1  
Unit H of Section 24, T30N, R12W  
2463 feet FNL and 552 feet FEL  
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 application which I request be set for hearing on the July 8, 2010 hearings docket.

Very truly yours,



W. Thomas Kellahin

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

**CASE 14498:** Application of San Juan Resources, Inc. to amend Division Order R-13053 for an unorthodox well location, San Juan County, New Mexico. Applicant seeks an order amending Order R-13053 to a less unorthodox gas well location such that its Blancett Ranch "24" Well No. 1 (API No. 30-045-33769) can be produced at an unorthodox well location 2463 feet from the North line and 552 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 spacing unit consisting of the E/2 of this section for any production for the Basin-Dakota Gas Pool and/or the Blanco-Mesaverde Gas Pool. This well is located approximately 1/2 of a mile northwest from Flora Vista, New Mexico.

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

**IN THE MATTER OF THE APPLICATION  
OF SAN JUAN RESOURCES, INC. TO AMEND  
ORDER R-13053 FOR AN UNORTHODOX GAS WELL LOCATION,  
SAN JUAN COUNTY, NEW MEXICO.**

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CASE 14498

**APPLICATION**

San Juan Resources, Inc. ("SJR") by its attorneys, Kellahin & Kellahin, seeks an order amending Order R-13053 to a less unorthodox well location such that its Blancett Ranch "24" Well No. 1 can be produced an unorthodox gas well location 2463 feet from the North line and 552 feet from the East line (Unit H) of Section 24, Township 30 North Range 12 West, NMPM to be dedicated 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. By Order R-13053, dated November 18, 2010, the Division granted SJR application to drill its Blancett Ranch "24" Well No. 1 (API # **30-045-33769**) at an original 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.
2. This location was necessary because of topography and the request of the surface owner.
3. 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.
4. 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.

5. SJR's original location encroached towards the W/2 of Section 19, T30N R11W operated by San Juan Resources, Inc and developed with two 320-acre spacing units oriented N/2 and S/2.
6. On June 1, 2010, during restaking of this new well, SJR discovered that the original approved NSL had been erroneously staked (in 2006-2007) when the surveyor had spun off the wrong pin, causing the original NSL location to have erroneous footage on the ground
7. The correct location is less unorthodox than originally approved by Order R-13053. The revised location is 2463 feet FNL and 552 feet FEL being some 102 feet further west from the original approved unorthodox location. **See Revised C-102 attached as Exhibits "A-1 & A-2"**
8. Notification is being sent to the surface owner, Blancett Land & Cattle LLC.
9. 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. **See Exhibit "B" attached**

WHEREFORE, San Juan Resources, Inc. as applicant, requests that the Division enter its order amending Order R-13053 and approve this revised unorthodox well location

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
Telephone: (505) 982-4285  
Email--tkellahin@comcast.net

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-102  
Revised October 12, 2005  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33769		*Pool Code 72319	*Pool Name BLANCO MESA VERDE
*Property Code 35731	*Property Name BLANCETT RANCH 24		*Well Number 1
*DGRID No. 20208	*Operator Name SAN JUAN RESOURCES, INC.		*Elevation 5641

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	30N	12W		2463	NORTH	552	EAST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres 320.00					<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code C	<sup>15</sup> Order No. R-13053, R-13053-A	

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

<div><p>15</p><p>5243.86'</p><p>5270.97'</p><p>5268.45'</p><p>2463'</p><p>2633.40'</p><p>2623.50'</p><p>552'</p><p>45'</p><p>LAT: 36.79827°N LONG: 108.04269°W DATUM: NAD1983</p><p>24</p></div>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>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 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.</p> <p> Signature Date 6/2/2010</p> <p>Dean C. Collins Printed Name</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: JUNE 1, 2010</p> <p>Signature and Seal of Professional Surveyor</p> <div><p>JASON C. EDWARDS NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15269</p></div> <p>JASON C. EDWARDS Certificate Number 15269</p>

PENGAD 800-631-6889 EXHIBIT

A-2

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-102  
Revised October 12, 2005

Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33769		*Pool Code 71599		*Pool Name BASIN DAKOTA	
*Property Code 35731		*Property Name BLANCETT RANCH 24			*Well Number 1
*OGRID No. 20208		*Operator Name SAN JUAN RESOURCES, INC.			*Elevation 5641'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot 10th	Feet from the	North/South line	Feet from the	East/West line	County
H	24	30N	12W		2463	NORTH	552	EAST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10th	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 320.00					<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code C		<sup>15</sup> Order No. R-13053, R-13053-A	
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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

15	5268.45'	5243.86'	24	2463'	2633.40'	552'	2623.50'	5270.97'	16	LAT: 36.79827°N LONG: 108.04269°W DATUM: NAD1983	17 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 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.  Signature: <u>Dean C. Collins</u> Date: <u>6/2/2010</u>  Printed Name: <u>Dean C. Collins</u>

PENGAD 800-631-6989

EXHIBIT

A-2

**SAN JUAN RESOURCES  
EXHIBIT "B"**

**NOTICE LIST**

James Martin  
R.R. 1, Box 321  
Council Grove, KS 66846-8777

A.D. Mammel  
4642 N. Versailles Ave  
Dallas TX 75209-6016

Frank King  
8235 Douglas Ave, Suite 525  
Dallas TX 75225

Burlington Resources Oil & Gas Company  
P. O. Box 4289  
Farmington, NM 87499-4289

ConocoPhillips Co.  
P. O. Box 4289  
Farmington, NM 87499-4289

Koch Exploration Company  
9777 Pyramid Court, Suite 210  
Englewood CO 80122

Jesse A. Payne & Kimberly D. Payne  
13 County Road  
Aztec, NM 87410