

LAW OFFICES

TANSEY, ROSEBROUGH, GERDING & STROTHER, P.C.

OIL CONSERVATION DIVISION  
RECEIVED

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OF COUNSEL  
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92 NOV 4 AM 9 00

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*M.S. 11/9/92*

Mailing Address:  
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Farmington, N.M. 87499

November 6, 1992

State of New Mexico  
Energy, Minerals and Natural  
Resources Department  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501-2088

Attn: William J. Lemay, Director

Re: Examiner Hearing - November 19, 1992

Gentlemen:

SG Interests I, Ltd. requests that the following cases set for the November 19, 1992 Examiner Hearing be dismissed:

- 1) Case No. 10577 ✓  
N/2 of Section 2, Township 29 North, Range 9 West, San Juan County, New Mexico
- 2) Case No. 10579 ✓  
S/2S/2 of Section 19, Township 29 North, Range 9 West, San Juan County, New Mexico and  
N/2 of Section 30, Township 29 North, Range 9 West, San Juan County, New Mexico
- 3) Case No. 10580 ✓  
E/2 of Section 15, Township 29 North, Range 10 West, San Juan County, New Mexico
- 4) Case No. 10581 ✓  
N/2 of Section 21, Township 29 North, Range 10 West, San Juan County, New Mexico
- 5) Case No. 10582 ✓  
S/2 of Section 22, Township 29 North, Range 10 West, San Juan County, New Mexico

SECTION 21

TOWNSHIP 29 North

RANGE 10 West


0

*Standard 640 acre Section*

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 58240

OIL CONSERVATION DIVISION  
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 API NO.

5. Indicate Type of Lease  
STATE  FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"  
(FORM O-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name

Velasquez 29-10-21

1. Type of Well:  
OIL WELL  GAS WELL  OTHER

8. Well No.

#1

2. Name of Operator

SG Interests I. Ltd. Attn: A. M. O'Hare

9. Pool name or Wildcat

Basin Fruitland Coal

3. Address of Operator

PO Box 421, Blanco NM 87412

4. Well Location

Unit Letter G : 1455 Feet From The North Line and 1820 Feet From The East Line

Section 21 Township 29N Range 10W NMPM San Juan County

10. Elevation (Show whether SP, RKB, RT, GR, etc.)

5616' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data  
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK  PLUG AND ABANDON  REMEDIAL WORK  ALTERING CASING   
TEMPORARILY ABANDON  CHANGE PLANS  COMMENCE DRILLING OPNS.  PLUG AND ABANDONMENT   
PULL OR ALTER CASING  CASING TEST AND CEMENT JOB   
OTHER: change name  OTHER:

12. Describe Proposed or Completed Operations (Clearly state all pertinent details and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

The name of this proposed well was the Chavez 29-10-21 #1 and it has been changed to the Velasquez 29-10-21 #1. If there are any questions please contact A. M. O'Hare at (505) 325-5599.

RECEIVED  
AUG 13 1992  
OIL CONSERVATION  
DIST. C

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 DATE Aug. 12, 1992

TYPE OR PRINT NAME Dana M. Hyde TELEPHONE NO. 505-325-51

(This space for State Use)

APPROVED BY Original Signed by, CHARLES GIBLSON TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 13 1992

CONDITIONS OF APPROVAL (SEE RULE 1103)

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 88220  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. ( assigned by OCD on New Wells)  
30-045-28744  
5. Indicate Type of Lease  
STATE  FEE   
6. State Oil & Gas Lease No.

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AUG 10 1992

APPLICATION FOR PERMIT TO DRILL, OIL CON. DIV. DIST. 3

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.

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

7. Lease Name or Unit Agreement Name: Chavez 29-10-21

8. Well No.: 1 N/320

9. Pool name or Wildcat: Basin Fruitland Coal

4. Well Location  
Unit Letter G : 1455' Feet From The North Line and 1820' Feet From The East Line  
Section 21 Township 29N Range 10W NMPM San Juan County

10. Proposed Depth: 2150'  
11. Formation: Fruitland Coal  
12. Rotary or C.T.: Rotary  
13. Elevations (Show whether DF, RT, GR, etc.): 5616' GL, 5629' 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 Class B w/ 2% CaCl <sub>2</sub>	surface
7-7/8"	5-1/2"	15.5#, J-55	2150'	225 sx 65/35 POZ mix w/6% gel & 100 sx Class B neat tail.	Surface

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 the hole to TD. A double ram type blowout preventer and choke assembly will be used to maintain well control at all times during drilling operations. A full suite of open hole logs will be run upon reaching total depth. Both strings of casing will be cemented in separate single stage jobs. A high strength cement will be placed across the pay and at least five hundred feet above the bottom of the hole. A minimum of ten centralizers will be used to optimize placement of the cement around the pipe. A description of the BOP equipment and choke assembly along with schematic sketches of the equipment are included as exhibits to this application.

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 8/6/92  
TYPE OR PRINT NAME A. M. O'Hare TELEPHONE NO. (505) 325-551

(This space for State Use)

APPROVED BY Ernie Busch TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 12 1992

CONDITIONS OF APPROVAL, IF ANY:  
APPROVAL EXPIRES 2-12-93  
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 O-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

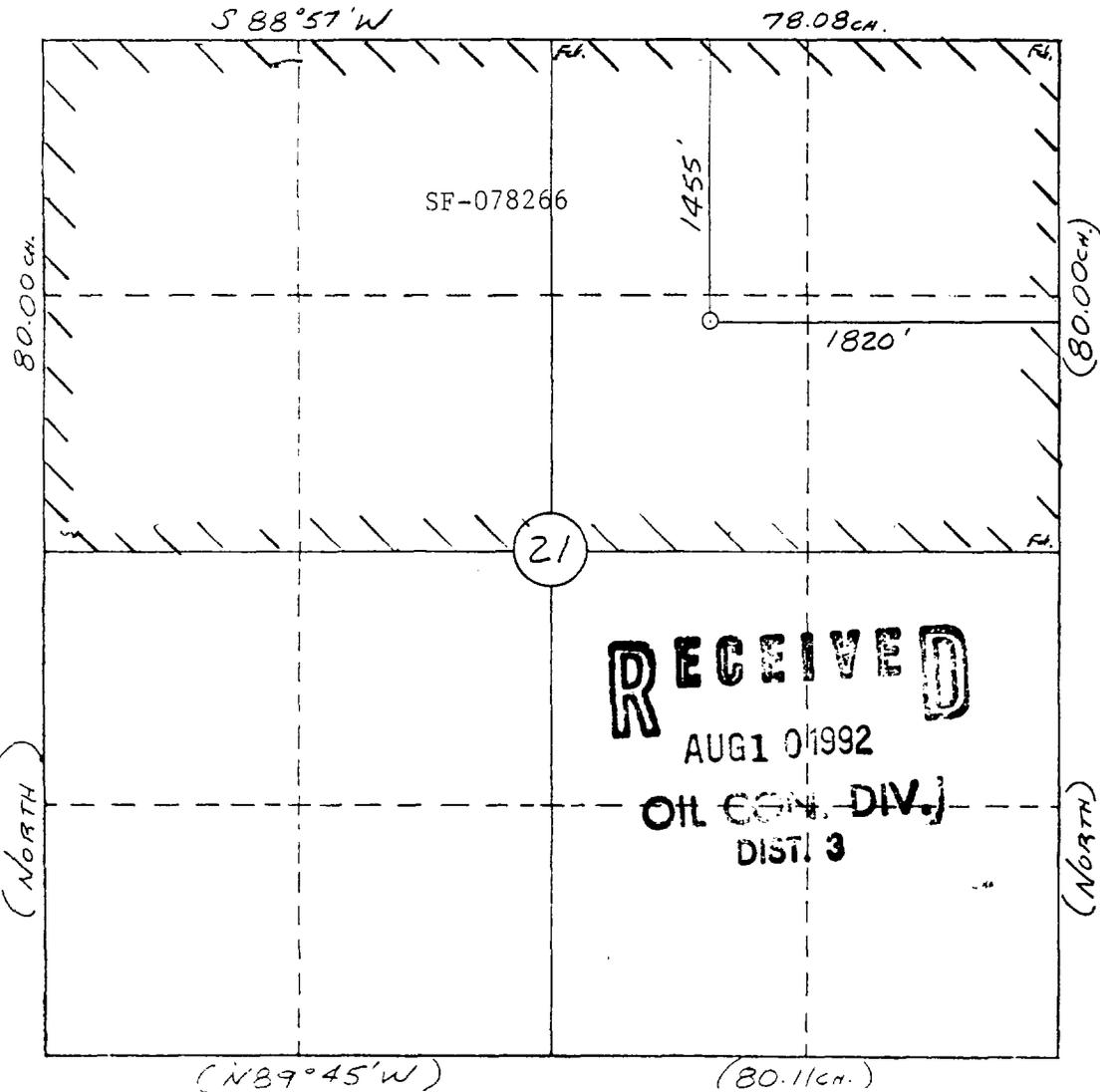
Operator <b>S G INTERESTS I, LTD.</b>		Lease Chavez 29-10-21		Well No 1	
Grid Letter G	Section 21	Township 29 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 1455 feet from the North line and 1820 feet from the East line					
Ground Level Elev 5616	Producing Formation Fruitland Coal	Pool Basin Fruitland		Dedicated Acreage 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 Communitization

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.



**OPERATOR CERTIFICATION**

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

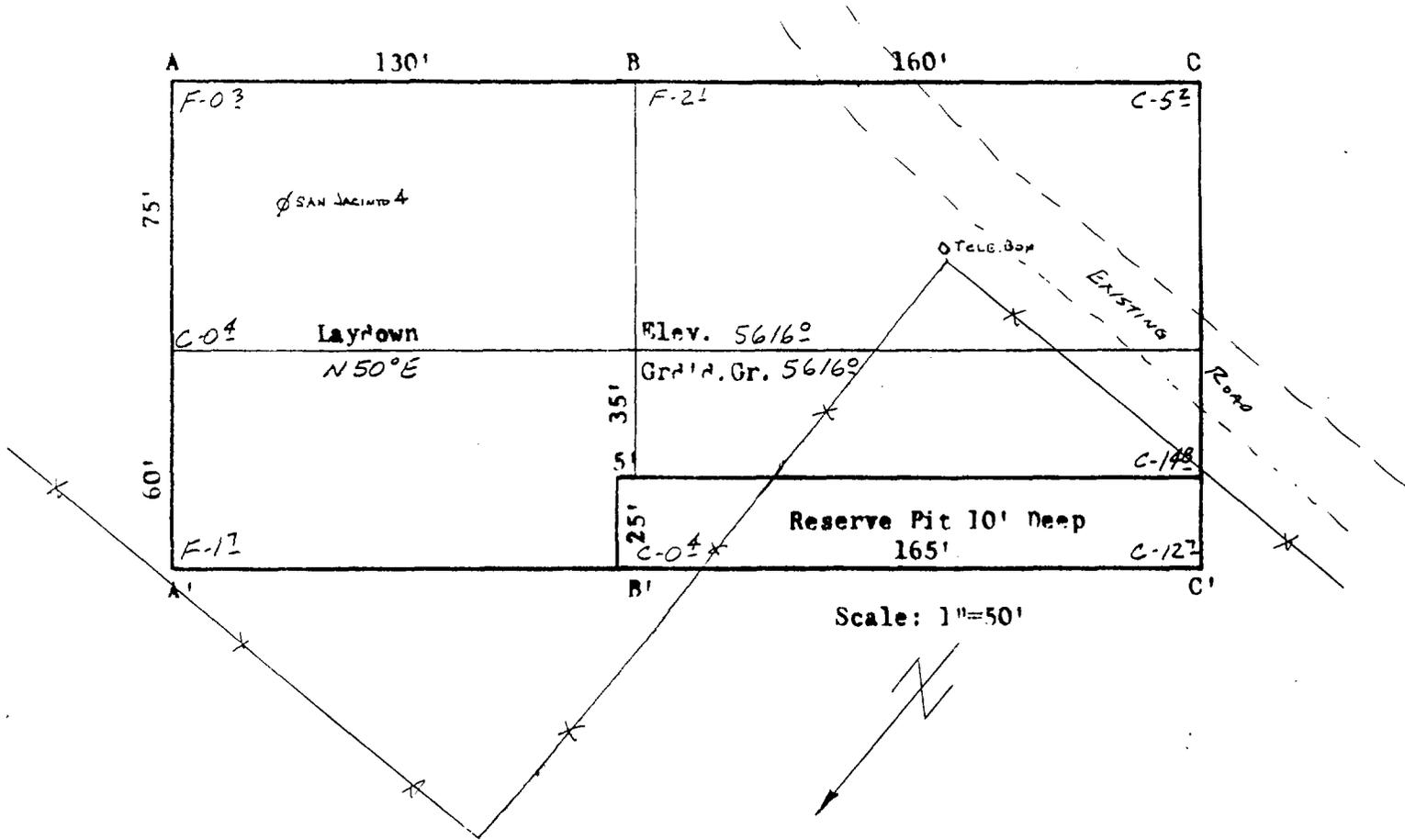
Signature: *A. M. O'Hare*  
 Printed Name: A. M. O'Hare  
 Position: President/Agent  
 Company: Maralex Resources, Inc.  
 Agent for: SG Interests I,  
 Date: August 6, 1992

**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.

Date Surveyed: 8-5-92  
 Surveyor: William E. Mahnke II  
 Signature & Seal of Professional Surveyor  
 Certificate No. 8466  
 State of New Mexico Professional Land Surveyor

S G INTERESTS I, LTD.  
 Chavez 29-10-21 #1  
 1455'FNL & 1820'FEL  
 Sec.21, T29N, R10W  
 San Juan Co., N.M.



A-A'      Vert: 1" = 30'    Horiz: 1" = 100'      C/L

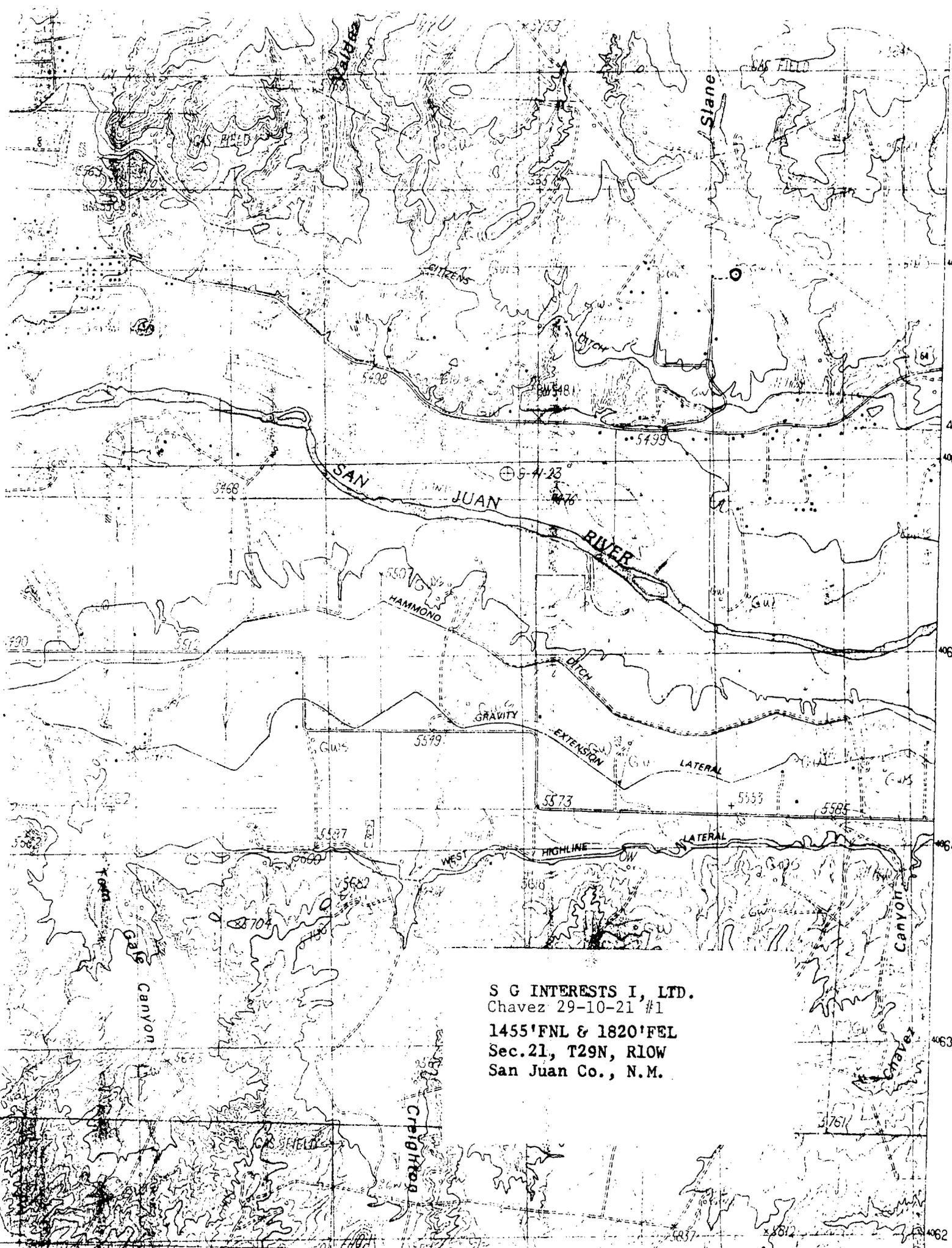
5620						
5610						

B-B'

5620						
5610						

C-C'

5620						
5610						



S G INTERESTS I, LTD.  
Chavez 29-10-21 #1  
1455'FNL & 1820'FEL  
Sec.21, T29N, R10W  
San Juan Co., N.M.

Exhibit #1  
BOP Stack Arrangement

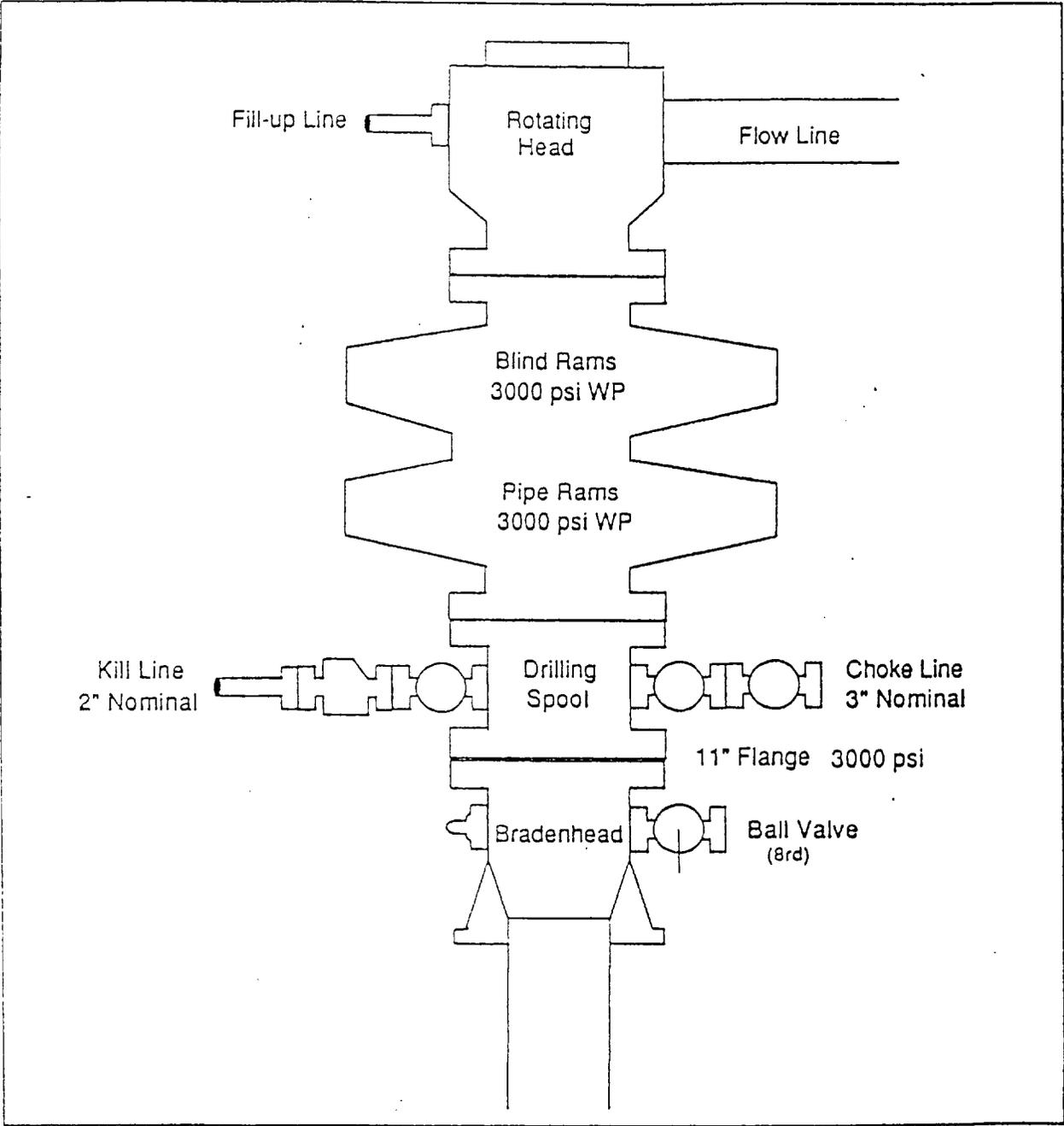


Exhibit #2  
Choke Manifold & Accumulator Schematic

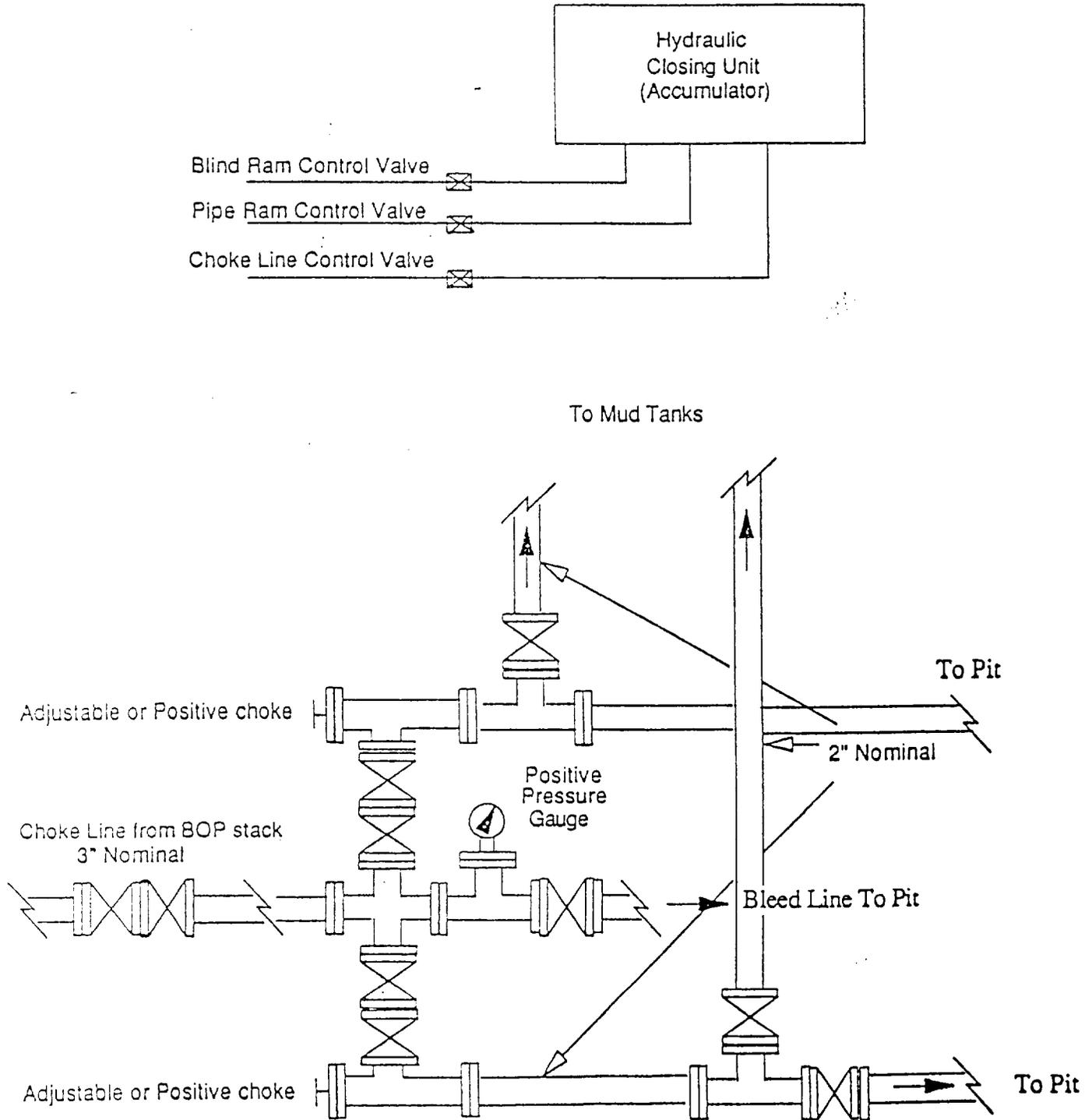


Exhibit #3  
Blowout Prevention Equipment Specifications

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.