

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

SG Interests I, Ltd. ✓ 20572

3. ADDRESS OF OPERATOR

P.O. Box 421, Blanco, NM 87412-0421

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

987 FSL, 1871, FWL

At proposed prod. zone

same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

approximately 5 miles northeast of Blanco

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

840'

16. NO. OF ACRES IN LEASE

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

240'

19. PROPOSED DEPTH

3130'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6347' GL, 6356' KB

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3

22. APPROX. DATE WORK WILL START*

July 17, 1992

PROPOSED DRILLING AND SURFACE USE PROGRAM

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
GENERAL REQUIREMENTS

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|---|
| 12-1/4" | 8-5/8" | 24#, J-55 | 250' | 236 ft ³ of Class B w/2% CaCl ₂ |
| 7-7/8" | 5-1/2" | 15.5#, J-55 | 3130' | 617 ft ³ 65/35 Pozmix w/6% gel |
| | | | | 118 ft ³ Class B neat Tail |

SG Interests I, Ltd., proposes to drill a vertical well to develop the
Fruitland Coal formation at the above described site in accordance with the
attached drilling and surface use programs.

This APD is also serving as an application to obtain BLM road Right-of-
Way. The right-of-way will be on an existing road extending from the location
to the County Road on the south side of highway 64 on top of Manzanares Mesa.
The distance is approximately 3.4 miles and the right-of-way width is requested
to be 30'. The proposed right-of-way crosses the SWNW of Section 9, the SENE,
SWNE, NWNE, NENW, NWNW of Section 8, the SWSW of Section 5, the S/2 S/2 of
Section 6, all in Township 29 North, Range 8 West, and the SESE, NESE, NWSE,
SWSE and SESW of Section 1, and the NENW Section 12, in T29N, R9W, all in San
Juan County, NM.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED A. M. O'Hare

TITLE Agent for SG Interests I, Ltd.

DATE 7/7/92

(This space for Federal or State office use)

Approval of this action does
not warrant that the applicant
holds legal or equitable right
or title to the lease.

PERMIT NO.

APPROVAL DATE

APPROVED
CONDITION OF APPROVAL, IF ANY:

TITLE

APPROVED
AS AMENDED

SEP 25 1992
AREA MANAGER

OCT 01 1992

NMOCD

OIL CON. DIV. I

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C 102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

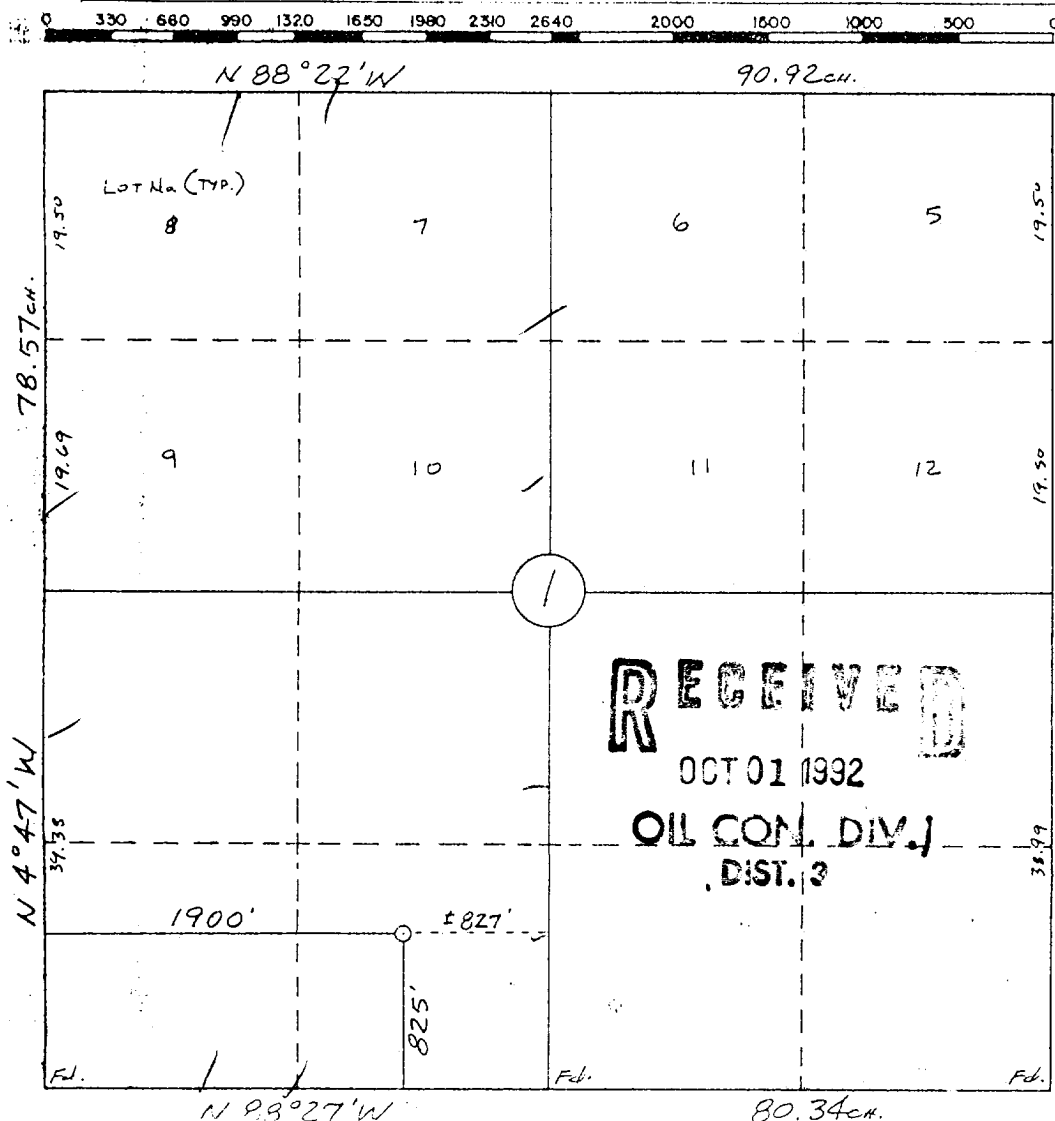
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

| | | | | | |
|---|---------------------------------------|------------------|-------------------------|-----------------------------------|---------------|
| Operator S G INTERESTS I, LTD. | | | Lease FEDERAL 29-9-1 | | Well No. 2 |
| Unit Letter N | Section 1 | Township 29 N | Range 9 W | County San Juan | |
| Actual Footage Location of Well: 825 feet from the South line and 1900 feet from the West line | | | | | |
| Ground level Elev. 6347 | Producing Formation Fruitland Coal | | Pool Basin Fruitland | Dedicated Acreage: 336.4 Acres | |
| <p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p> | | | | | |



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature

Printed Name

A. M. O'Hare

Position

President/Agent

Company Maralex Resources, Inc
Agent for SG Interests I, L

Date

July 17, 1992

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 knowledge and belief.

7-16-92

Date Surveyed

William E. Mahnke II

Signature & Seal of Professional Surveyor

