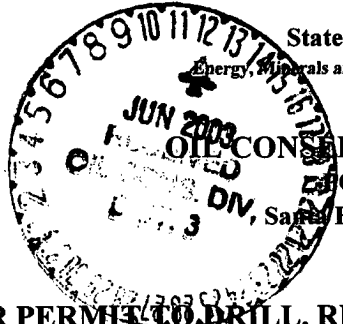


DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

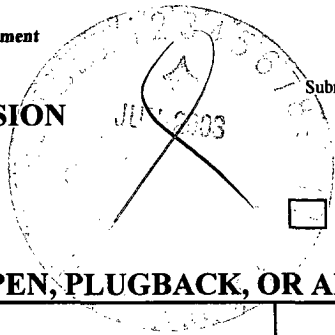
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
PO Box 2088, Santa Fe, NM 87504-2088



State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
PO BOX 2088  
Santa Fe, NM 87504-2088



Form C-101  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address SG Interests I, Ltd. c/o Sagle & Schwab Energy Resources, PO Box 2677 Durango, CO 81302-2677		<sup>2</sup> OGRID Number 020572
<sup>4</sup> Property Code 009758	<sup>3</sup> Property Name Santa Rosa 6	<sup>3</sup> API Number 30-0 45-31705 <sup>6</sup> Well No. 4

**7 Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
I	6	29N	9W		1955'	South	660'	East	San Juan

**8 Proposed 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
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<sup>9</sup> Proposed Pool 1  
*Basin Fruitland Coal*

<sup>10</sup> Proposed Pool 2

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 5605'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 2500'	<sup>18</sup> Formation Fruitland Coal	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 7/15/2003

**21 Proposed Casing and Cement Program**

Hole Size	Casing Size	Casing weight/feet	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#	300'	210	Surface
7-7/8"	5-1/2"	17#	2500'	215 poz + 150 neat	Surface

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SG Interests I, Ltd. proposes drilling a Fruitland Coal well at the above referenced location to further develop methane reserves. SG proposes setting 5-1/2" casing 150 feet deeper than the Fruitland Coal base. SG will then perforate and stimulate the Fruitland Coal. A 3000# double ram hydraulic BOP will be used. Since maximum anticipated formation pressure is 1200 psi, accessories to the BOP will meet requirements for a 2000 psig system. The accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill line, kill line and line to choke manifold will be 2". BOP's will be function tested every 24 hours and will be recorded on IADC log.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Lynn Garner*  
Printed name: Lynn Garner  
Title: Operations Manager  
Date: 05/31/03  
Phone: (970) 259-2701

OIL CONSERVATION DIVISION  
Approved by: *[Signature]*  
Title: DEPUTY OIL & GAS INSPECTOR, DIST. #9  
Approval Date: JUN 12 2003  
Expiration Date: JUN 12 2004  
Conditions of Approval  
Attached

