

**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 FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 14498
ORDER NO. R-13053-B**

**APPLICATION OF SAN JUAN RESOURCES, INC. TO AMEND DIVISION
ORDER NO. R-13053 FOR AN UNORTHODOX WELL LOCATION, SAN JUAN
COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 8, 2010, at Santa Fe, New Mexico, before Examiner Terry Warnell.

NOW, on this 16th day of July, 2010, 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 Division has jurisdiction of this case and its subject matter.

(2) The applicant, San Juan Resources, Inc. ("San Juan Resources" or "applicant") seeks to amend Division Order No. R-13053 issued in Case No. 14179 on November 18, 2008, to correct surveying errors that caused the Blancett Ranch "24" Well No. 1 (API30-045033769) location to be different than what was approved in the Division Order No. R-13053.

(3) The Division Order originally approved 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, San Juan County, New Mexico, to test both the Basin-Dakota (Prorated Gas) (71599) and Blanco-Mesaverde (Prorated Gas) (72319) Pools. The E/2 of Section 24 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for both pools.

(4) To date, San Juan Resources has not yet commenced drilling the well and has now decided based on surveying errors to request moving the well location further south and east to a new non-standard location 2463 feet from the North line and 552 feet from the East line (Unit H) of Section 24.

(5) San Juan Resources, Inc. was designated as operator of the well and of the Unit.

(6) Applicant has notified all affected parties of this application and of this hearing.

(7) Mr. Frank King made an appearance through counsel, but did not oppose the application. No other interest owner or other party appeared at the hearing in opposition to the application.

(8) Adequate notice has been provided and sufficient evidence presented to show that the unorthodox well location is necessary and will not violate correlative rights.

(9) Approval of the subject application will provide San Juan Resources the opportunity to recover additional gas reserves within the Basin-Dakota (Prorated Gas) and Blanco-Mesaverde (Prorated Gas) Pools within the E/2 of Section 24, preventing waste and protecting correlative rights.

(10) This amendment should be approved.

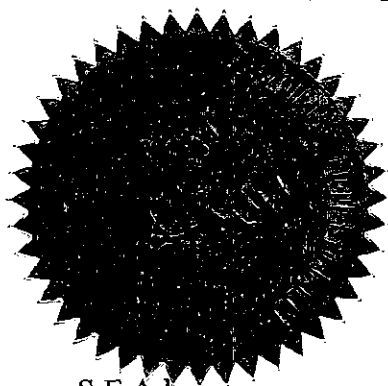
IT IS THEREFORE ORDERED THAT:

(1) The applicant, San Juan Resources, Inc., is hereby authorized to relocate and drill its Blancett Ranch "24" Well No. 1 (API No. 30-045-33769) to 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, San Juan County, New Mexico, to test both the Dakota and Mesaverde formations; Basin-Dakota (Prorated Gas) (71599) and Blanco-Mesaverde (Prorated Gas) (72319) Pools.

(2) Division Order No. R-13053 shall remain in full force and effect except to the extent amended hereby.

(3) Jurisdiction of this case is hereby retained for the entry of such further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Acting Director