

A. DEAN MAMMEL

July 23, 2008

CERTIFIED MAIL

RECEIVED

2008 JUL 28 PM 3 16

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

RE: Blancett Ranch "24", T30N, R12W
Unit of Section 24, T30N, R12W
2435 feet FNL and 450 feet FEL
Application of San Juan Resources, Inc.
for an unorthodox gas well location
Base Dakota Gas Pool and Blanco Mesaverde Gas Pool
San Juan County, New Mexico

Dear Mr. Fesmire,

Regarding the above "Unorthodox" Drilling Application from W. Thomas Kellahin on behalf of San Juan Resources, Inc., I am questioning (as an interest-owner in the San Juan Resources Kaempf #1 Well, T30N, R11W) the "fairness" to all interest owners of the Kaempf #1 Well.

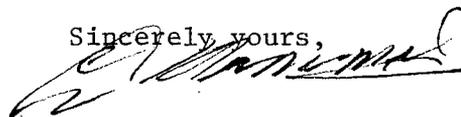
The "new" borehole location would be obtaining about 25% of its production from the Kaempf well well resevoir. This is a 30+ year old well that is productive but would suffer significantly from this "draw-down" of its remaining reserves.

I am given to understand that the surface owner has personal reasons for requesting this "unorthodox" well location.

It would appear to me, that "fairness" should allow the Kaempf #1 Well Owners should be entitles to a "Pro-Rata" participation in this new well which will be drawing on its reserves.

Your consideration of the foregoing, would be appreciated.

Sincerely yours,



A. D. Mammel

Enclosures

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 18, 2008

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

OFFSETTING WORKING INTEREST OWNERS:

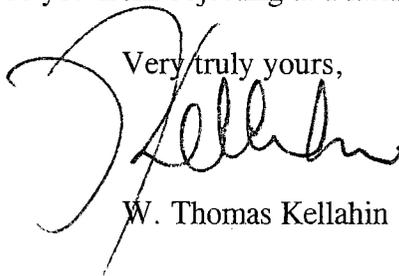
*Re: Administrative Application of San Juan Resources, Inc. for approval
of unorthodox well location for its Blancett Ranch "24" Well No. 1, Unit H,
E/2 of Section 24, T30N, R12W, San Juan County, New Mexico.*

Dear interest owner:

On behalf of San Juan Resources, Inc. please find enclosed a copy of its referenced administrative application. This notice is based upon records that indicate that you have either an unleased mineral interest or a working interest offsetting the E/2 of Section 24 within the Dakota and/or Mesaverde formations.

If you have no objection, then there is nothing for you to do. If you are willing to waiver objection, please sign this letter as indicated and return it to me. However, should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

Very truly yours,



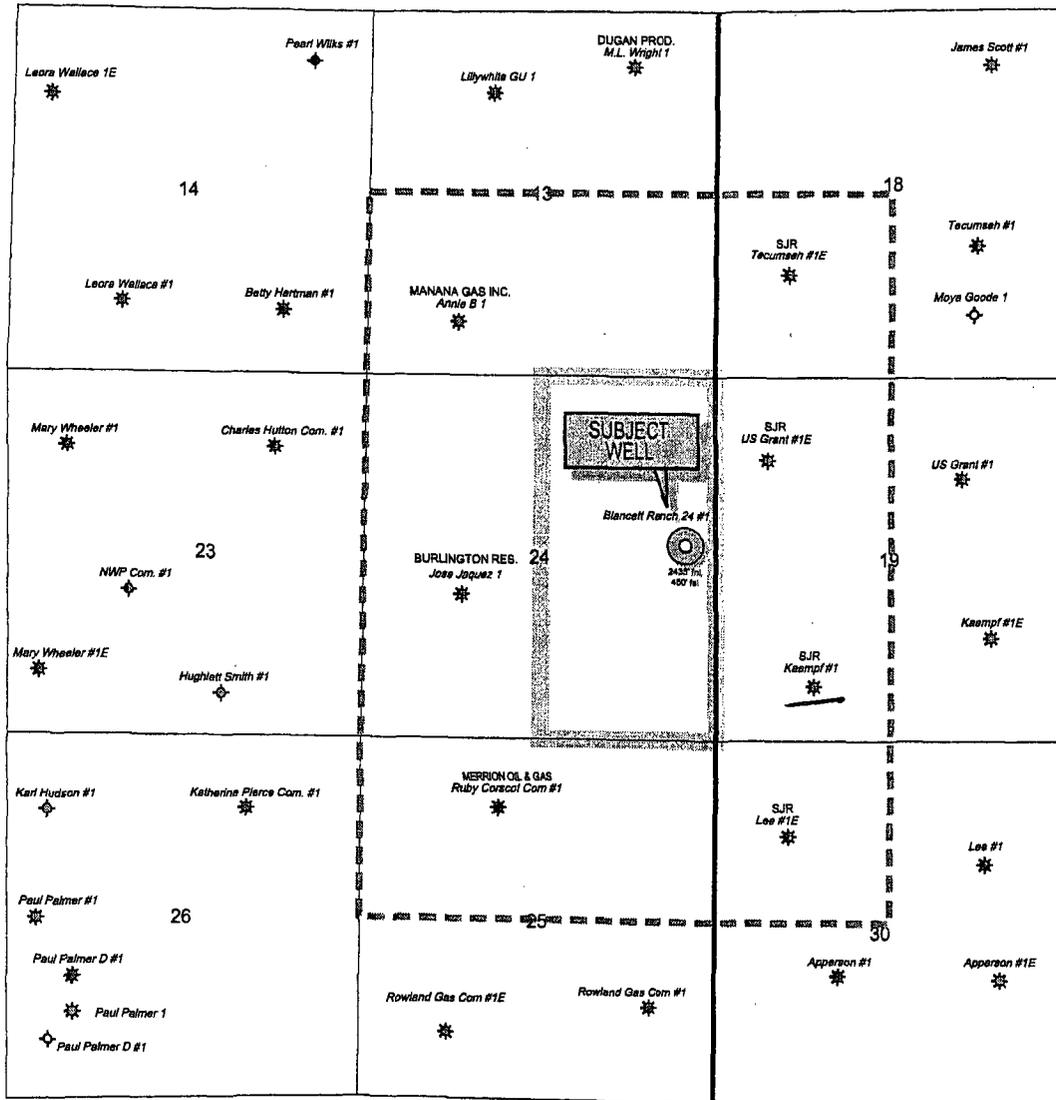
W. Thomas Kellahin

WAIVER OF OBJECTION:

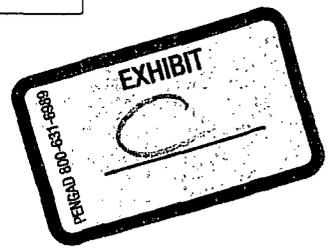
By: _____ with authority for
and on behalf of _____
Date: _____

R 12 W

R 11 W



T 30 N



LEGEND

- * Blanco Mesaverde
- ◆ Basin Dakota

1499 BLAKE STREET, 10C
DENVER, COLORADO 80202
PHONE 303-673-8333

SANTIAN
PRODUCTIONS INC.

AZTEC AREA
SAN JUAN COUNTY, NEW MEXICO

BLANCETT RANCH 24 #1 WELL
NON-STANDARD LOCATION PLAT

Township 30 North, Range 12 West, New Mexico Principal Meridian

MAP SCALE : 1" = 2,700'

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

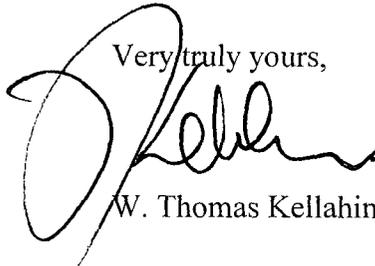
Case 14179

RECEIVED
2008 JUL 17 AM 10 45

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

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



San Juan Resources
 INC
 Blacett Ranch 24#1

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
Email Address

7/16/08
 Date

RECEIVED
 2008 JUL 17 AM 10 45

**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 AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.**

Case 14179

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

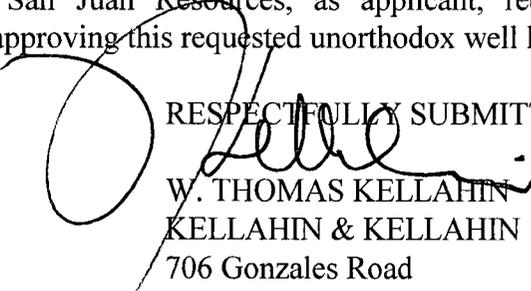
6. SJR's proposed location encroaches towards the W/2 of Section 19, T30N R11W operated by San Juan Resources and developed with two 320-acre spacing units oriented N/2 and S/2.

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
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) 748-1283 Fax (505) 748-9720

District III
1000 Rio Erasos 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	
7. OGRID No. 20208	8. Operator Name SAN JUAN RESOURCES, INC.	6. Well No. 001 9. Elevation 5635

10. Surface Location

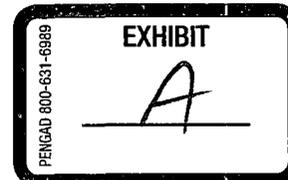
UL Lot	Section	Township	Range	Lot 1/4	Feet From	N/S Line	Feet From	E/W Line	County
H	24	30N	12W		2435	N	450	E	SAN JUAN

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 Infill		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	
	<p><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></p>	
	<p>E-Signed By: Lori Walters Title: Manager Date: 5/31/2006</p>	
	SURVEYOR CERTIFICATION	
<p><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></p>		
<p>Surveyed By: Jason Edwards Date of Survey: 5/1/2006 Certificate Number: 15269</p>		



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

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

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 1000 Rio Erasos Rd., Aztec, NM 87410
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 Permit 30972

WELL LOCATION AND ACREAGE DEDICATION PLAT

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4. Property Code 35731	5. Property Name BLANCETT RANCH 24	
7. GRID No. 20208	8. Operator Name SAN JUAN RESOURCES, INC.	9. Elevation 5635

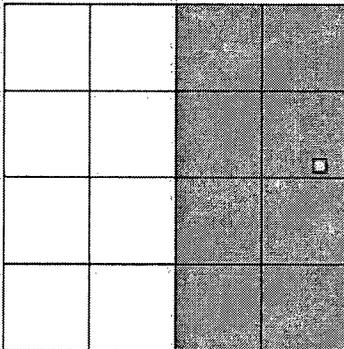
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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OPERATOR CERTIFICATION

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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

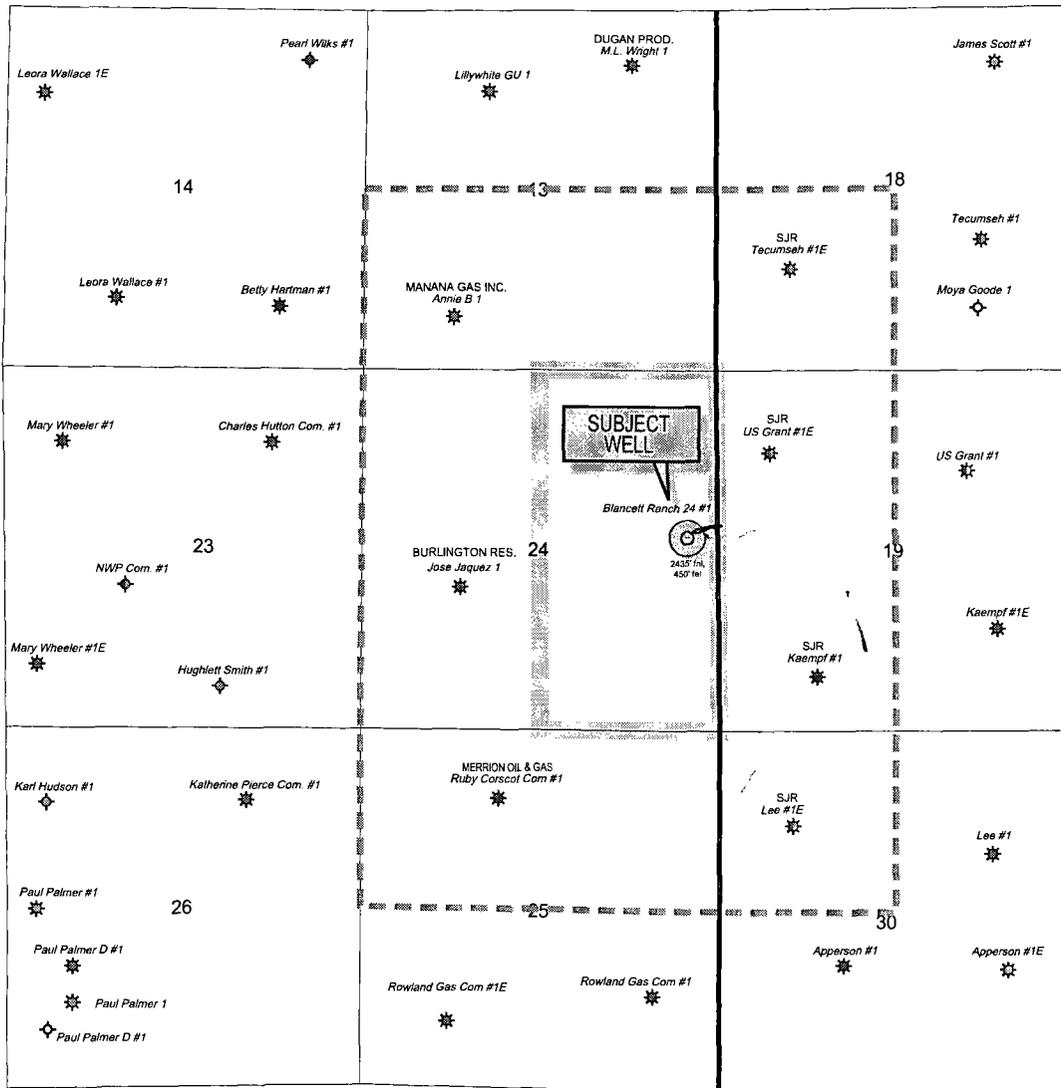
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Certificate Number: 15269

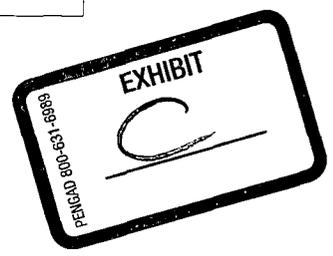


R 12 W

R 11 W



T
30
N



LEGEND

- ✱ Blanco Mesaverde
- ✱ Basin Dakota



SAN JUAN
COUNTY

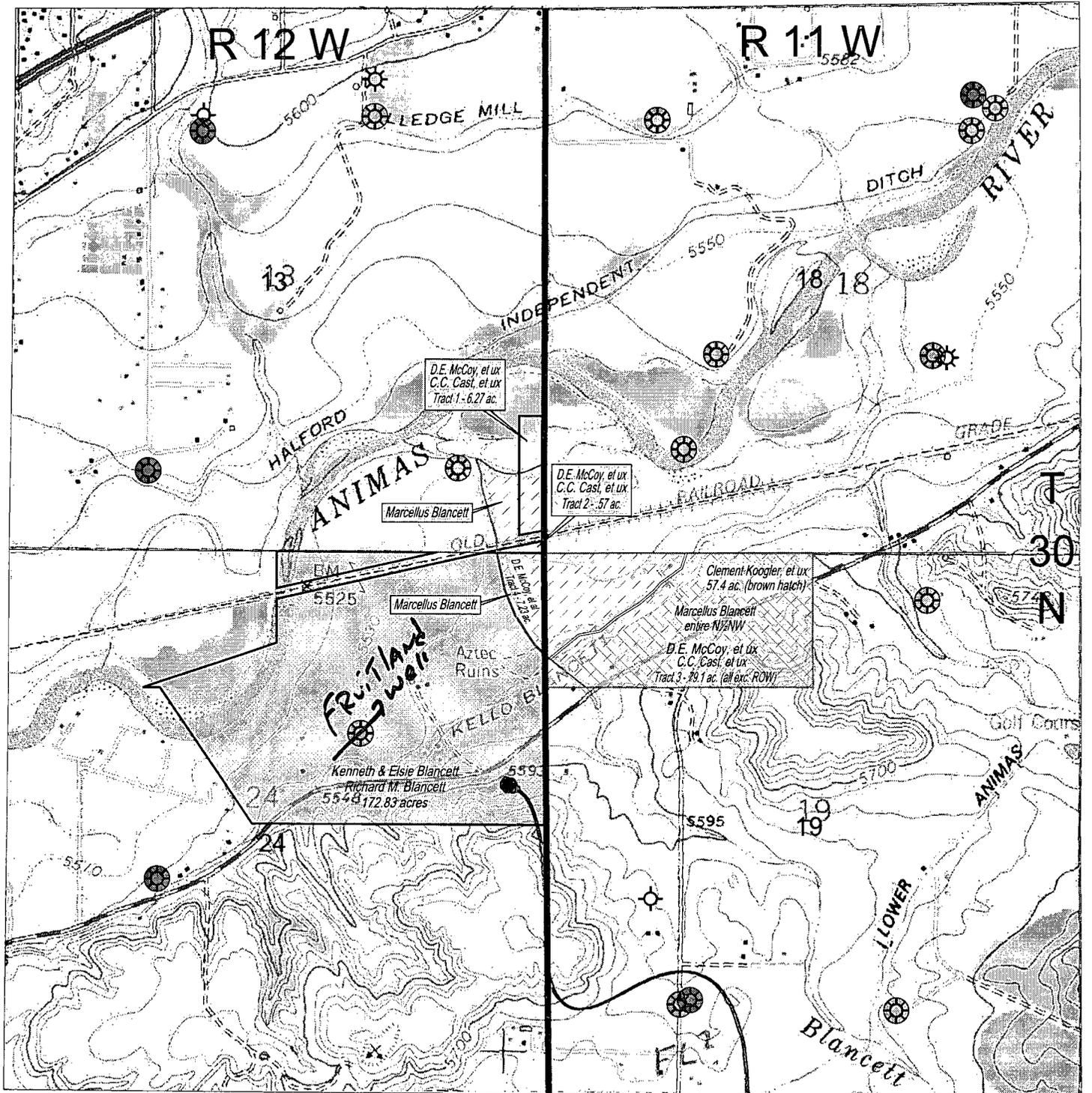
1499 BLAKE STREET, 10C
DENVER, COLORADO 80202
PHONE 303-573-6333

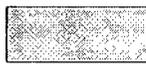
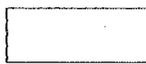
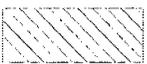
AZTEC AREA
SAN JUAN COUNTY, NEW MEXICO

BLANCETT RANCH 24 #1 WELL
NON-STANDARD LOCATION PLAT

Township 30 North, Range 12 West, New Mexico Principal Meridian

MAP SCALE : 1" = 2,700'



- | | | | |
|---|---|---|------------------------------------|
|  | Kenneth & Elsie M. Blancett
Richard M. Blancett |  | Marcellus Linn and Violet Blancett |
|  | D. E. and Virginia E. McCoy
Cecil C. and Gladys Cast |  | Clement and Elsie Koogler |

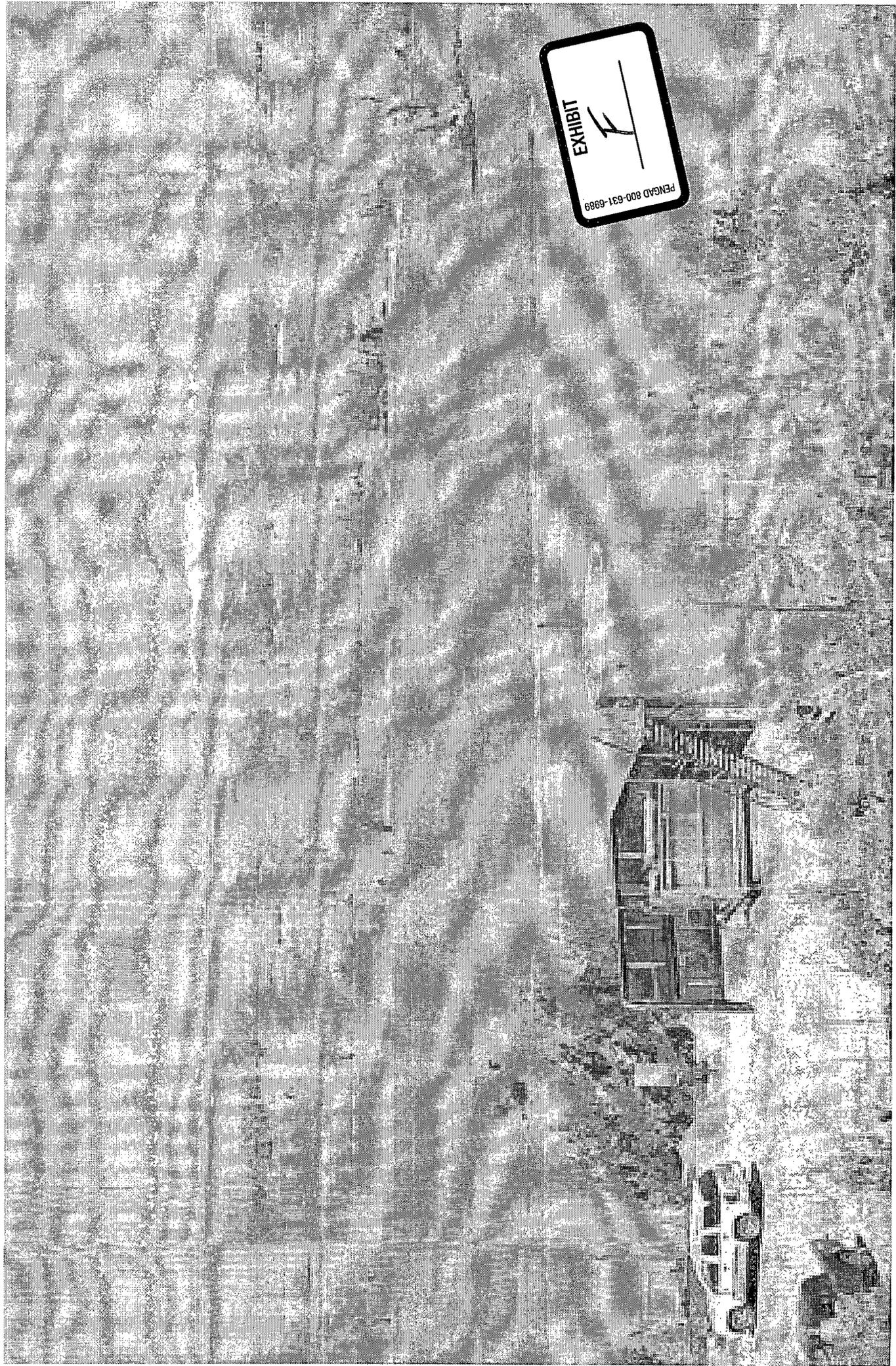
EXHIBIT

 PENICAD 800-631-6989

NSL

PENGAD 800-631-6989
EXHIBIT
E

PENGAD 800-631-6989
EXHIBIT
K



PENGAD 800-631-6989
EXHIBIT
9



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

Providence Minerals, LLC
Attn: Karen Herbst
14860 Monfort Drive Suite 209
Dallas, TX 75254

George A. Mosley
42307 N. Newport Hwy
Elk, WA 99009

O. Leonard & Leona M. Mosley
P O Box 311
Rozet, WY 82727

Mary Gwendolyn Mosley
P O Box 9201
Brooks, OR 97305

Bob L. Mosley
P.O. Box 1653
Aztec, NM 87410

Betty A. Handley
P.O. Box 737
Newport, WA 99156-0737

St. Francis Xavier Church
Attn: Sheldon Moore
524 9th Street
Wilmette, IL 60091

Church of the Redeemer
Attn: Cynthia Sweigert
5700 Forbes Ave
Pittsburg, PA 15127-1526

St. Johns Parish
Attn: Stephen Maltby
P.O. Box 224
South Salem, NY 10590

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

Merrion Oil & Gas
610 Reilly Ave
Farmington, NM 87401-2634

Energen Resources Corp
Attn: Cindy Russo
605 Richard Arrington Jr Blvd
North
Birmingham, AL 35203-2707

Jel Resources, LLC
475 17th St. Suite 980
Denver, CO 80202

Vfc Company, LLC
475 17th Street Suite 980
Denver, CO 80202

Dugan Production Corp
Attn: Mr. Tom Dugan
Post Office Box 420
Farmington, NM 87499

Norman L. and Loretta Gilbreath
Post Office 208
Aztec, NM 87410

Peak Oil & Gas Inc
3473 Main Avenue
Durango, CO 81301

ConocoPhillips Company
Attn: Benson W. Malone
3401 E. 30th
Farmington,, NM 87402-8807

Burlington Resources
ConocoPhillips Company
Attn: Benson W. Malone
3401 E. 30th
Farmington, NM 87402

XTO Energy Inc.
Attn: Chris Spencer
810 Houston Street, ste 2000
Fort Warth, TX 76102-6203

Jean Bleakley Trustee
2633 Bulrush Lane
Naples, FL 34105

Barbara K. Kullas
6506 Warriors Run
Littleton, CO 80125

Candace Lenore Cox
17 South Meadow Ridge
Concord, MA 01742

William G. Drosten, Jr. TR
PO Box 14633, 510 Locust Street
St. Louis, MO 63178

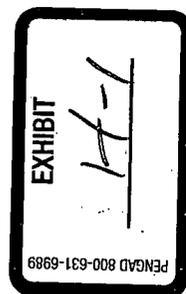
Western Distributing
P.O. Box 5542 TA
Denver, CO 80217

Ellen Berend
9969 Hilgard Ave
Los Angeles, CA 90095

Robert F. Travis
4195 Lakeside Drive
Jacksonville, FL 32210

Harvard & LeMay Exploration, Ltd.
Attn: Jeff Harvard
Post Office Box 936
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
7242 E. Joshua Tree Lane
Scottsdale, AZ 85250

Hartman Oil & Gas, LLC
Attn: Edward Hartman
2520 Tramway Terrace Court NE
Albuquerque, NM 87122

Manana Gas, Inc.
Attn: Edward Hartman
2520 Tramway Terrace Court NE
Albuquerque, NM 87122

Ed and Betty M. Hartman
Attn: Edward Hartman
2520 Tramway Terrace Court NE
Albuquerque, NM 87122

Paul McCulliss
5400 S. Grape Lane
Littleton, CO 80121

George Vaught
P.O. Box 13557
Denver, CO 80201

Union Pacific Railroad
Attn: Terry Young
403 S. Cheyenne Avenue Ste. 800
Tulsa, OK 77212

Maralex Resources, Inc.
Attn: Micky O'Hare
775 Goodard Avenue
Ignacio, CO 81137

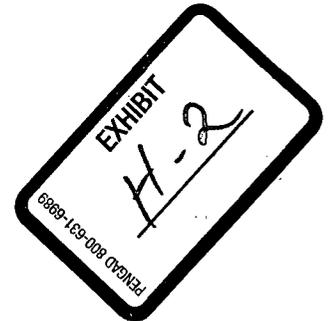
Georgia Lee Kelton aka Georgia Lee
Bright
5500 Old Clarksville Road
Reno, TX 75462

The Trommald Family Trust, John
E. and Heather Trommald, Trustees
17056 Marina Bay Drive
Hamington Beach, CA 92649

L.G. Krieger Marital Trust Bank of
the West, Trustee
3800 Arapahoe Avenue
Boulder, CO 80303

Malcolm C. Todd
3950 27th Road N
Arlington, VA 22207

Gladys Murphy
No last Known Address of Record



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 18, 2008

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

OFFSETTING WORKING INTEREST OWNERS:

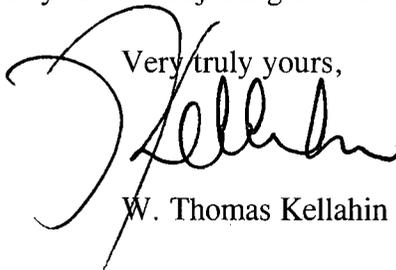
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Very truly yours,



W. Thomas Kellahin

WAIVER OF OBJECTION:

By: _____ with authority for
and on behalf of _____
Date: _____