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January 30, 2002

HAND DELIVERED

Ms. Lori Wrottenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case 12992
Request to amend and readvertise
Tecumseh Well No. 1
Unit J, S/2 Section 18, T30N, R11W
Amended Application of San Juan Resources, Inc.
for Compulsory Pooling
San Juan County, New Mexico

Dear Ms. Wrottenbery:

On behalf of San Juan Resources, Inc., this case was originally set for hearing on the January 23, 2003 docket. It was filed in order to be submitted by affidavit .

Just prior to the hearing date, I was contracted by Richard Tulley, Esq. who advising me that he has a group of clients represented by Bobbie Lee Mosley, Sr. ("Mosley Group") who wanted to attend the hearing and argue that they belief they have reach an agreement with San Juan Resources who now refused to concur. Mr. Mosley wants to appear, per se, as to this issue and apparently no others. San Juan Resources contends that no voluntary agreement was reached.

Neither Mr. Tully nor Mr. Mosely timely filed a prehearing statement as required by the Division.

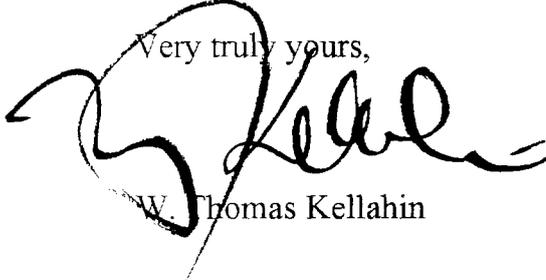
In addition, I informed Mr. Tully that the original application was in error in stating that the well had not drilled. In fact the well are NOT been drilled.

In order to avoid any procedural issues, I am submitting the enclosed amended application and have arranged with the Division for have this case readvertised for the February 20, 2003 docket.

I have send now notices Mr. Mosely and Mr. Tully of the continuance and send each of them this letter and amended application.

I will appear on February 20, 2003 with a geologic witnesses and Mr. Jerry McHugh, Jr. owner of San Juan Resources, Inc. as a witness who dealt with the attempt to reach a voluntary agreement with all parties to be pooled.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

Copy by facsimile:
San Juan Resources, Inc.
Attn: Jerry McHugh, Jr.

Richard T. C. Tully, Esq.
505-325-8232

CASE 12992: Application of San Juan Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of Section 18, T30N, R11W, ~~NMPM, San Juan County, New Mexico~~, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Blanco Mesaverde Gas Pool and the Basin Dakota Gas Pool. This unit is to be dedicated to its Tecumseh Well No. 1 to be drilled and completed at a standard well location in Unit J of this section for downhole commingled production from the Blanco Mesaverde Gas Pool and the Basin-Dakota Gas Pool. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 2 miles East 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.
FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

San Juan Resources , Inc. ("San Juan") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) and Division Rule 1207.A(1)(b) seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of Section 18, T30N, R11W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. This unit is to be dedicated to its Tecumseh Well No. 1 to be drilled and completed at a standard well location in Unit J of this section for downhole commingling production from the Mesaverde and Dakota formations Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application San Juan states:

1. San Juan has a working interest ownership in the oil and gas minerals from the surface to the base of the Dakota formation underlying the S/2 of Section 18, T30N, R11W, NMPM, San Juan County, New Mexico.

2. The subject tract is located within the Blanco Mesaverde Gas Pool and the Basin-Dakota Gas Pool.
3. This well is to be drilled at a standard gas well location in the S/2 (Unit J) of Section 18 to test any and all formations in the pooled interval from the surface to the base of the Dakota Formation.
4. San Juan has the voluntary agreement of certain of the working interest ownership of the oil & gas minerals from the surface to the base of the Dakota formation underlying the S/2 of this section
5. San Juan despite its effort, has been unable to obtain the voluntary agreement the remaining mineral and working interest owner(s) in the spacing unit as identified on Exhibit "A."
6. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, San Juan needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
7. San Juan requests that this application be processed in accordance with Division Rule 1207.A(1)(b) and at the time of hearing will submit the data required by this rule.
8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for February 20, 2003.

WHEREFORE, San Juan, as applicant, requests that this application be set for hearing on February 20, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) San Juan Resources, Inc. be named operator;

(2) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(3) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(4) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. THOMAS KELLAHIN
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