

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

OIL CONSERVATION DIVISION

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

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

API NO. (assigned by OCD on New Wells)

30-045-28817 ✓

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

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 ☐

7. Lease Name or Unit Agreement Name

Candelaria 29-10-22 ✓

8. Well No.

#1 (5/320) ✓

9. Pool name or Wildcat

Basin Fruitland Coal ✓

2. Name of Operator

SG Interests I, Ltd.

Attn: A. M. O'Hare

3. Address of Operator

P. O. Box 421 / Blanco, N.M. 87412-0421 (505) 325-5599

4. Well Location

Unit Letter

22

: 1195

Feet From The

South

Line and

2195

Feet From The

West

Line

Section

Township

29N

Range

10W

NMPM

San Juan

County

10. Proposed Depth
2040'

11. Formation
Fruitland Coal

12. Rotary or C.T.
Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
5582' GR

14. Kind & Status Plug. Bond

15. Drilling Contractor

16. Approx. Date Work will start
As Soon As Permitted

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	Surface
7-7/8"	5-1/2"	15.5# J-55	2040'	305	Surface

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.

All of the access road is located on this lease so no right-of-way permit is required.

APPROVAL EXPENSE 5-18-92
UNLESS OTHERWISE SPECIFIED
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

RECEIVED

NOV 6 1992

OIL CON. DIV.
DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVITY 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.

A. M. O'Hare

SIGNATURE

TITLE Agent SG Interests I, Ltd. DATE 11/13/92

TYPE OR PRINT NAME

TELEPHONE NO.

(This space for State Use)

APPROVED BY

DEPUTY OIL & GAS INSPECTOR, DIST. #3

DATE

NOV 18 1992

CONDITIONS OF APPROVAL, IF ANY:

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

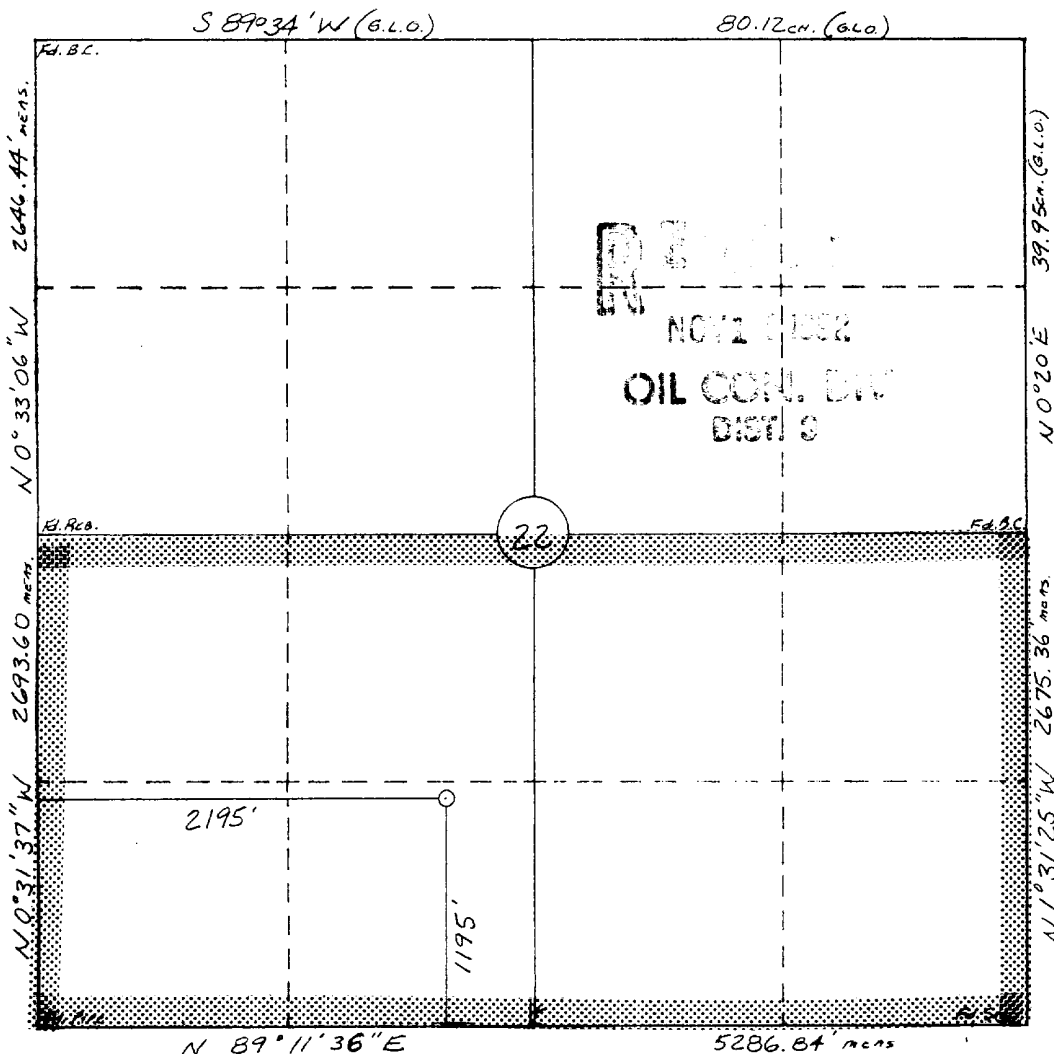
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator S G INTERESTS I, LTD.			Lease CANDELARIA 29-10-22		Well No. 1
Unit Letter N	Section 22	Township 29 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 1195 feet from the South line and 2195 feet from the West line					
Ground level Elev. 5582	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 type="checkbox"/> Yes <input type="checkbox"/> 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.</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: *A. M. O'Hare*
Printed Name: A. M. O'Hare
Position: President/Agent
Company: Maralex Resources Inc
Agent: SG Interests I, Ltd
Date: 11/13/92

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.

11-10-92

Date Surveyed: William E. Mahnke II

Signature & Seal of Professional Surveyor: WILLIAM E. MAHNKE II

Certificate No. 8466
NEW MEXICO
#8466
REGISTERED PROFESSIONAL LAND SURVEYOR

Exhibit #1
BCP Stack Arrangement

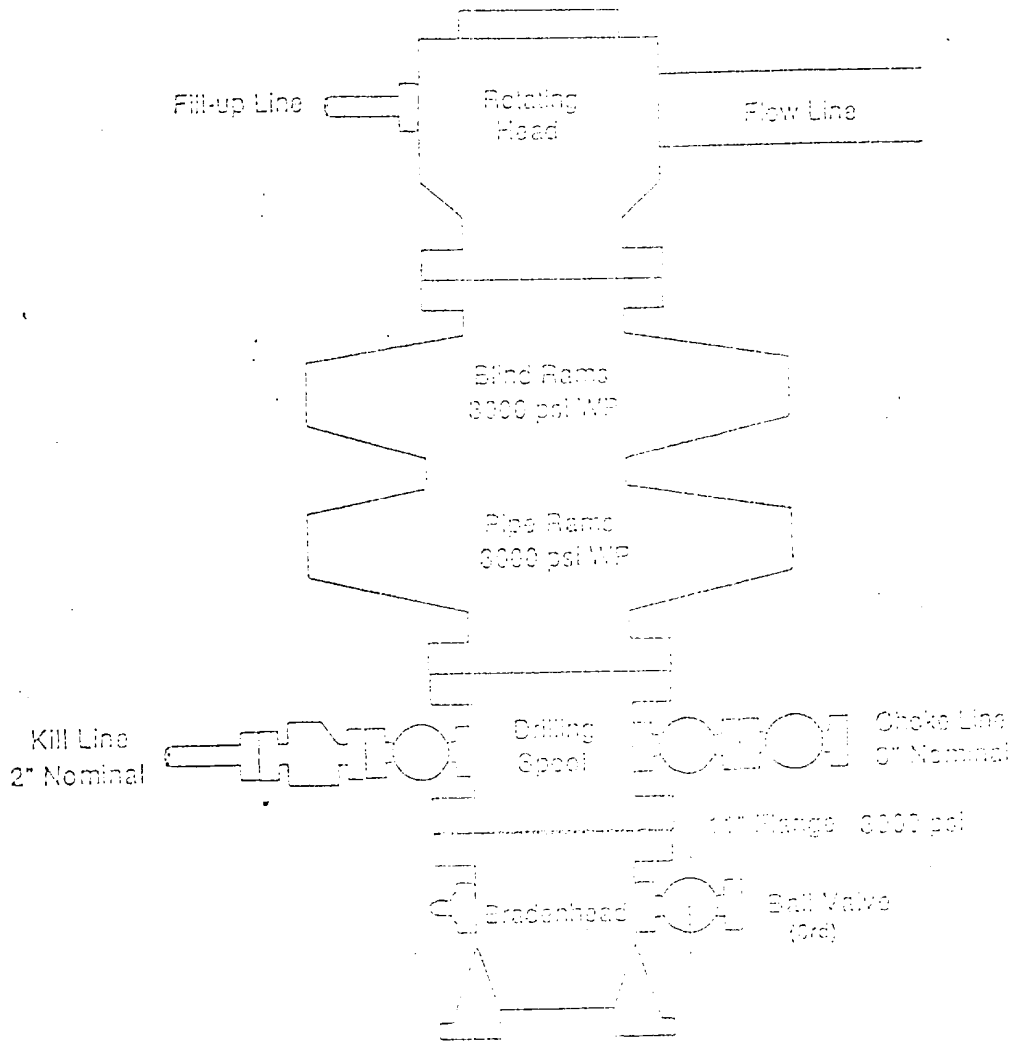


Exhibit #2

Choke Manifold & Accumulator Schematic

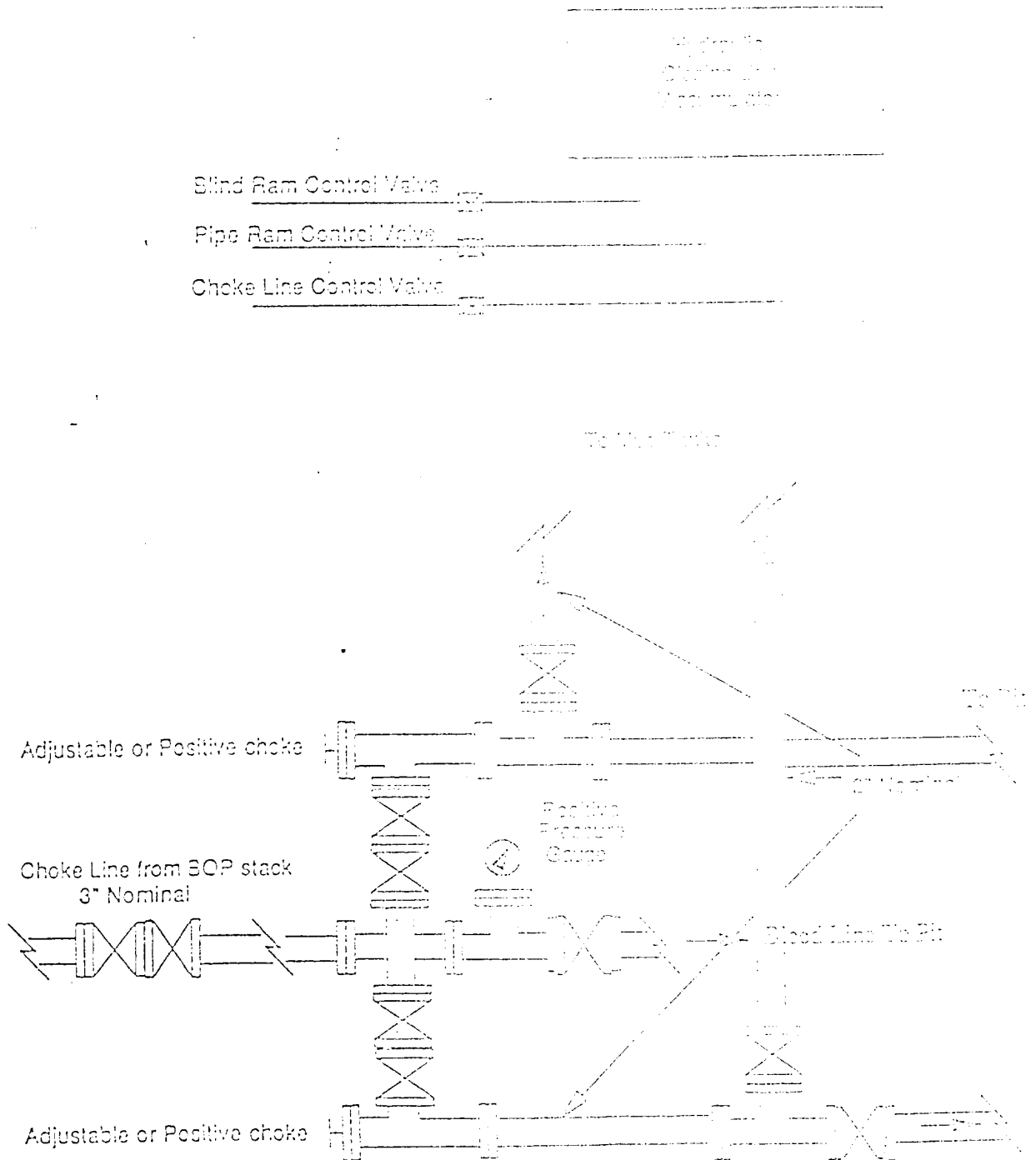


Exhibit #3
Blowout Prevention Equipment Specifications

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.