

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**Case No. 22399
Order No. R-22053**

**APPLICATION OF SAN JUAN RESOURCES, INC FOR APPROVAL OF THE
LINDRITH EAST (DEEP) UNIT, RIO ARRIBA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came for hearing January 6, 2022, at Santa Fe, New Mexico, before Examiners John Garcia and Philip Goetze.

NOW, on this 24th day of February 2022, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

FINDS THAT:

(1) Due public notice has been given, and the Oil Conservation Division ("OCD") has jurisdiction of this case and its subject matter.

(2) San Juan Resources, Inc ("Applicant") is seeking approval from the U.S. Bureau of Land Management ("BLM") of the Lindrith East (Deep) Unit ("Unit") consisting of 8,800 acres of the following federal and fee lands situated in Rio Arriba County, New Mexico ("Unit Area"):

Township 24 North, Range 2 West, N.M.P.M

Section 10: NE/4, E/2SE/4

Section 11: ALL

Section 12: ALL

Section 13: ALL

Section 14: ALL

Section 15: N/2NE/4, N/2SE/4

Section 22: E/2

Section 23: ALL

Section 24: ALL

Section 25: ALL
Section 26: ALL
Section 27: ALL
Section 33: S/2
Section 34: ALL
Section 35: ALL
Section 36: ALL

(3) Unitized Interval: The unitized interval for the Lindrith East (Deep) Unit is all formations below the top of the Mancos Formation, which is defined as the stratigraphic equivalent of 5,820 feet MD in the Amoco Federal Oso #1 well located in the NW/4, Section 24, Township 24 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico (API# 30-039-26672).

(4) The Applicant presented testimony and exhibits as follows:

a. The Lindrith East (Deep) Unit is a proposed federal exploratory unit and all depths below the top of the Mancos Formation will be unitized.

b. The proposed Unit is comprised of twenty-one (21) federal and fee tracts. Seventeen tracts are federal and four are fee tracts. Federal land comprises over 86% of the proposed unit. Applicant is the operator for San Juan Basin Properties LLC which owns 35% of the total working interest currently committed to the proposed Unit.

c. The Unit obligation well is the Lindrith East (Deep) Unit 24-1H well, a horizontal well with a surface location in the NW/4 SW/4 of Section 24 of Township 24 North, Range 2 West (API No. 30-039-Pending) and a bottomhole location in the NE/4 NW/4 of Section 23, of Township 24 North, Range 2 West. The well will be completed in the Gavilan Mancos Oil Pool (Pool Code 27194).

d. Applicant proposes to complete wells in different members of the Mancos Shale and the Dakota Formation. Initial development will target the Mancos Niobrara C but additional targets include the Mancos Silt, Mancos Niobrara A, Mancos Niobrara B and the Sanostee/Juana Lopez member and the Cretaceous Dakota Formation. Applicant contacted the OCD Geologist who assigned the Gavilan Mancos Pool and will again contact the OCD Geologist for the assignment of the Dakota pool, when development is imminent.

e. Applicant presented the proposed Unit Agreement ("Unit Agreement"), which is Exhibit A-1. The voluntary Unit Agreement designates Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.

f. Applicant has received a logical designation letter (Exhibit A-2) from the BLM, indicating the land proposed for unitization is logically subject to exploration and development.

g. Notice was provided of this application to the record title owners, royalty owners and overriding royalty owners within the Unit Area.

(5) No other party appeared at the hearing or otherwise opposed this application.

(6) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(7) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) OCD recommends approval of the Lindrith East (Deep) Unit comprised of federal and patented lands in Rio Arriba County, New Mexico.

(2) The Unit Area comprises 8,800 acres situated in Rio Arriba County, New Mexico and described above.

(3) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(4) OCD recognizes that San Juan Resources, Inc. (OGRID No 20208) is designated the Unit Operator under the proposed Unit Agreement.

(5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a "unitized area" as provided in 19.15.16 NMAC.

(6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(7) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(8) The Unit Operator shall file with the OCD the fully executed Unit Agreement within 30 days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within 30 days after approval or notification of BLM, the amended Unit Agreement or other documentation reflecting the changes.

(9) All filings required by this Order shall be submitted to the OCD Engineering Bureau (OCD.Engineer@state.nm.us). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

(10) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
Director