

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO 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 & 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

Operator Name and Address: MARALEX RESOURCES, INC. PO BOX 338 IGNACIO, CO 81137		OGRID Number 013998
Property Name WEST BISTI STATE 26-13-36		Well No. 1

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
H	36	26N	13W		1850	North	1310	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
H	36	26N	13W		1850	North	1310	East	San Juan

Proposed Pool 1 Basin Fruitland Coal	71629 N/320	Proposed Pool 2
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Work Type Code New Well	Well Type Code G	Cable/Rotary Rotary	Lease Type Code State	Ground Level Elevation 6155'
Multiple No	Proposed Depth 1450'	Formation Fruitland Coal	Contractor To be determined	Spud Date ASAP/pending

21 Proposed Casing and Cement Program

approvals

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
8-3/4"	7"	24#	120'	50 sx Class B	Surface
6-1/4"	4-1/2"	10.5#	1450'	200 sx Class B	Surface

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.

Maralex Resources proposes to drill a vertical hole to develop the Fruitland Coal Fm at the above described site. An APD was submitted and approved in Nov, 1994 for this loc but expired before the well could be drilled. The previous APD was in the name of SC Interests, and now is naming Maralex as Operator. Other than that, no changes have been made. The drilling plans remain the same, and all exhibits and attachments from the original APD are attached to be incorporated within this APD. Because this permit will have to be approved by the Navajo Nation, it may not be possible to drill this well within the 1 year time limit put on APD's. We would like to have some notification so that we may keep the APD current until the well can be drilled.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Marcia McCracken*

Printed name: Marcia McCracken

Title: Production Technician

Date: Febr. 20, 1996

Phone: (970) 563-4000

OIL CONSERVATION DIVISION

Approved by: *Ernie Busch*

Title: District Manager, Santa Fe District #3

Approval Date: FEB 21 1996

Expiration Date: FEB 21 1997

Conditions of Approval:

Attached ☐

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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number <i>30-045-29353</i>	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code <i>18650</i>	⁵ Property Name WEST RISTI 26-13-36	⁶ Well Number 1
⁷ OGRID No. <i>020572-1111</i>	⁸ Operator Name SG INTERESTS I LTD	⁹ Elevation 6155

¹⁰ Surface Location

UL or 1st no. H	Section 36	Township 26 N	Range 13 W	Lot 1dn	Feet from the 1850	North/South line North	Feet from the 1310	East/West line East	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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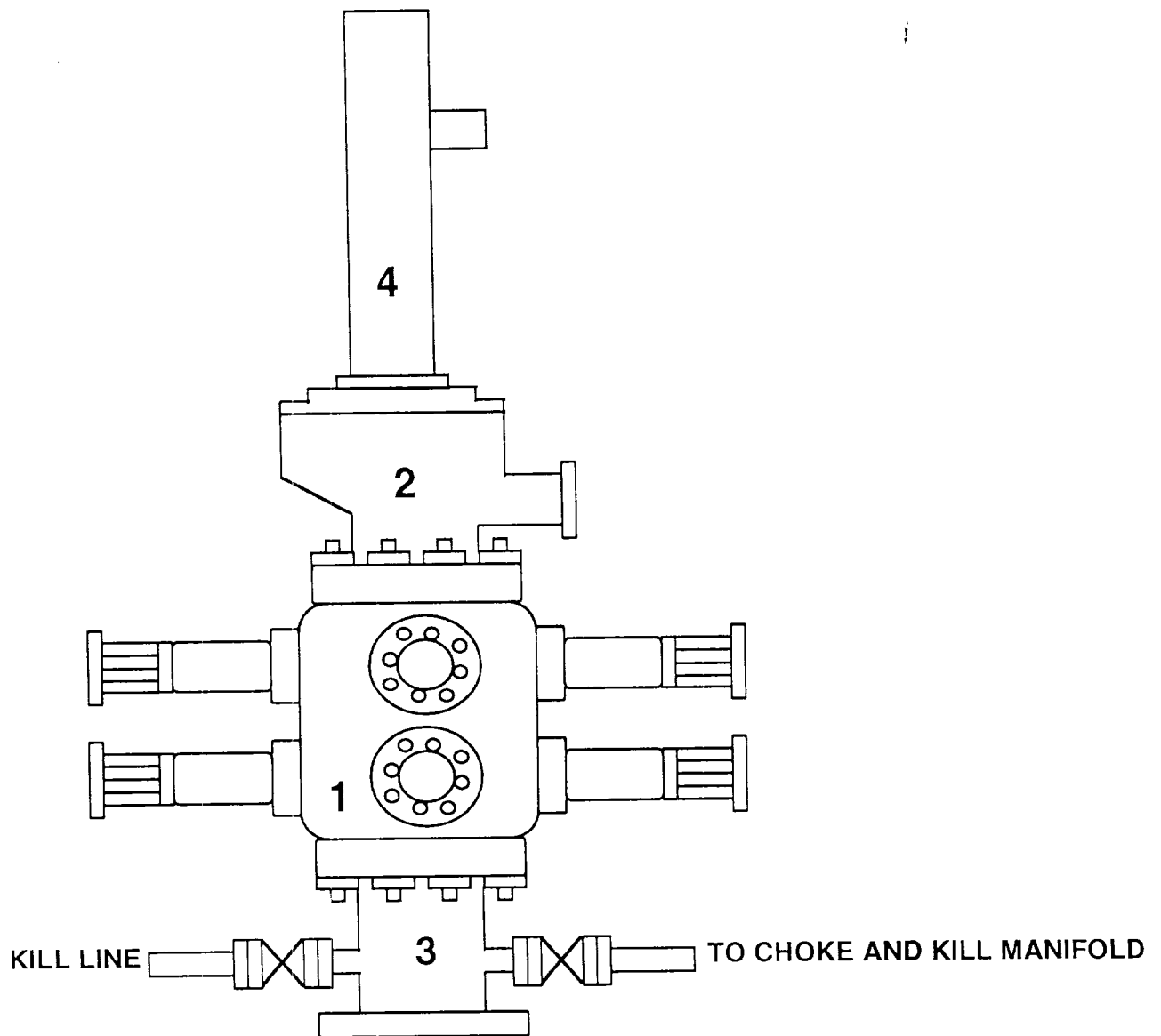
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	WEST	F.B.C.	80.04 ch.	F.J.B.C.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Tony Beilman</i> Signature Tony Beilman Printed Name Petroleum Engineer/Agent for Title November 21, 1994 Date
80.00 ch.			1850'	80.00 ch.	
			1310'		
	SEC.		F.J.B.C.		
		36			18 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. 18 Nov 1994 Date of Survey Signature and Seal of Professional Surveyor: #8466 William P. Mahan II Certificate Number 8466
N 0° 0' W			80.00 ch.	F.J.B.C.	
	WEST				

BLOWOUT PREVENTION EQUIPMENT SPECIFICATIONS

1. All BOP equipment shall be fluid and/or mechanically operated.
2. BOP's and all fittings will be in good working condition.
3. Equipment through which the bit must pass shall be at least as large as the casing size being drilled.
4. The nipple above the BOP shall be at least the same size as the last casing set.
5. The upper Kelly cock with handle and lower Kelly cock shall be rated at the BOP working pressure.
6. A floor safety valve (full opening) or drill string BOP with appropriate pressure ratings shall be available on the rig floor with connections or subs to fit any tool joint in the string.
7. The minimum size choke line shall be 3 inches nominal diameter, with a minimum size for vent lines downstream of chokes of 2 inches nominal, and vent lines which bypass shall be a minimum of 3 inches nominal and as straight as possible.
8. All valves, fittings and lines between the closing unit and the blowout preventer stack should be of steel construction with rated working pressure at least equal to working pressure rating of the stack. Lines shall be bundled and protected from damage.
9. Minimum size for kill line is 2 inches nominal.
10. Ram type preventers shall be equipped with extension hand wheels or hydraulic locks.

MARALEX RESOURCES INC.



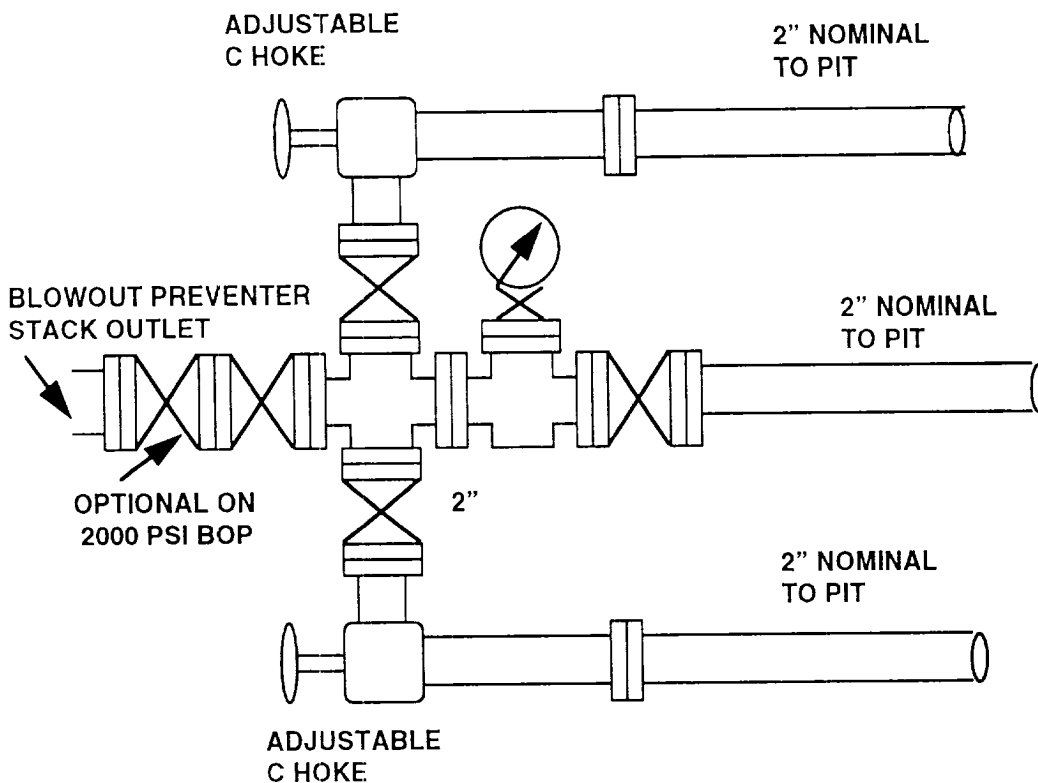
- 1 DOUBLE RAM 2000 OR 3000 LB. MANUAL LOCK BLOWOUT PREVENTER
- 2 ROTATING HEAD IF AIR OR GAS DRILLING
- 3 SPOOL W/2" MINIMUM KILL LINE VALVE & KILL LINE
- 4 DRILLING FLOW NIPPLE

SG INTERESTS

West Bisti State 26-13-36 No 1

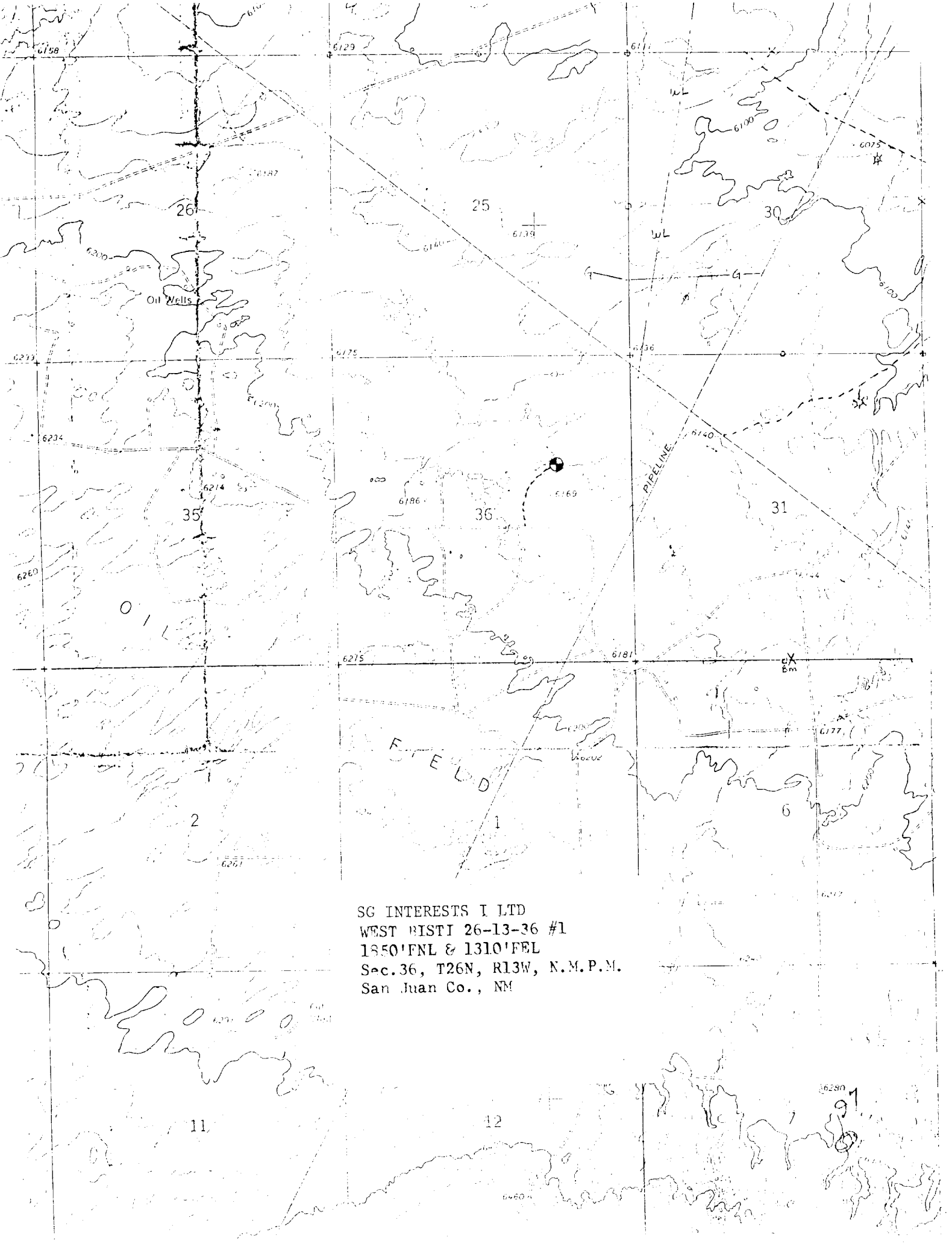
Section 36-T26N-R13W

San Juan County, New Mexico



**FOR 2000 & 3000 PSI RATED
WORKING PRESSURE**

UPPER KELLY COCK VALVE WITH HANDLE AVAILABLE
SAFETY VALVE AND SUBS WILL BE AVAILABLE TO FIT ALL DRILL
STRINGS IN USE



SG INTERESTS I LTD
WEST RISTI 26-13-36 #1
1350'FNL & 1310'FEL
Sec.36, T26N, R13W, N.M.P.M.
San Juan Co., NM

A hand-drawn site plan map showing a rectangular area divided into sections. The map includes labels for sections (C-30, C-03, F-16, C-12, C-23, F-2, C-3, C-02), dimensions (140', 135', 110', 40', 15', 50', 150'), and features like 'EXISTING TRAIL', 'Laydown', 'Elev. 6154', 'Grd'd.Gr. 6156', and 'Reserve Pit 10' Deep'. A scale bar indicates 1 inch equals 50 feet.

A-A'		Vert.: 1" = 30'	Horiz.: 1" = 100'	C/L		
6160						
6150						

B-B'						
6160						
6150						

C-C'						
6160						
6150						



STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DIVISION
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

SAN JUAN BASIN OCD CASING CEMENTING POLICY

1. Cement must be circulated around surface pipe. If cement cannot be circulated, the top of the cement column shall be determined by temperature survey or other method approved by the OCD Aztec Office.
2. All subsequent casing strings shall be cemented a minimum of 100' into the next shallower string.

If cement is not circulated on any string, the cement top shall be determined by temperature survey, CBL, or other method approved by the OCD Aztec Office.

3. Minimum surface pipe requirements:

Well Depth

Surface Pipe

0-3000
3001-5000
5001-8000
8001 +

120'
200'
320'
Consult with District Office

Wells drilled in valley fill areas must have surface pipe set at least 50' below the fill.

Minimum requirements may be modified as necessary to comply with Rule 1067 and Rule 107. Special pool rules may apply.

Proposed casing plans may be modified by the Aztec District Office to address special conditions.

No C-104 will be approved for a well until all pressure tests and cement tops are reported in compliance with Rule 1103B.(2)

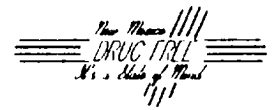


BRUCE KING
GOVERNOR

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M-E-M-O-R-A-N-D-U-M (3-86-77)

TO: ALL OPERATORS OF NEW WELLS IN NORTHWESTERN NEW MEXICO

FROM: CHARLES GHOLSON, DEPUTY OIL & GAS INSPECTOR

SUBJECT: THE FLARING OF OIL & GAS DURING WELL CLEANUP, PRIOR TO PRODUCTION

DATE: JUNE 16, 1992

Recent field inspections reveal that many new wells are being flared directly to pits, resulting in the loss of a substantial amount of oil and, in some cases, spraying out of the pit onto the ground and vegetation.

In order to prevent waste and protect the environment, all flowback of new wells capable of producing liquid hydrocarbons will be restricted to the use of separation equipment and the flowback of oil to storage tanks where reasonably possible. After initial flowback has been achieved and the well has cleaned up sufficiently, the use of separators and tanks will be required.

On the initial flowback swirls, diverters or other acceptable devices will be required on all blowdown lines to assure that oil does not splash out of the pit.

This memorandum will become effective June 1, 1986.

CG/sh

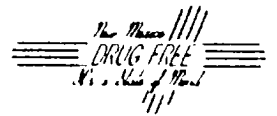


BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
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M-E-M-O-R-A-N-D-U-M (3-90-11)

TO: OPERATORS DRILLING FOR OIL AND GAS IN THE SAN JUAN BASIN OF
NEW MEXICO

FROM: Ernie Busch, Geologist District III

SUBJECT: Drill Cuttings Samples

DATE: November 30, 1990

A representative of the U S Geological Survey has informed us that they have enough samples from the Fruitland formation to establish a basin-wide map for vitrinite reflectance. However, they do not have enough from the Menefee Coal interval of the Mesaverde formation.

As a condition of approval to drill, you are required to submit four 4"X6" sample bags of drill cuttings from the Menefee Coal interval if it is penetrated and drilling conditions permit. If a geolograph is used, a copy of that recording from 50' above to 50' below the coal intervals will be submitted. The following information will be included:

Operator Name
Well Name and Number
Footage Location, Section, Township and Range
Date Taken
The Name and Address of the person in your company who is to receive a copy of the analysis.

Submit samples, information, and geolograph to the following address:

Mr Vito Nuccio
U S Geological Survey
PO Box 25046, MS 939 DFC
Lakewood CO 80225

These samples will be analyzed for vitrinite reflectance values and added to a data base available from the USGS in periodic reports.

This information will be used to evaluate coals and coal gas potentials in the San Juan Basin.



BRUCE KING
GOVERNOR

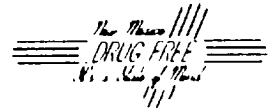
STATE OF NEW MEXICO

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AZTEC, NEW MEXICO 87410
(505) 334-6178



This State\Fee application has been approved with the following conditions:

1. Trash is to be taken to a sanitary landfill, not buried at the wellsite, unless approved by the landowner.
2. Wells which produce oil during cleanup and testing shall be flowed through a separator and the oil recovered in a tank.
3. Cement quantities shall be reported in cubic feet on all reports, with a description of cement type, additives, different slurries used and calculated yield.
4. Casing and cementing reports must show water shutoff test, as required by Rule 107(C).
5. Reports of commencement of drilling operations must be filed within 10 days of spud, as required by Rule 1103.
6. It is the responsibility of the operator to make the appropriate contracts and arrangements with surface owners prior to commencing activities.