

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

RECEIVED
SEP 28 1992
OIL CON. DIV.
DIST. 3

API NO. (assigned by OCD on New Wells) <u>30-045-28790</u>	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name <u>LDS 29-10-31</u>	
8. Well No. <u>9750</u> <u>(E/370)</u>	
9. Pool name or Wildcat <u>Basin Gut Coal</u>	

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"/>					
b. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>					
2. Name of Operator <u>20572</u> <u>SG Interests I, Ltd.</u> Attn: A. M. O'Hare					
3. Address of Operator <u>PO Box 421, Blanco NM 87412-0421</u>					
4. Well Location Unit Letter <u>A</u> : <u>1075</u> Feet From The <u>North</u> Line and <u>825</u> Feet From The <u>East</u> Line Section <u>31</u> Township <u>29 N</u> Range <u>10 W</u> NMPM <u>San Juan</u> County					
10. Proposed Depth <u>1900'</u>		11. Formation <u>Fruitland Coal</u>		12. Rotary or C.T. <u>Rotary</u>	
13. Elevations (Show whether DF, RT, GR, etc.) <u>5579' GL, 5592' KB</u>		14. Kind & Status Plug. Bond <u>Blanket</u>		15. Drilling Contractor <u>Walter's</u>	
16. Approx. Date Work will start <u>October 1, 1992</u>					
17. PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
<u>12-1/4"</u>	<u>8-5/8"</u>	<u>24#, J-55</u>	<u>250'</u>	<u>200 Class B</u>	<u>surface</u>
				<u>w/2% CaCl₂</u>	
<u>7-7/8"</u>	<u>5-1/2"</u>	<u>15.5#, J-55</u>	<u>1900'</u>	<u>230 65/35</u>	<u>surface</u>

Pozmix w/6% gel & 100 sx
Class B tail

SG Interests I, Ltd., proposes to drill a vertical well 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 BOP and choke assembly will be used to maintain well control at all times during drilling operations. A description of the BOP and choke assembly, and schematic sketches of that equipment is presented 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 strength cement will be placed across the pay zone and at least five hundred feet above the bottom of the hole. A minimum of ten centralizers will be used to optimize placement of cement around the pipe.

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

SIGNATURE Dana M. Hyde TITLE Agent for SG Interests DATE 9-18-92

TYPE OR PRINT NAME Dana M. Hyde

TELEPHONE NO. 325-5599

(This space for State Use)

APPROVED BY Emil Bush DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE OCT 01 1992

CONDITIONS OF APPROVAL, IF ANY:

Held c-104 for pool Chg Wilson #2 well
APPROVAL EXPIRES 4-1-93
UNLESS DRILLING IS COMMENCE
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

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Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-1
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

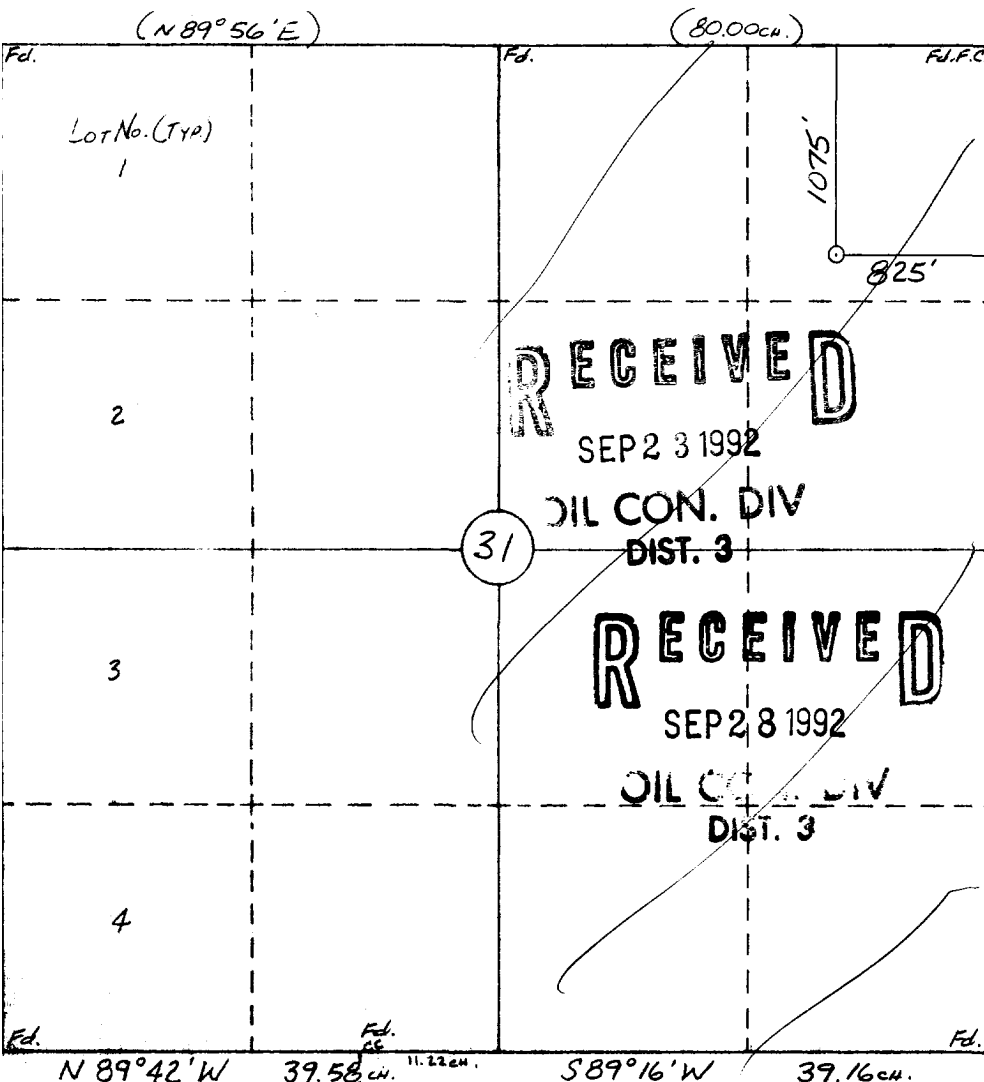
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator S G INTERESTS I, LTD.		Lease LDS 29-10-31		Well No. #1
Unit Letter A	Section 31	Township 29 N	Range 10 W	County San Juan
Actual Footage Location of Well 1075 feet from the North line and 825 feet from the East line				
Ground level Elev. 5579	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage 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 <u>communitization</u> 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.</p>				

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
Dana M. Hyde
Printed Name
Dana M. Hyde
Position
Agent for SG Interests
Company
Maralex Resources, Inc.
Date

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.
9-16-92

Date Surveyed
William E. Mahnke II

Signature of Professional Surveyor
Professional Surveyor
#8466
Certificate No. 8466



S G INTERESTS I, LTD.

1075'FNL & 825'FEL
Sec.31, T29N, R10W
San Juan Co., N.M.

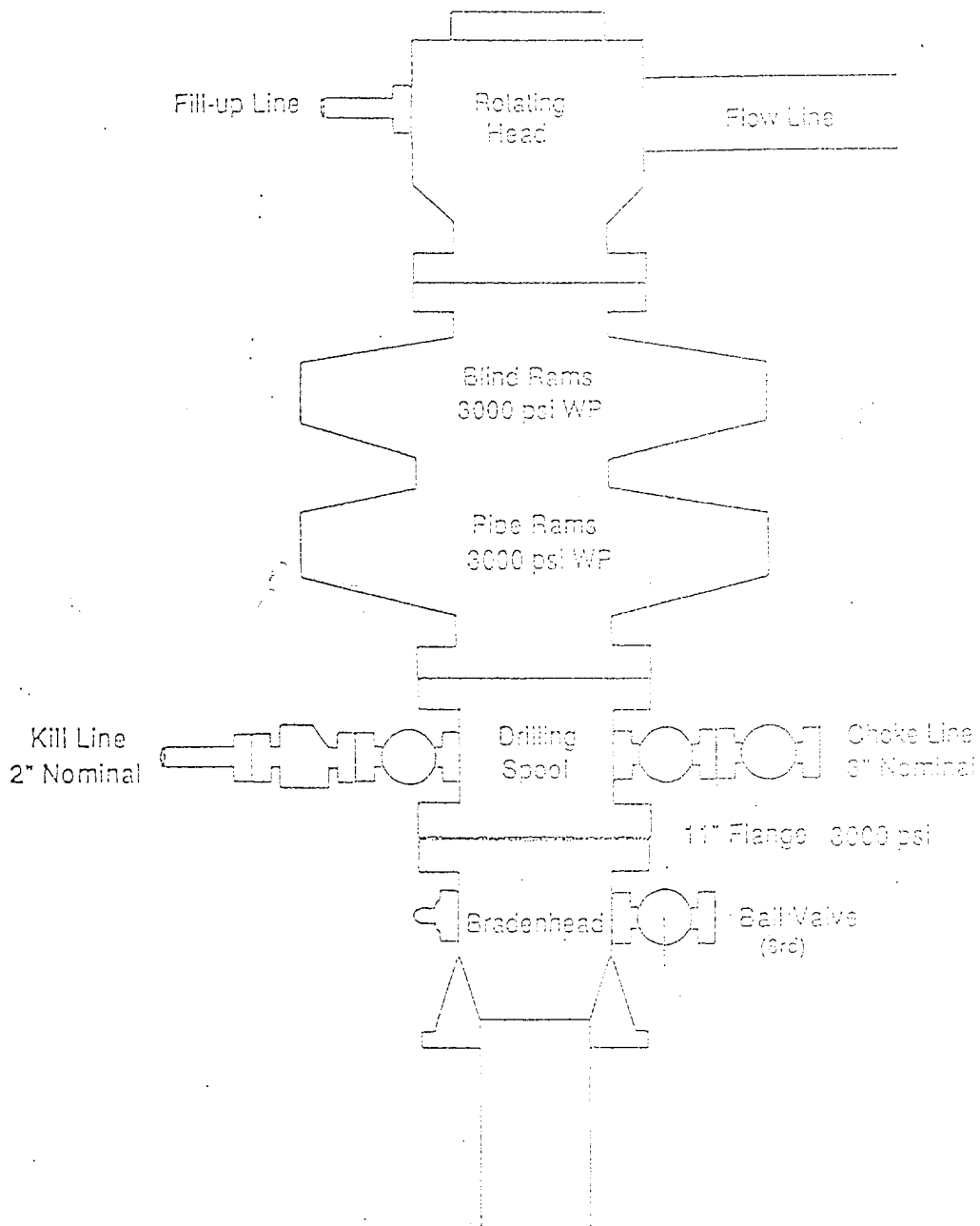


Exhibit #2
Choke Manifold & Accumulator Schematic

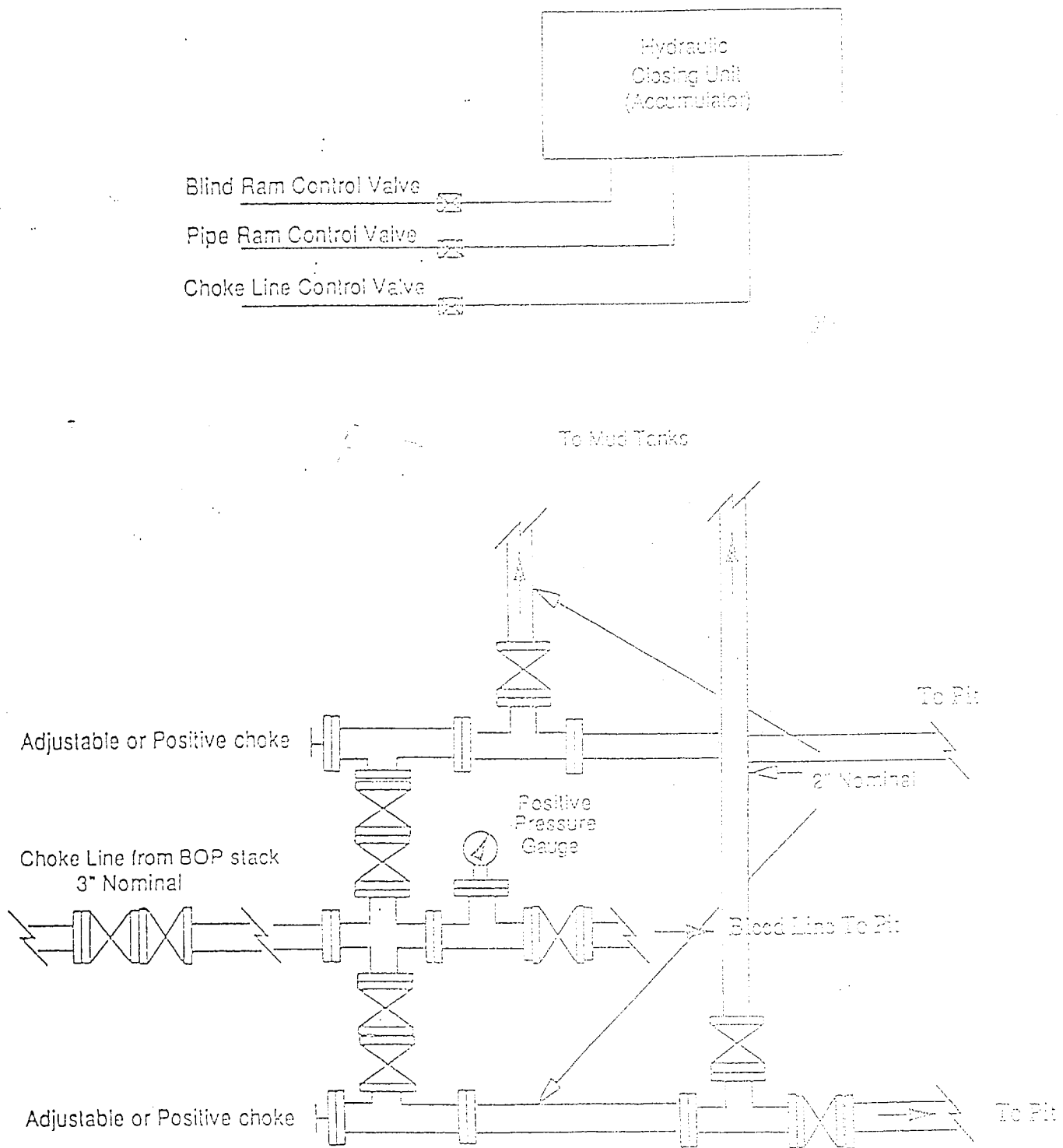


Exhibit #3
Blowout Prevention Equipment Specifications

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.