

PMESD-417546110  
Susp: 7/12/04

# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

RECEIVED

**Tripp Schwab**  
Vice-President/Operations

JUN 21 2004

OIL CONSERVATION  
DIVISION

June 11, 2004

Michael E. Stonger  
New Mexico Oil Conservation Division  
1220 St. Francis St.  
Santa Fe, New Mexico 87505

RE: Non-Standard Location Application, SG Interests I, LTD  
Federal 29-9-27 #3  
Fruitland Coal Pool  
NW/4, Section 27, T29N, R9W NMPM  
San Juan County, New Mexico

Dear Mr. Stonger:

Sagle and Schwab Energy Resources, agent for SG Interests, I, LTD (SGI) respectively requests administrative approval for a non-standard location for the subject well for topographic reasons.

Enclosed in support for this application are the following:

- Exhibit 1: C-102 Plat
- Exhibit 2: Topographic Map with Farmington BLM Floodplain Designation
- Exhibit 3: Detailed Topographic Map with Farmington BLM Floodplain Designation
- Exhibit 4: Offset Operator Plat
- Exhibit 5: Address List of Offset Operators
- Exhibit 6: Bureau of Land Management Letter

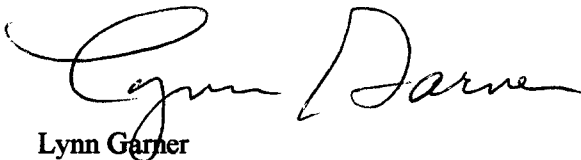
The well will be completed to the Fruitland Coal Pool. The well is non-standard because it is only 365 feet from the northern boundary of the spacing unit.

SGI originally had the well staked at 670 feet from the North Line and 1770 from the West Line, Section 27, T. 29N., R. 9W., NMPM. This location was rejected by the Bureau of Land Management, Farmington Field Office (BLM/FFO), as it was within the Canyon Largo designated floodplain. In December, 2003 the BLM/FFO signed a Record of Decision (ROD) for future management of federal lands and minerals within the BLM/FFO boundaries. The original staked location was within the delineated 100-year floodplain of Largo Canyon Reach #1, Special Management Area. The management prescriptions for this area state, "Manage existing oil and gas leases under Controlled Surfaced Use constraint in 100-year floodplain." At the request of the BLM/FFO, the new location is staked to be further from Largo Canyon Wash, barely within the Largo Canyon Reach #1 (100-year floodplain). The Largo Canyon Reach #1 occupies the majority of the drilling window. The re-staked location represents the highest elevation area and yet the closest to being a standard location. This new location is acceptable to the BLM/FFO.

The well is encroaching on the S/2 of Section 22, T29N., R 9W., as depicted on enclosed Form C-102. The offset operators are listed on the attachment and will be notified by certified letter. Copies of the certified letters are enclosed with this application.

If you have any questions, please call me at (970) 259-2701 ext. 15.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Garner". The signature is fluid and cursive, with the first name "Lynn" and last name "Garner" clearly distinguishable.

Lynn Garner  
Operations Manager, Sagle & Schwab Energy Resources  
Agent for SG Interests I, Ltd.

Enclosures

cc: Frank Chavez , NMOCD – Aztec  
Well File

# Exhibit 1:

District I  
PO Box 1980, Hobbs NM 88241-1980  
District II  
PO Drawer KK, Artesia, NM 87211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

## OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		Federal 29-9-27			# 3
7 OGRID No.		8 Operator Name			9 Elevation
		SG INTERESTS I LTD			5614

### 10 Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	27	29 N	9 W		365	NORTH	1935	WEST	SAN JUAN

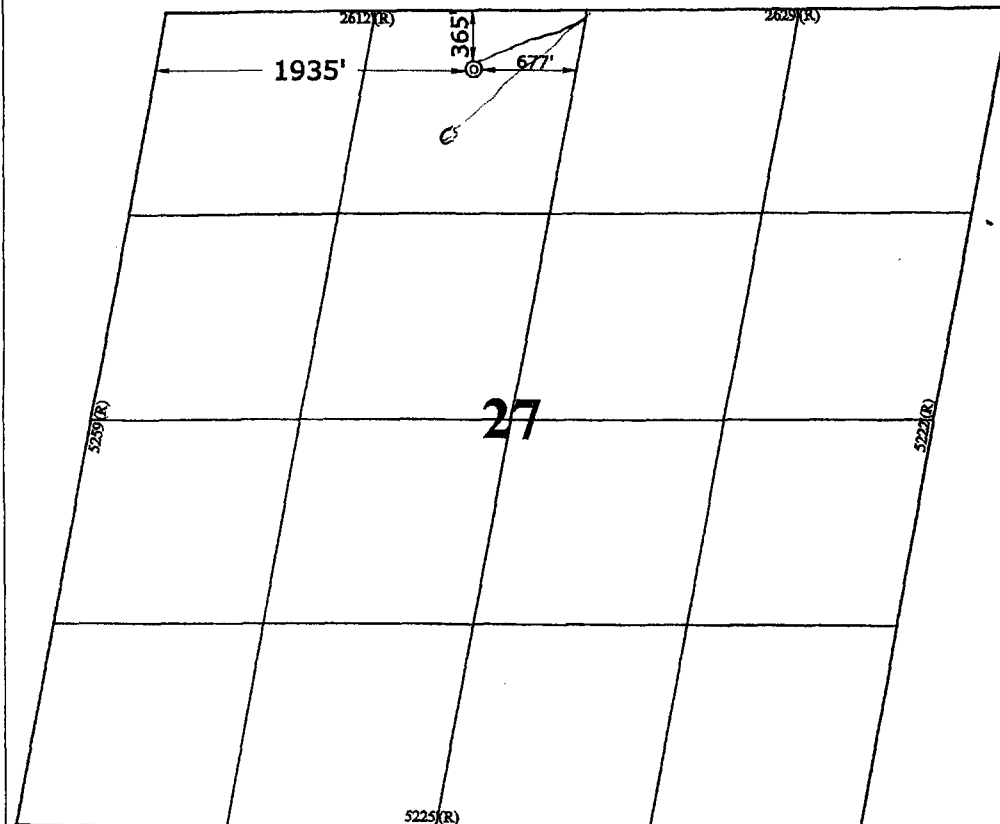
### 11 Bottom Hole Location If Different From Surface

7 UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



Standard 640-acre Section

(R) - BLM Record

### 17 OPERATOR CERTIFICATION

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

Signature  
Mr. Lynn Garner  
Printed Name  
Operations Manager  
Title  
Date

### 18 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 belief.

Revised: March 16, 2004  
October 20, 2003

Date of Survey  
Signature and Seal of Professional Surveyor

GARY D. VANN  
NEW MEXICO  
REGISTERED PROFESSIONAL LAND SURVEYOR  
7016  
Certificate Number



Exhibit 2: BLM/FFO Largo Canyon Reach  
100-Year Floodplain



0 1,450 2,900 5,800 Feet

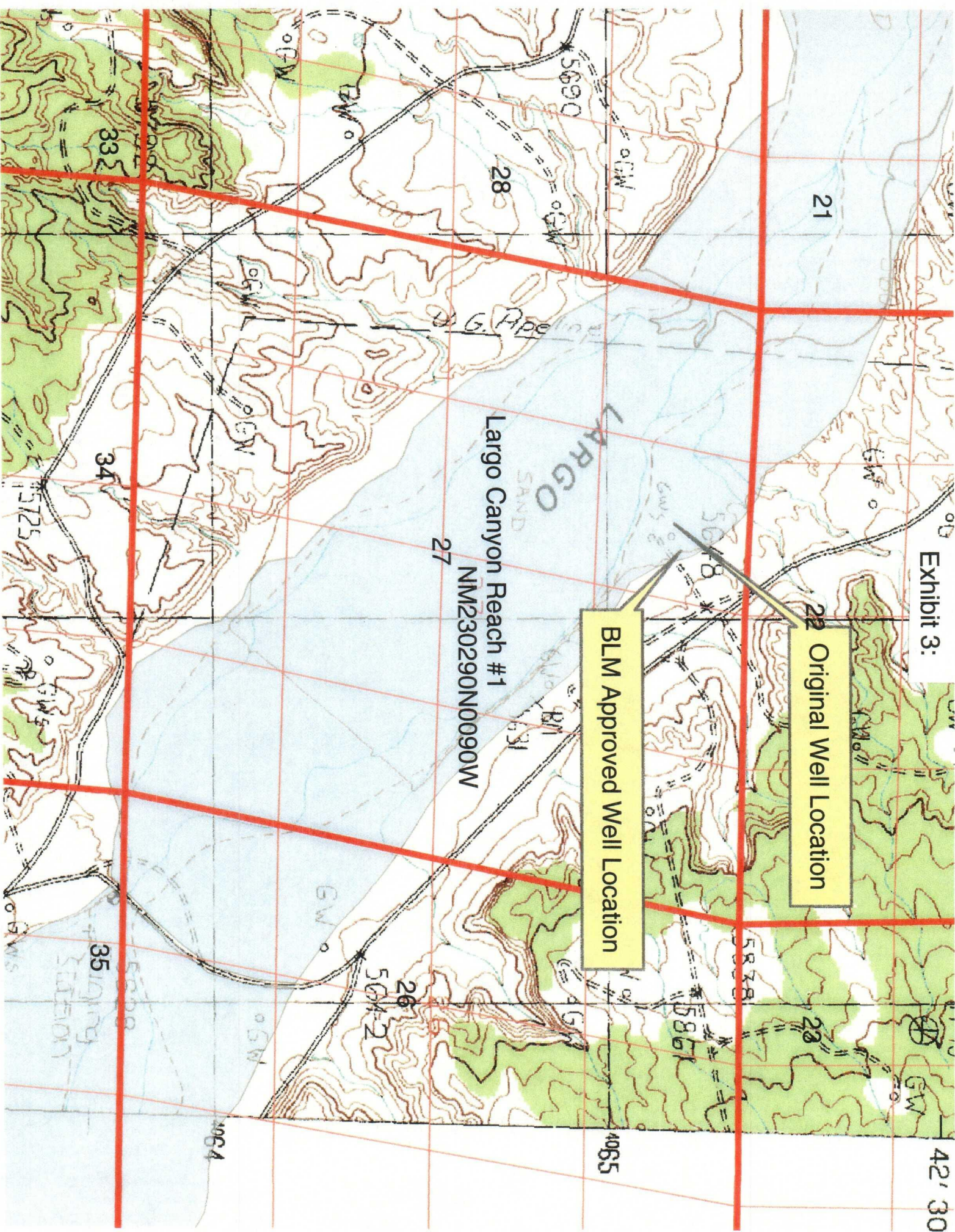


42' 30"

22 Original Well Location

BLM Approved Well Location

Largo Canyon Reach #1  
NM230290N0090W









## **Exhibit 5: Address List of Offset Operators**

Ashdla, LLC  
245 Park Ave 2<sup>nd</sup> Floor  
New York, NY 10167

Burlington Resources Oil & Gas Co.  
P.O. Box 4289  
Farmington, NM 87499-4289

Burlington Resources Oil & Gas Co.  
P.O. Box 51810  
Midland, TX 79710-1810

Dugan Production Corp  
P.O. Box 420  
Farmington, NM 87499

Four Star Oil & Gas Co  
P.O. Box 2100  
Denver, CO 80201

Koch Exploration Co, LLC  
20 E Greenway Plaza  
Houston, TX 77046-2002

SG Interests I, Ltd.  
811 Dallas #1505  
Houston, TX 77002

# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

June 11, 2004

Ashdla, LLC  
245 Park Ave 2<sup>nd</sup> Floor  
New York, NY 10167

RE: SG Interests I, Ltd  
Proposed Gas Well  
Request for Exception Location  
Federal 29-9-27 #3  
(NENW) Sec 27-T29N-R9W  
San Juan County, NM

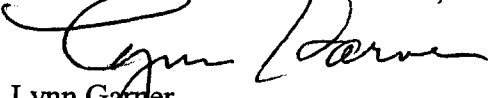
Gentlemen:

SG Interests I, Ltd is proposing to drill a Fruitland Coal gas well in the NE/4 NW/4 of Sec 27, Township 29 North, Range 9 West, San Juan County, New Mexico. We staked a location within the window established by the New Mexico Oil Conservation Commission; however, BLM has advised us that the location we staked fell within "the 100 year floodplain of designated ephemeral wash riparian area" of Canyon Largo. BLM also recommended a more suitable location (365' FNL, 1935' FWL of Sec 27, T29N, R9W) even though it is a nonstandard location (See copy of Form C-102 Survey Plat and BLM letter dated June 4, 2004).

As an Offset Operator, if you are agreeable to the proposed non-standard location, please sign in the space below and return this letter to me as soon as possible to the address below. If you have any questions, please call Lynn Garner at (970) 259-2701, or notify the New Mexico Oil Conservation Commission in Aztec, New Mexico in writing if you have any objections.

Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS I, LTD



Lynn Garner  
Operations Manager

Ashdla, LLC consents to the proposed location of the Federal 29-9-27 #3. Location is 365' FNL, 1935' FWL, Sec 27-T29N-R9W, San Juan County, New Mexico

By \_\_\_\_\_

Date: \_\_\_\_\_



# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

June 14, 2004

Burlington Resources Oil & Gas Co.  
PO Box 4289  
Farmington, NM 87499-4289

RE: SG Interests I, Ltd  
Proposed Gas Well  
Request for Exception Location  
Federal 29-9-27 #3  
(NENW) Sec 27-T29N-R9W  
San Juan County, NM

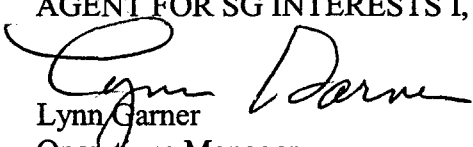
Gentlemen:

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Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS I, LTD

  
Lynn Garner  
Operations Manager

Burlington Resources Oil & Gas Co. consents to the proposed location of the Federal 29-9-27 #3. Location is 365' FNL, 1935' FWL, Sec 27-T29N-R9W, San Juan County, New Mexico

By \_\_\_\_\_

Date: \_\_\_\_\_

# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

June 14, 2004

Burlington Resources Oil & Gas Co.  
PO Box 51810  
Midland, TX 79710-1810

RE: SG Interests I, Ltd  
Proposed Gas Well  
Request for Exception Location  
Federal 29-9-27 #3  
(NENW) Sec 27-T29N-R9W  
San Juan County, NM

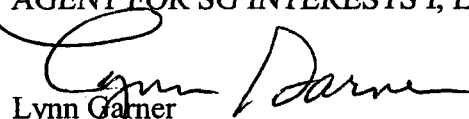
Gentlemen:

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Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS I, LTD

  
Lynn Garner  
Operations Manager

Midland, TX Burlington Resources Oil & Gas Co. consents to the proposed location of the Federal 29-9-27 #3. Location is 365' FNL, 1935' FWL, Sec 27-T29N-R9W, San Juan County, New Mexico

By \_\_\_\_\_

Date: \_\_\_\_\_



# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

June 14, 2004

Dugan Production Corp.  
PO Box 420  
Farmington, NM 87499

RE: SG Interests I, Ltd  
Proposed Gas Well  
Request for Exception Location  
Federal 29-9-27 #3  
(NENW) Sec 27-T29N-R9W  
San Juan County, NM

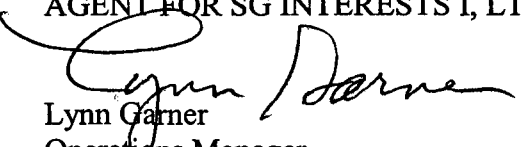
Gentlemen:

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As an Offset Operator, if you are agreeable to the proposed non-standard location, please sign in the space below and return this letter to me as soon as possible to the address below. If you have any questions, please call Lynn Garner at (970) 259-2701, or notify the New Mexico Oil Conservation Commission in Aztec, New Mexico in writing if you have any objections.

Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS I, LTD

  
Lynn Garner  
Operations Manager

Dugan Production Corp. consents to the proposed location of the Federal 29-9-27 #3. Location is 365' FNL, 1935' FWL, Sec 27-T29N-R9W, San Juan County, New Mexico

By \_\_\_\_\_

Date: \_\_\_\_\_

# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

June 14, 2004

Four Star Oil & Gas Co.  
PO Box 2100  
Denver, CO 80201

RE: SG Interests I, Ltd  
Proposed Gas Well  
Request for Exception Location  
Federal 29-9-27 #3  
(NENW) Sec 27-T29N-R9W  
San Juan County, NM

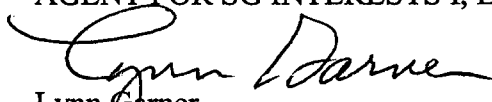
Gentlemen:

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As an Offset Operator, if you are agreeable to the proposed non-standard location, please sign in the space below and return this letter to me as soon as possible to the address below. If you have any questions, please call Lynn Garner at (970) 259-2701, or notify the New Mexico Oil Conservation Commission in Aztec, New Mexico in writing if you have any objections.

Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS I, LTD

  
Lynn Garner  
Operations Manager

Four Star Oil & Gas Co. consents to the proposed location of the Federal 29-9-27 #3. Location is 365' FNL, 1935' FWL, Sec 27-T29N-R9W, San Juan County, New Mexico

By \_\_\_\_\_

Date: \_\_\_\_\_



# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

June 14, 2004

Koch Exploration Co, LLC  
20 E. Greenway Plaza  
Houston, TX 77046-2002

RE: SG Interests I, Ltd  
Proposed Gas Well  
Request for Exception Location  
Federal 29-9-27 #3  
(NENW) Sec 27-T29N-R9W  
San Juan County, NM


Gentlemen:

SG Interests I, Ltd is proposing to drill a Fruitland Coal gas well in the NE/4 NW/4 of Sec 27, Township 29 North, Range 9 West, San Juan County, New Mexico. We staked a location within the window established by the New Mexico Oil Conservation Commission; however, BLM has advised us that the location we staked fell within "the 100 year floodplain of designated ephemeral wash riparian area" of Canyon Largo. BLM also recommended a more suitable location (365' FNL, 1935' FWL of Sec 27, T29N, R9W) even though it is a nonstandard location (See copy of Form C-102 Survey Plat and BLM letter dated June 4, 2004).

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Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS I, LTD

  
Lynn Garner  
Operations Manager

Koch Exploration Co., LLC consents to the proposed location of the Federal 29-9-27 #3.  
Location is 365' FNL, 1935' FWL, Sec 27-T29N-R9W, San Juan County, New Mexico

By \_\_\_\_\_

Date: \_\_\_\_\_

# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

June 14, 2004

SG Interest I, Ltd  
909 Fannin, Suite 2600  
Houston, TX 77010

RE: SG Interests I, Ltd  
Proposed Gas Well  
Request for Exception Location  
Federal 29-9-27 #3  
(NENW) Sec 27-T29N-R9W  
San Juan County, NM

Gentlemen:

SG Interests I, Ltd is proposing to drill a Fruitland Coal gas well in the NE/4 NW/4 of Sec 27, Township 29 North, Range 9 West, San Juan County, New Mexico. We staked a location within the window established by the New Mexico Oil Conservation Commission; however, BLM has advised us that the location we staked fell within "the 100 year floodplain of designated ephemeral wash riparian area" of Canyon Largo. BLM also recommended a more suitable location (365' FNL, 1935' FWL of Sec 27, T29N, R9W) even though it is a nonstandard location (See copy of Form C-102 Survey Plat and BLM letter dated June 4, 2004).

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Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS I, LTD

  
Lynn Garner  
Operations Manager

SG Interests I, Ltd. consents to the proposed location of the Federal 29-9-27 #3. Location is 365' FNL, 1935' FWL, Sec 27-T29N-R9W, San Juan County, New Mexico

By \_\_\_\_\_

Date: \_\_\_\_\_





# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington Field Office  
1235 La Plata Highway, Suite A  
Farmington, New Mexico 87401



IN REPLY REFER TO:  
3162.3-1 (070)  
NMSF-080246

June 4, 2004

SG Interests I Ltd  
Attn: Lynn Garner  
P.O. Box 2677  
Durango, CO 81302

Dear Mr. Garner:

This is in reference to the placement of the proposed Federal 29-9-27 #3, Basin Fruitland coal well, located 365' FNL, 1935' FWL, Sec. 27, T29N, R9W, lease number NMSF-080246. The original proposed well location was at 670' FNL, 1770 FWL, Sec. 27, T29N, R9W.

The Bureau of Land Management (BLM), Farmington Field Office, established the Ephemeral Wash Riparian Area in the 2003 Resource Management Plan (RMP) to protect and promote proper functioning conditions in ephemeral wash systems. Special management constraints and mitigation apply to proposed well locations located in the 100 year floodplains of designated ephemeral wash riparian areas. The proposed Federal 29-9-27 #3 is located in the 100 year floodplain of Canyon Largo. A team of BLM and company personnel conducted a field trip (04/21/04) to find the best possible location for the proposed well. After working to find a suitable location within the windows established by the New Mexico Oil Conservation Commission (NMOCC), we suggest you submit for a non-standard location. A suitable orthodox location was not found because of the proximity of the proposed pad to the Canyon Largo floodplain.

A nonstandard location (~~365' FNL~~, 1935' FWL, Sec. 27, T29N, R9W) directly northwest of the existing BP America Florance #124 well pad would be the most suitable. Access to the nonstandard location would be from the northeast corner of the existing location.

In the past, it has been discussed that non-standard locations would probably be proposed more frequently as the more desirable locations are developed. It is our desire to find the best possible locations for new wells and access roads being proposed with minimal environmental impacts. Therefore we will be glad to support your non-standard proposal for the Federal 29-9-27 #3 well to the NMOCC.

If there is any way we can be of further assistance, please contact Marcella J. Martinez, Environmental Protection Specialist, at (505) 599-6374.

Sincerely,

Ray Sanchez  
Environmental Protection/Realty Team Lead

cc::Nelson Consulting, Attn: Ilyse Auringer, 600 Reilly Ave., Farmington, NM 87401