

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  
Santa Fe, New Mexico 87504-2088

RECEIVED

AUG 6 1992

API NO. (assigned by OCD on New Wells)
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK					
1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			7. Lease Name or Unit Agreement Name		
b. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>			8. Well No. 2 (5/320)		
2. Name of Operator SG Interests I, Ltd.			9. Pool name or Wildcat Basin Fruitland coal		
3. Address of Operator P.O. Box 421, Blanco, NM 87412-0421					
4. Well Location Unit Letter K : 1350' Feet From The South Line and 1660' Feet From The West Line Section 23 Township 29N Range 10W NMPM San Juan County					
10. Proposed Depth 2075		11. Formation Basin Fruitland		12. Rotary or C.T. Rotary	
13. Elevations (Show whether DF, RT, GR, etc.) 5591' GL, 5604' KB		14. Kind & Status Plug. Bond Blanket		15. Drilling Contractor Walters Drilling	
				16. Approx. Date Work will start August 20, 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 sx Class B	surface
7-7/8"	5-1/2"	15.5#, J-55	2075'	215 sx 65/35 Poz	surface
				mix w/6% gel &	

100 sx Class B neat tail.

SG Interests I, Ltd., proposes to drill a vertical hole to develop the Fruitland Coal formation at the above described site. A fresh water based low solids non-dispersed mud will be used to drill to TD. A double ram type preventer with a choke assembly will be used to maintain well control at all times during drilling operations. Schematic sketches of the BOP equipment and choke assembly along with a description of the equipment are included as exhibits to this application. A full suite of logs will be run upon reaching TD. Both strings of casing will be cemented back to surface in separate single stage cement jobs. A high density cement will be placed across the pay zone and at least 500 feet above the bottom of the hole. A minimum of ten centralizers will be used to optimize placement of the cement around the pipe.

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 August 4, 1992

TYPE OR PRINT NAME A. M. O'Hare TELEPHONE NO. (505) 325-5599

(This space for State Use)

APPROVED BY [Signature] DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 10 1992

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL EXPIRES 2-10-93  
UNLESS DRILLING IS COMMENCED.  
SPUD NOTICE MUST BE SUBMITTED  
WITHIN 10 DAYS.

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 Boscon Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>S G INTERESTS I, LTD.</b>			Lease <b>Chavez 29-10-23</b>		Well No. <b>2</b>
Unit Letter <b>K</b>	Section <b>23</b>	Township <b>29 N</b>	Range <b>10 W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>1350</b> feet from the <b>South</b> line and <b>1660</b> feet from the <b>West</b> line					
Ground level Elev. <b>5591</b>	Producing Formation <b>Fruitland Coal</b>		Pool <b>Basin Fruitland</b>	Dedicated Acreage. <b>320</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
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).
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.?  
☐ Yes ☐ No If answer is "yes" type of consolidation \_\_\_\_\_  
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
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.

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

N 83°59'W

80.06ch.

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AUG 06 1992

OIL CON. DIV  
DIST. 3

23

1660'

1350'

(S 89°51'W)

(79.60ch.)

**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, Ltd.

Date

August 4, 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.

7-31-92

Date Surveyed

William E. Mahnke II

Signature of Surveyor  
Professional Surveyor



Exhibit #1  
*BOP Stack Arrangement*

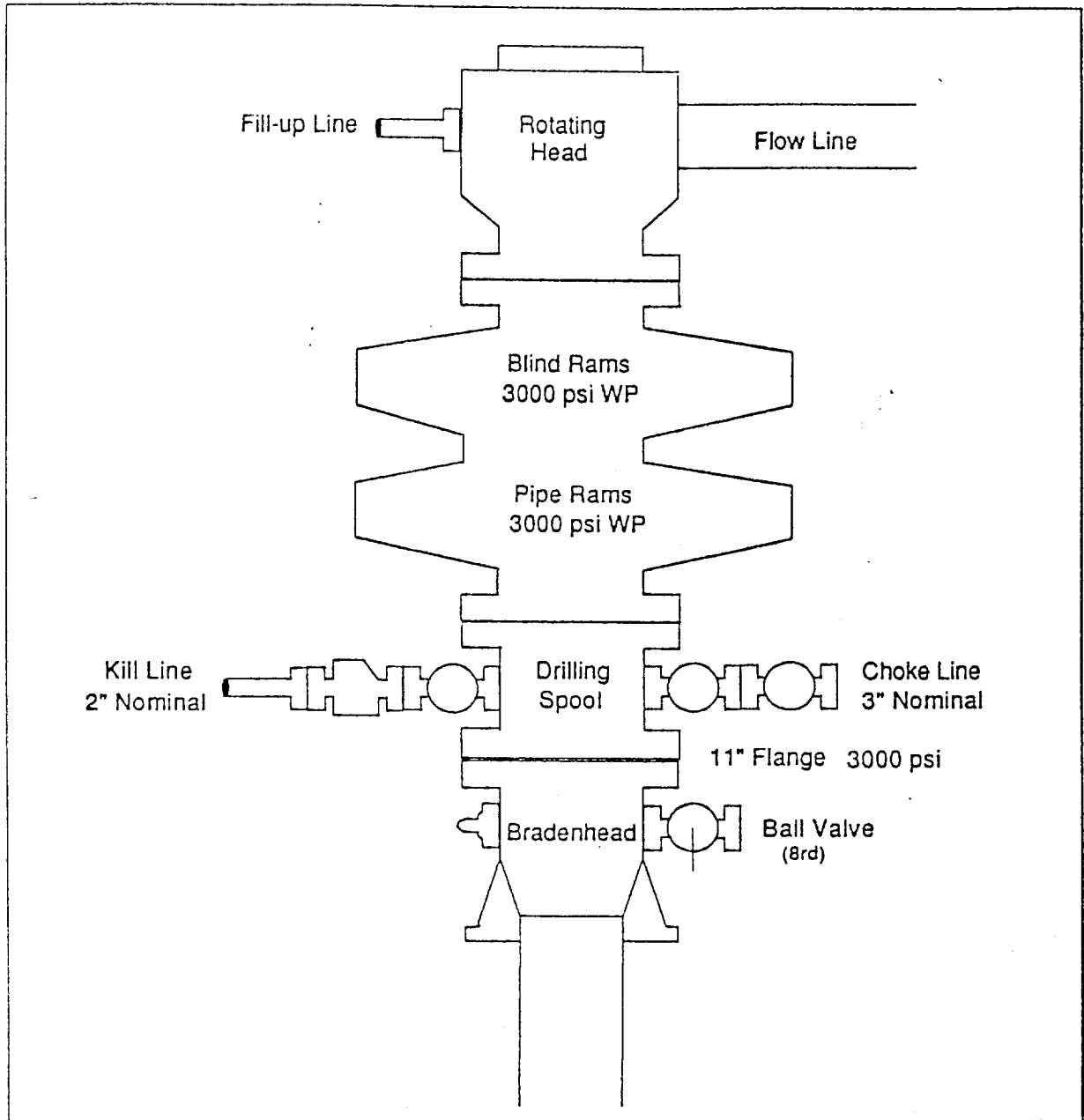


Exhibit #2  
*Choke Manifold & Accumulator Schematic*

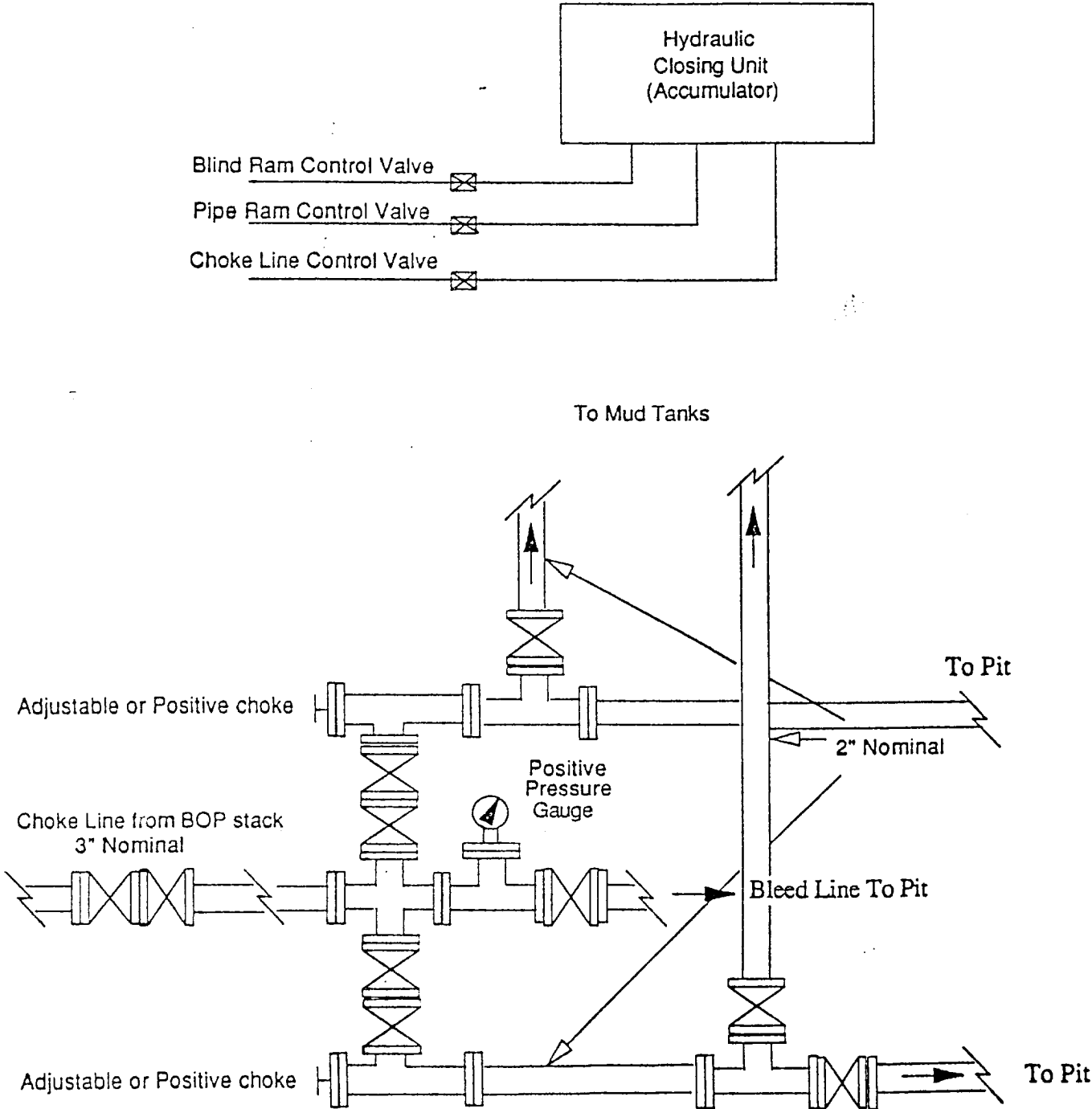


Exhibit #3  
Blowout Prevention Equipment Specifications

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.