

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Alamogordo, New Mexico 87504-2088

RECEIVED
JUL -4 1992

API NO. (assigned by OCD on New Wells)
30-045-28707

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
E-9668

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL ☒ RE-ENTER ☐ DEEPEN ☐ PLUG BACK ☐

b. Type of Well:
OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. Name of Operator
SG Interests I, Ltd. 2572

3. Address of Operator
P.O. Box 421, Blanco, NM 87412-0421

4. Well Location
Unit Letter G : 1585 Feet From The North Line and 2220 Feet From The East Line
Section 32 Township 29N Range 10W NMPM San Juan County

7. Lease Name or Unit Agreement Name
State 29-10-32 13766

8. Well No.
1 (N/320)

9. Pool name or Wildcat
71629 Basin Fruitland Coal

10. Proposed Depth
2000'

11. Formation
Fruitland Coal

12. Rotary or C.T.
Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
5593' GL, 5606' KB

14. Kind & Status Plug. Bond
Blanket

15. Drilling Contractor
Unknown

16. Approx. Date Work will start
August 1, 1992

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#, J-55	250'	200 Class B	Surface
7-7/8"	5-1/2"	15.5#, J-55	2000'	200 65/35 Poz	Surface
				w/6% gel & 100	

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. A full suite of open hole logs will be run upon reaching total depth. A double ram type blowout preventer and choke system will be used to maintain well control at all times. A description of the BOP equipment is attached as an exhibit to this application. Both strings of casing will be cemented back to surface. The production string will have a high strength cement placed across the zone of interest to a height of at least five hundred feet above the bottom of the hole. A minimum of ten centralizers will be used to optimize the efficiency of the cement placement.

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE A. M. O'Hare TITLE Agent for SG Interests I, Ltd. DATE 7/7/92

TYPE OR PRINT NAME A. M. O'Hare

TELEPHONE NO. 325-5599

(This space for State Use)

APPROVED BY Ernie Bueh TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE 7-10-92

CONDITIONS OF APPROVAL, IF ANY:

Held C-104 for pool change on New Mexico
Coal wells in section

APPROVAL EXPIRES 1-10-93
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

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District Office
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Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

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

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

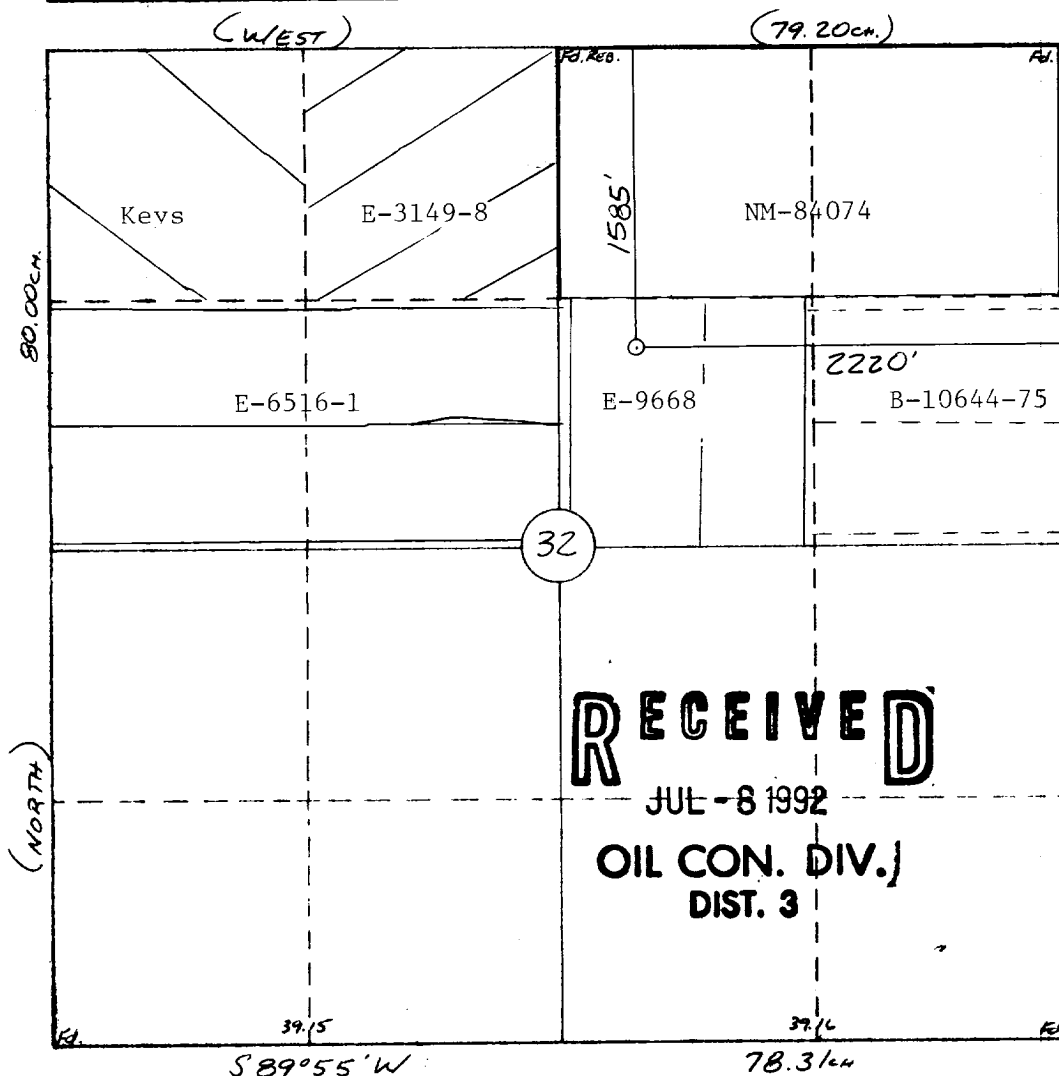
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator S G INTERESTS I, LTD.			Lease State 29-10-32		Well No. 1
Unit Letter G	Section 32	Township 29 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 1585 feet from the North line and 2220 feet from the East line					
Ground level Elev. 5593	Producing Formation Fruitland Coal		Pool Basin Fruitland	Dedicated Acreage 315.320 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 communitization, unitization, force-pooling, etc.? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation Farmout & Pooling agreements</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 communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



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, Lt

Date

July 7, 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.

7-6-92

Date Surveyed

William E. Manrique II

Signature of Professional Surveyor

#8466

REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No. 8466

BOP Stack Arrangement

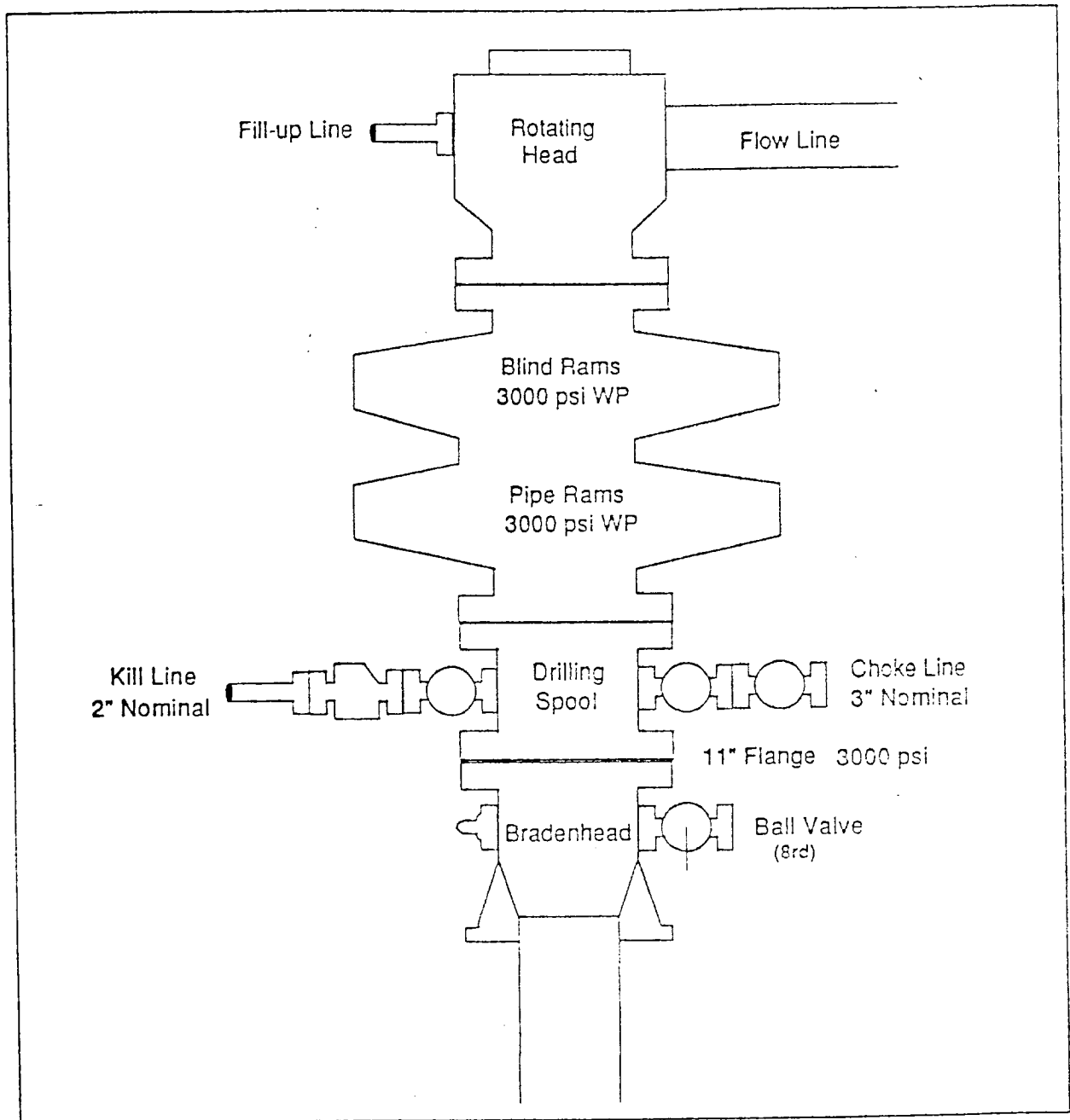


Exhibit #2
Choke Manifold & Accumulator Schematic

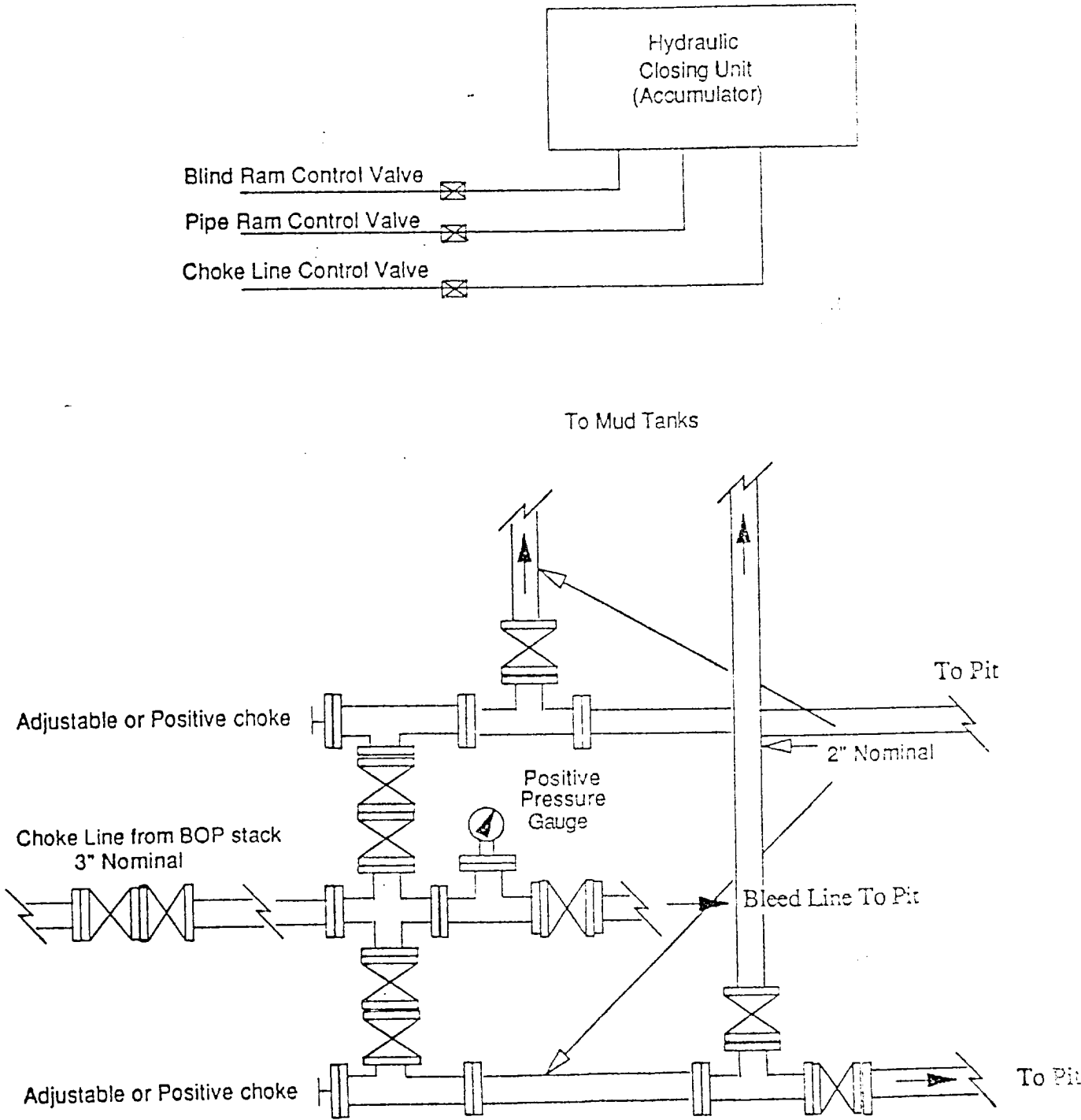


EXHIBIT 77.3
Blowout Prevention Equipment Specifications

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 by-pass 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.