

LAW OFFICES

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

621 WEST ARRINGTON
FARMINGTON, NEW MEXICO 87401
TELEPHONE: (505) 325-1801

TELETYPE UNIT
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'92 OCT 2 PM 9 49 TELECOPIER:
(505) 325-4675

OF COUNSEL
Charles M. Tansey

October 2, 1992

Douglas A. Echols
Richard L. Gerding
Connie R. Martin
Michael T. O'Loughlin
James B. Payne
Tommy Roberts
Haskell D. Rosebrough
Robin D. Strother
Karen L. Townsend

Mailing Address:
P. O. Box 1020
Farmington, N.M. 87499

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

Attn: William J. Lemay, Director

Re: Applications for Compulsory Pooling
SG Interests I, Ltd.
San Juan County, New Mexico

Gentlemen:

Enclosed please find Applications for Compulsory Pooling
filed on behalf of SG Interests I, Ltd. for the following lands,
all located in San Juan County, New Mexico:

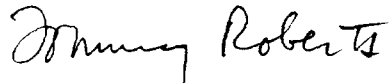
- 1) N/2 of Section 2, Township 29 North, Range 9 West
- 2) S/2 of Section 2, Township 29 North, Range 9 West
- 3) S/2 of S/2 of Section 19 and N/2 of Section 30,
Township 29 North, Range 9 West
- 4) E/2 of Section 15, Township 29 North, Range 10 West
- 5) N/2 of Section 21, Township 29 North, Range 10 West
- 6) S/2 of Section 22, Township 29 North, Range 10 West
- 7) ~~E/2 of Section 27, Township 29 North, Range 10 West~~
- 8) E/2 of Section 31, Township 29 North, Range 10 West
- 9) W/2 of Section 26, Township 29 North, Range 11 West
- 10) E/2 of Section 30, Township 30 North, Range 8 West

10583

- 11) S/2 of Section 17, Township 30 North, Range 9 West
- 12) E/2 of Section 18, Township 30 North, Range 9 West
- 13) S/2 of Section 25, Township 30 North, Range 9 West
- 14) N/2 of Section 25, Township 30 North, Range 9 West

Please place these applications on the October 29th, 1992 docket of the New Mexico Oil Conservation Division. Please advise should you require any additional information.

Sincerely,



Tommy Roberts,
Attorney for
SG Interests I, Ltd.

TR:tlm

cc: Supervisor, District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

cc: James B. Fullerton,
Consulting Landman on behalf
of SG Interests I, Ltd.
1645 Court Place, Suite 406
Denver, Colorado 80202

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

Case 10583

Attn: William J. Lemay, Director

Re: Application for Compulsory Pooling
SG Interests I, Ltd.
E/2 of Section 27, Township 29 North, Range 10 West
San Juan County, New Mexico

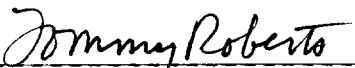
Gentlemen:

Please consider this letter the formal application of SG Interests I, Ltd. for an order of the New Mexico Oil Conservation Division force-pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 27, Township 29 North, Range 10 West, N.M.P.M., San Juan County, New Mexico, forming a standard 320.00 acre coal gas spacing and proration unit for said pool, to be dedicated to the Armenta 29-10-27 #1 Well to be drilled at a standard coal gas well location in the NE/4 of said Section 27. SG Interests I, Ltd. requests that such order designate SG Interests I, Ltd. as the operator of the proposed well, and that it provide for the recovery by the joining working interest owners of the cost of drilling, completing, equipping and operating the proposed well, together with a reasonable charge for risk involved in drilling the well. In addition, SG Interests I, Ltd. requests that the order establish a reasonable charge for the supervision of the well during the drilling and production stages.

State of New Mexico
Oil Conservation Division
Page 2
October 2, 1992

Please place this application on the October 29th, 1992 docket of the New Mexico Oil Conservation Division. Please advise should you require any additional information.

Sincerely,



Tommy Roberts,
Attorney for
SG Interests I, Ltd.

TR:tlm

cc: Supervisor, District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

cc: James B. Fullerton,
Consulting Landman on behalf
of SG Interests I, Ltd.
1645 Court Place, Suite 406
Denver, Colorado 80202

RANGE 10452

SE Investors, Ltd.
Brown 29-10-27 with No. 2
1930 '25c. 1695 fine
1/2 coal dedication
0

Standard 640-acre Section

Submit to Appropriate
District Office
State Lease -- 6 copies
Fee Lease -- 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION

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

API NO. (assigned by OCD on New Wells)

3-045-28731

Indicate Type of Lease

STATE ☐

FEE ☒

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"/>		Armenta 29-10-27			
2. Name of Operator SG Interests I, Ltd.		8. Well No. 1			
3. Address of Operator P.O. Box 421, Blanco, NM 87412-0421		9. Pool name or Wildcat Basin Fruitland Coal			
4. Well Location Unit Letter H : 2030' Feet From The North Line and 825' Feet From The East Line Section 27 Township 29N Range 10W NMPM San Juan County					
10. Proposed Depth 1950'		11. Formation Fruitland Coal			
12. Rotary or C.T. Rotary					
13. Elevations (Show whether DF, RT, GR, etc.) 5498' GL, 5511' KB		14. Kind & Status Plug, Bond Blanket			
15. Drilling Contractor unknown		16. Approx. Date Work will start Aug. 11, 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 ₂	Surface
7-7/8"	5-1/2"	15.5#, J-55	1950'	200 65/35 Pozmix w/ 6% gel & 100 sx	Surface

Class B neat 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 below surface casing. A double ram type BOP and choke assembly will be used to maintain control of the well during drilling operations. A description and schematic drawings of the BOP and choke assembly equipment are included as exhibits to this application. A full suite of open hole 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 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 July 23, 1992

TYPE OR PRINT NAME A. M. O'Hare

TELEPHONE NO. (505) 325-59

(This space for State Use)

APPROVED BY Linn Bush DEPUTY OIL & GAS INSPECTOR, DIST. 33 DATE AUG 03 1992

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL EXPIRES 2-3-93
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-100
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

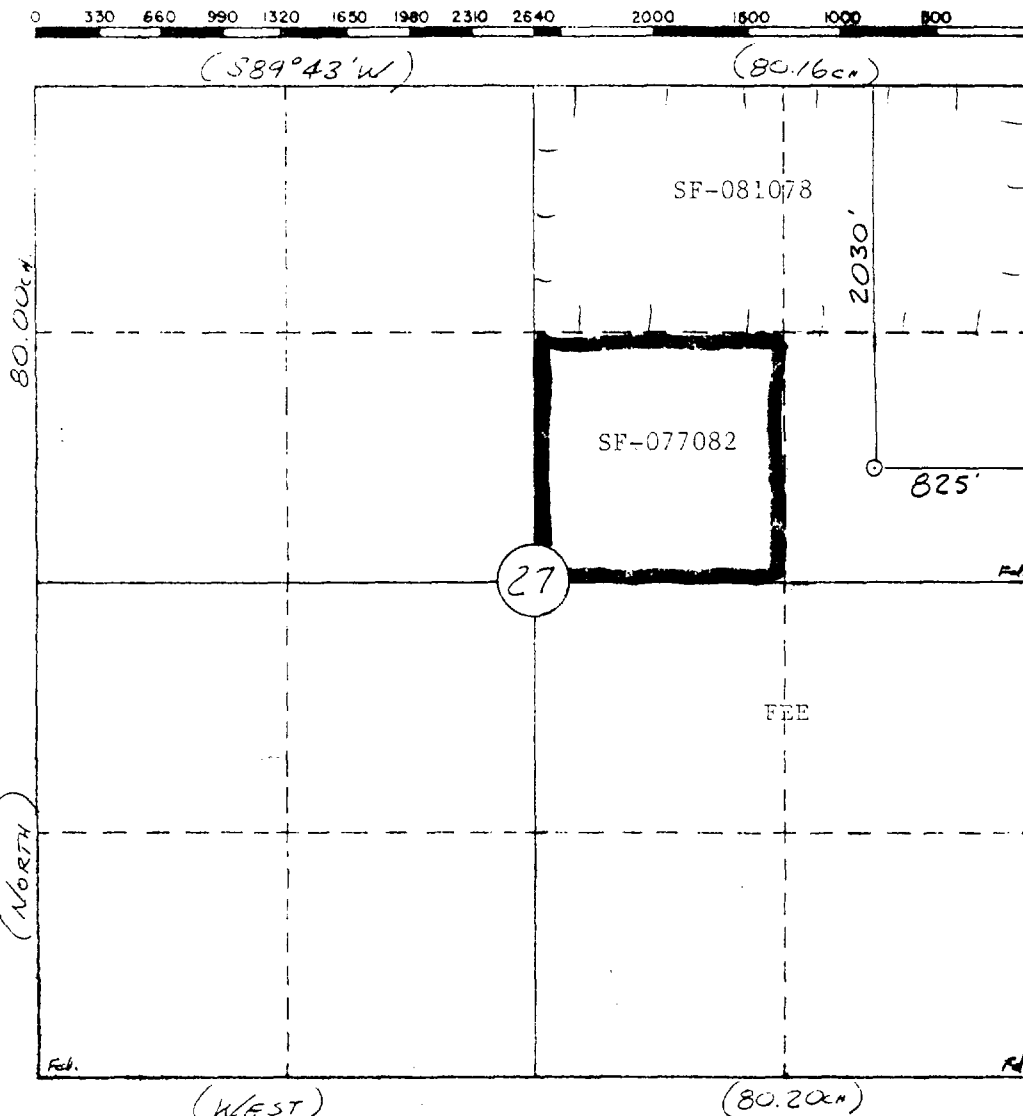
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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 Armenta 29-10-27		Well No. 1	
Unit Letter H	Section 27	Township 29 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 2030 feet from the North line and 825 feet from the East line					
Ground level Elev. 5498	Producing Formation Fruitland Coal		Pool Basin Fruitland	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></p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)</p> <p>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>					



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, Ltd.**
Date: **July 23, 1992**

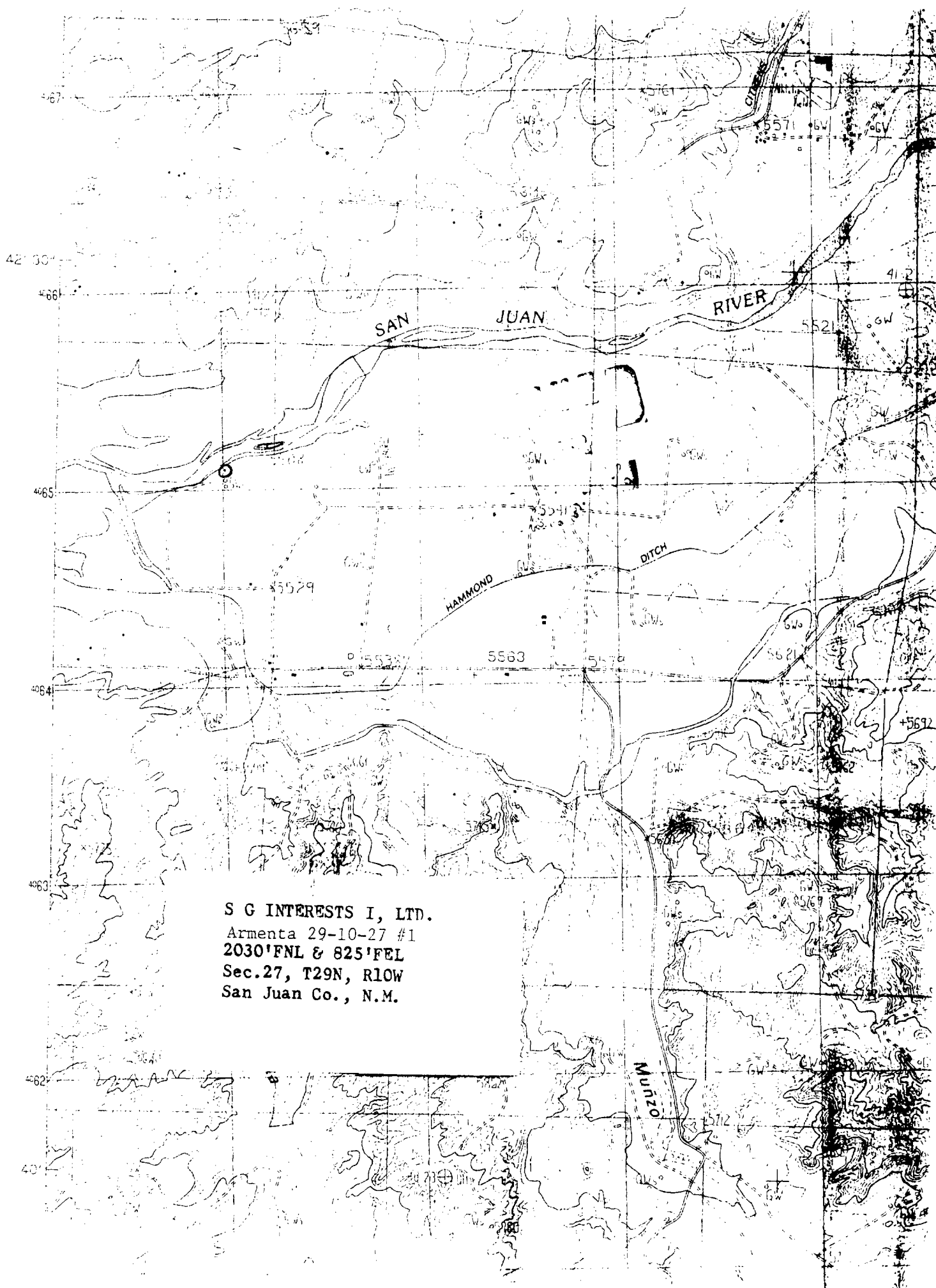
SURVEYOR CERTIFICATION

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: **7-22-92**
Surveyor: **William E. Mahnke II**

Signature & Seal of Professional Surveyor: William E. Mahnke II
Certification No.: **8466**

Professional Land Surveyor



S G INTERESTS I, LTD.
Armenta 29-10-27 #1
2030'FNL & 825'FEL
Sec.27, T29N, R10W
San Juan Co., N.M.

Exhibit #1
BCP Stack Arrangement

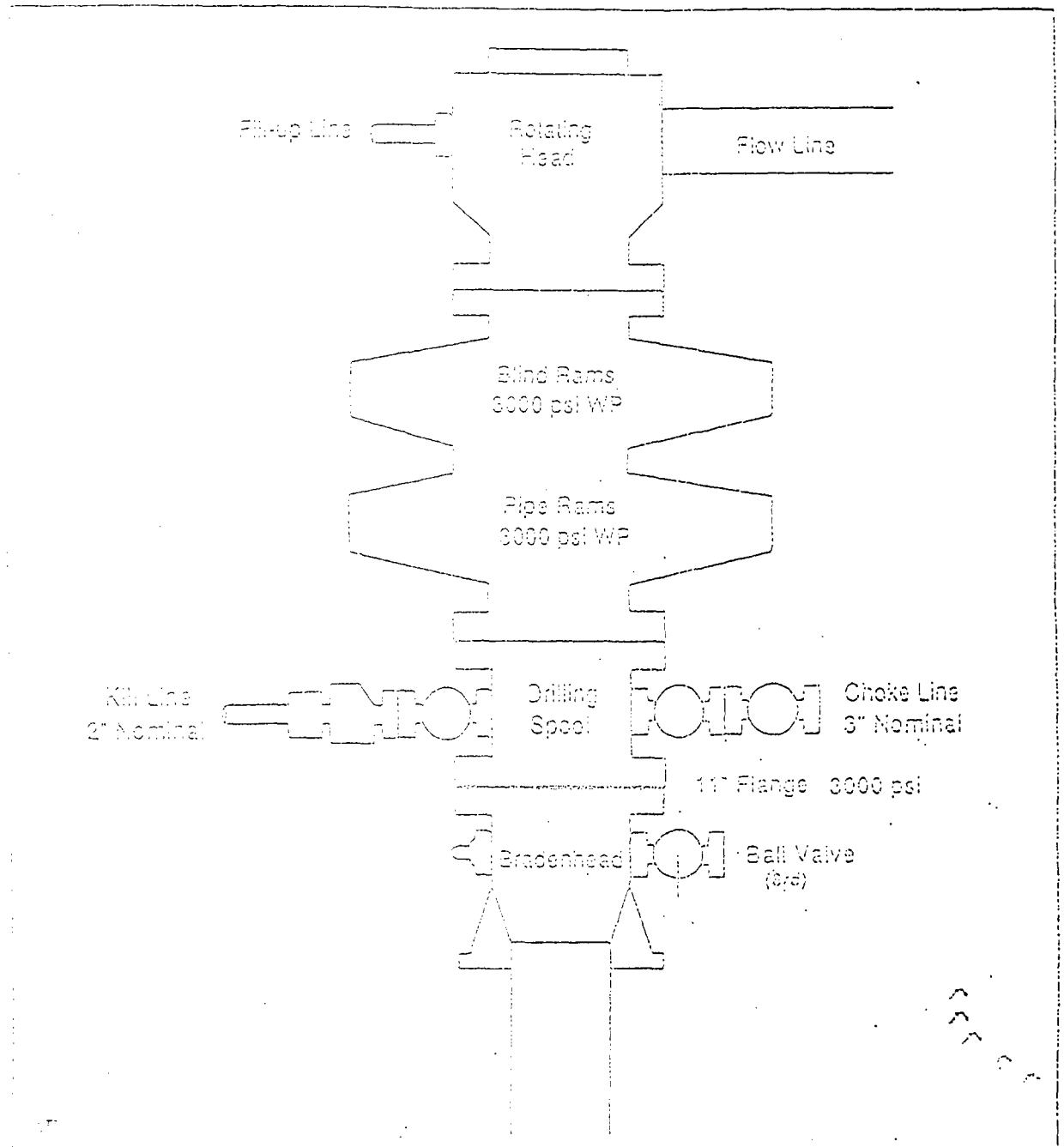


Exhibit #2
Choke Manifold & Accumulator Schematic

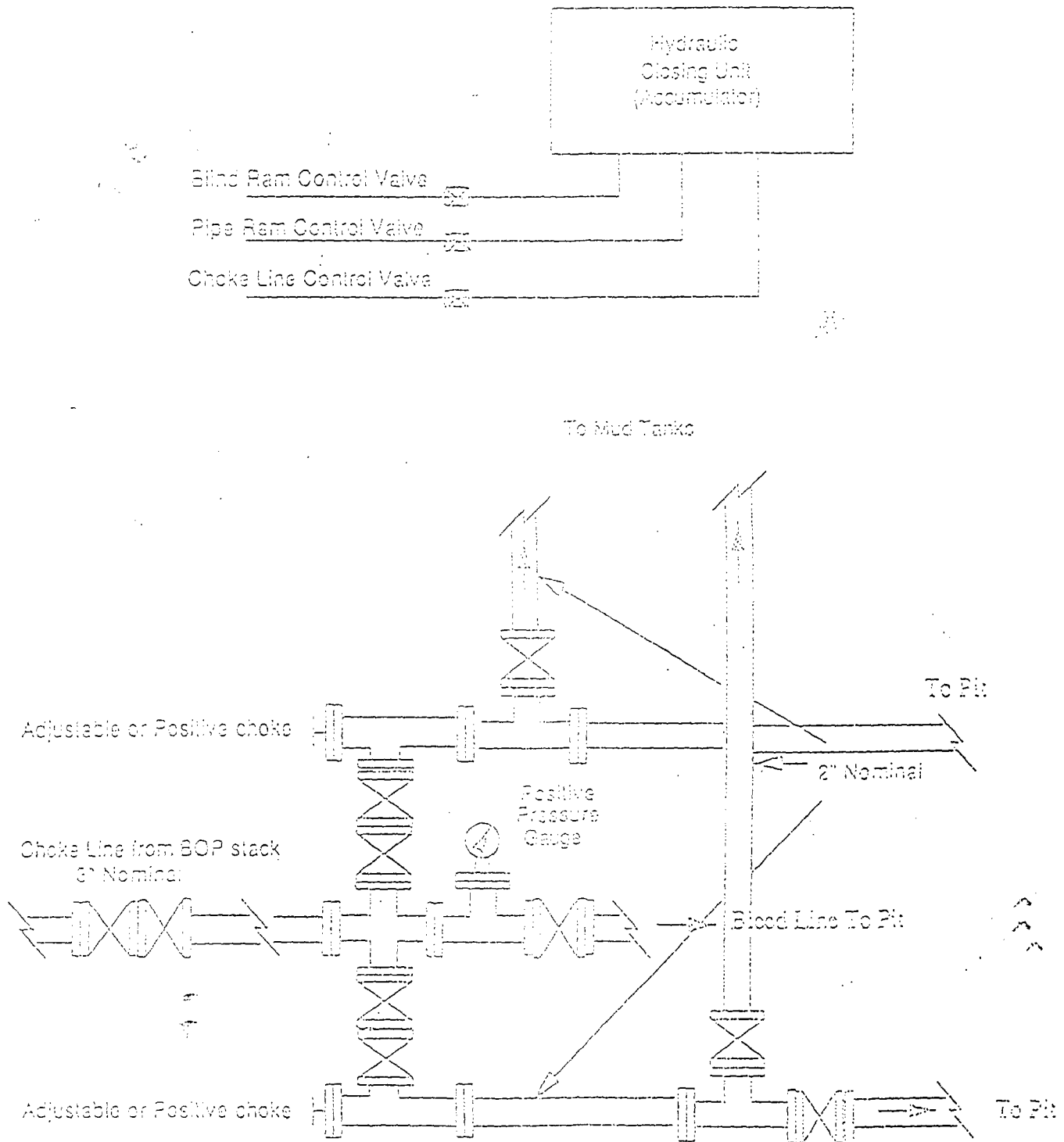


Exhibit #3
Blowout Prevention Equipment Specifications

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.