

LAW OFFICES

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

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

OIL CONSERVATION DIVISION  
REGISTERED

32 00 2A AM 8 58

OF COUNSEL  
Charles M. Tansey

TELECOPIER:  
(505) 325-4675

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

October 26, 1992

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 10609*

Attn: William J. Lemay, Director

Re: Application for Compulsory Pooling  
SG Interests I, Ltd.  
N/2 of Section 24, Township 29 North, Range 10 West,  
N.M.P.M., 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 N/2 of Sec. 24, T29N, R10W, 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 its Archunde 29-10-24 #1 Well to be drilled at a standard coal gas well location in the 1,030 feet from the North line and 640 feet from the East line of said Section 24. 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 26, 1992

Please place this application on the November 19, 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:mkc

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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October 26, 1992

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 10609

Attn: William J. Lemay, Director

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

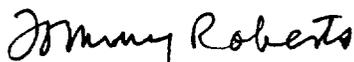
Gentlemen:

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 24, Township 29 North, Range 10 West
- 2) W/2 of Section 28, Township 29 North, Range 10 West
- 3) N/2 and N/2S/2 of Section 19, Township 29 North, Range 9 West
- 4) S/2 of Section 21, Township 29 North, Range 10 West

Please place these applications on the November 19, 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.

State of New Mexico  
Oil Conservation Division  
Page 2  
October 26, 1992

TR:mkc

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

Called in by Jansy Law Firm  
10/27/92

# Memo

From  
FLORENE DAVIDSON  
OC Staff Specialist

To November 19, 1992

S.G. Interests I, Ltd.

Compulsory Pooling

N/2

24-29N-10W

San Juan County

Basin-Fruitland Coal Gas  
Pool

320

*			
		<p>Incline Resources, Inc.          Mendota 24 well No 2          1550' x 26 - 1900' FV4          Spud: 10/30/90          Basin: Fr. Hand Con / Completion          5/2 dedication</p>	
		<p>o →</p>	

Standard 640 acre Section



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

October 1, 1992

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

ANITA LOCKWOOD  
CABINET SECRETARY

SG Interests I. Ltd.  
c/o Maralex Resources, Inc.  
P.O. Box 421  
Blanco, New Mexico 87412

Attention: A.M. O'Hare

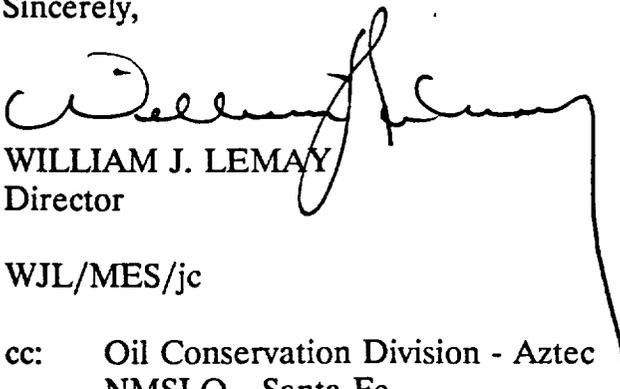
*Administrative Order NSL-3173*

Dear Mr. O'Hare:

Reference is made to your application on behalf of the operator SG Interests I. Ltd., by letter dated September 10, 1992 for a non-standard coal gas well location for the Archunde 29-10-24 Well No. 1 to be located 1030 feet from the North line and 640 feet from the East line (Unit A) of Section 24, Township 29 North, Range 10 West, NMPM, Basin Fruitland Coal (Gas) Pool, San Juan County, New Mexico. The N/2 of said Section 24 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

By the authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

  
WILLIAM J. LEMAY  
Director

WJL/MES/jc

cc: Oil Conservation Division - Aztec  
NMSLO - Santa Fe

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 88240

OIL CONSERVATION DIVISION

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

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

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

92 OCT 5 PM 9 59

WELL API NO.  
30-045-28765

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 C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name  
Archunde 29-10-24

1. Type of Well:  
OIL WELL  GAS WELL  OTHER

8. Well No. 1

2. Name of Operator  
SG Interests I, Ltd.

9. Pool name or Wildcat  
Basin Fruitland Coal

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

4. Well Location  
Unit Letter A : 1030 Feet From The North Line and 640 Feet From The East Line  
Section 24 Township 29N Range 10W NMPM San Juan County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)  
5547' GL, 5560' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data  
NOTICE OF INTENTION TO:  
PERFORM REMEDIAL WORK  PLUG AND ABANDON   
TEMPORARILY ABANDON  CHANGE PLANS   
PULL OR ALTER CASING   
OTHER: OIL CON. DIV. DIST. 3   
SUBSEQUENT REPORT OF:  
REMEDIAL WORK  ALTERING CASING   
COMMENCE DRILLING OPNS.  PLUG AND ABANDONMENT   
CASING TEST AND CEMENT JOB   
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.

Spud Date: 9-18-92 @ 2:00 PM  
Hole Size: 12 1/4"  
Casing: 6 Jts (258') 8 5/8", 23#, X42LS, Casing set @ 270', Guide Shoe @ 270', Insert Float, 3 Centralizers @ 250', 210', & 170'.  
Cement: 200 sx Class B w/290 each (1.18 Yield/236 cu ft). Circ 5 bbls cement to surface.  
Pressure Test: Pressure Test BOP Stack & Float Equipment to 600 psi - Held OK  
Pressure Test Casing to 600 psi - Held OK

I hereby certify that the information above is true and complete to the best of my knowledge and belief.  
SIGNATURE Carrie A. Baze TITLE Agent DATE 9/24/92  
TYPE OR PRINT NAME Carrie A. Baze TELEPHONE NO. (915) 694-6107

(This space for State Use)  
APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT # 3 DATE SEP 28 1992  
CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

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

92 OCT 5 Santa Fe, New Mexico 87504-2088

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

WELL API NO.  
30-045-28765

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 C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name  
Archunde 29-10-24

1. Type of Well:  
OIL WELL  GAS WELL  OTHER

8. Well No. 1

2. Name of Operator  
SG Interests I, Ltd.

9. Pool name or Wildcat  
Basin Fruitland Coal

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

4. Well Location  
Unit Letter A : 1030 Feet From The North Line and 640 Feet From The East Line  
Section 24 Township 29N Range 10W NMPM San Juan County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)  
5547' GL, 5560' KB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER: <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

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

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.

Production Casing: TD @ 2113 on 9-20-92.  
Hole Size: 7 7/8"  
Casing: 49 Jts (2097') 5 1/2", 15.5#, J-55, Casing set @ 2097', Guide Shoe @ 2097', Float Collar @ 2062', Centralizers @ 1998', 1956', 1872', 1788', 1704', 1620', 1536', 1452', 1368', 1284', 1200', & 1116'.  
Cement: 300 sx Pacesetter Lite w/690 gel (1.93 Yield/579 cu ft) & 100 sx Class B w/190 CF-14 + .490 Thrifty Lite (1.19 Yield/119 cu ft). Circ 14 bbls cement to surface.  
Bump Plug w/1400 psi.  
Plug Down W 7:30 AM on 9/21/92.

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

SIGNATURE Carrie A. Baze TITLE Agent DATE 9/24/92  
TYPE OR PRINT NAME Carrie A. Baze TELEPHONE NO. (915) 694-6107

(This space for State Use)  
APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT # 3 DATE SEP 28 1992  
CONDITIONS OF APPROVAL, IF ANY:

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  
 RECEIVED  
 OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico 87504-2088  
 AUG 21 1992

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

API NO. (assigned by OCD on New Wells) <i>30-045-28765</i>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. 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 Archunde 29-10-24
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"/>	8. Well No. 1
2. Name of Operator SG Interests I, Ltd.	9. Pool name or Wildcat Basin Fruitland
3. Address of Operator P.O. Box 421, Blanco, NM 87412-0421	
4. Well Location Unit Letter <u>A</u> : <u>1030</u> Feet From The <u>North</u> Line and <u>640'</u> Feet From The <u>East</u> Line Section <u>24</u> Township <u>29N</u> Range <u>10W</u> NMPM <u>San Juan</u> County	

10. Proposed Depth 2100'	11. Formation Fruitland Coal	12. Rotary or C.T. Rotary
-----------------------------	---------------------------------	------------------------------

13. Elevations (Show whether DF, RT, GR, etc.) 5547' GL, 5560' KB	14. Kind & Status Plug. Bond Blanket	15. Drilling Contractor Walters Drilling	16. Approx. Date Work will start September 5, 1992
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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 neat	surface
7-7/8"	5-1/2"	15.5#, J-55	2100'	205 sx 65/35 Poz mix w/6% gel & 100sx Class B neat tail	surface

SG Interests I, Ltd., proposes to drill a vertical hole to develop the Fruitland Coal formation at the above described site. The well will be drilled with a low solids non-dispersed mud. A double ram type blowout preventer will be used to maintain well control at all times during the drilling of the well. Schematic sketches of the BOP and choke assembly, along with a description of that equipment are included as Exhibits to this application. A full suite of logs will be run upon reaching TD. Both strings of casing will be cemented in separate single stage cement jobs. A high strength cement will be placed across the pay zones 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 on the long string.

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 August 19, 1992  
 TYPE OR PRINT NAME A. M. O'Hare TELEPHONE NO. (505) 325-55

(This space for State Use)

APPROVED BY *Ernie Busch* TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 21 1992

CONDITIONS OF APPROVAL, IF ANY:

*Hold C-104 for NSL*

APPROVAL EXPIRES 2-21-93  
 UNLESS DRILLING IS COMMENCED.  
 SPUD NOTICE MUST BE SUBMITTED  
 WITHIN 30 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-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 Rip Brazos Rd., Aztec, NM 87410

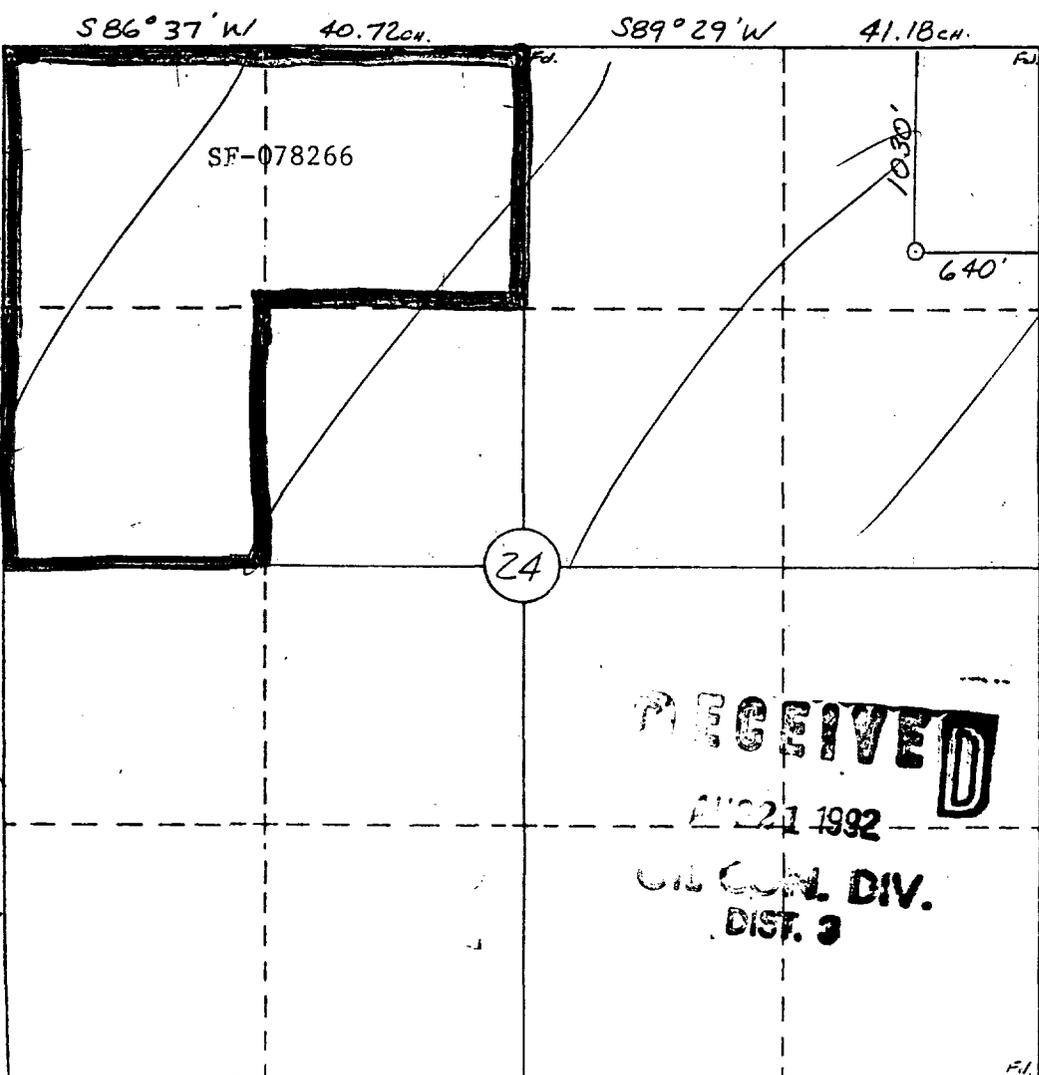
**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>S G INTERESTS I, LTD.</b>		Lease Archunde 29-10-24		Well No. 1
Unit Letter <b>A</b>	Section <b>24</b>	Township <b>29 N</b>	Range <b>10 W</b>	County <b>San Juan</b>
Actual Footage Location of Well: <b>1030</b> feet from the <b>North</b> line and <b>640</b> feet from the <b>East</b> line				
Ground level Elev. <b>5547</b>	Producing Formation <b>Fruitland Coal</b>	Pool <b>Basin Fruitland</b>	Dedicated Acreage: <b>320</b> 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.

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 for: **SG Interests, I, Lt**  
 Date: **August 19, 1992**

---

**SURVEYOR CERTIFICATION**

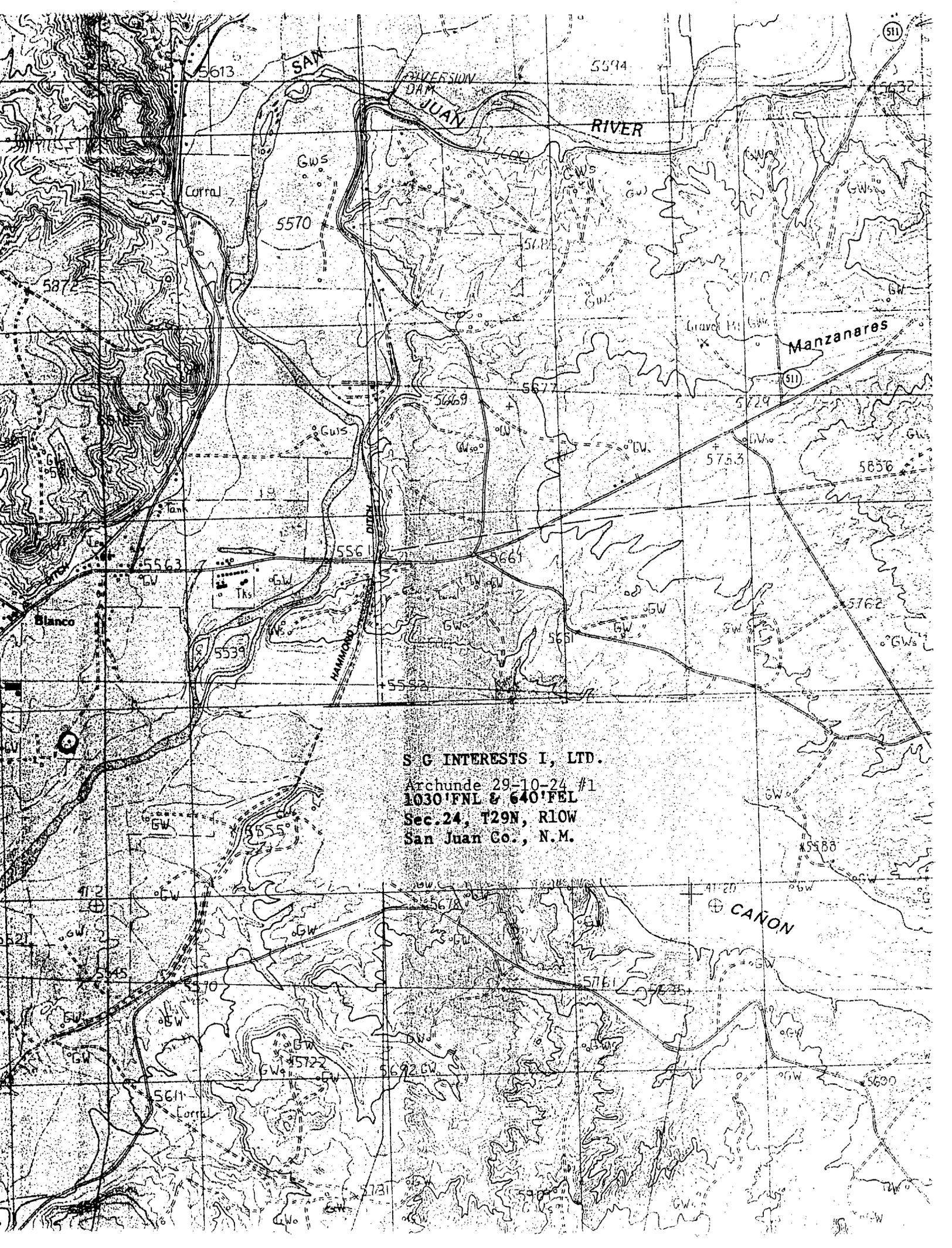
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **6-29-92**  
 Signature: **William E. Mahnke II**  
 Professional Surveyor  
 Seal: **NEW MEXICO #8466 REGISTERED PROFESSIONAL LAND SURVEYOR**  
 Certificate No: **8466**

**RECEIVED**  
 AUG 21 1992  
 OIL CON. DIV.  
 DIST. 3

N 0° 46' W 79.86 ch.

(WEST) (79.80 ch)



**S G INTERESTS I, LTD.**  
Archude 29-10-24 #1  
1030' FNL & 640' FEL  
Sec. 24, T29N, R10W  
San Juan Co., N.M.

Exhibit #1  
BOP Stack Arrangement

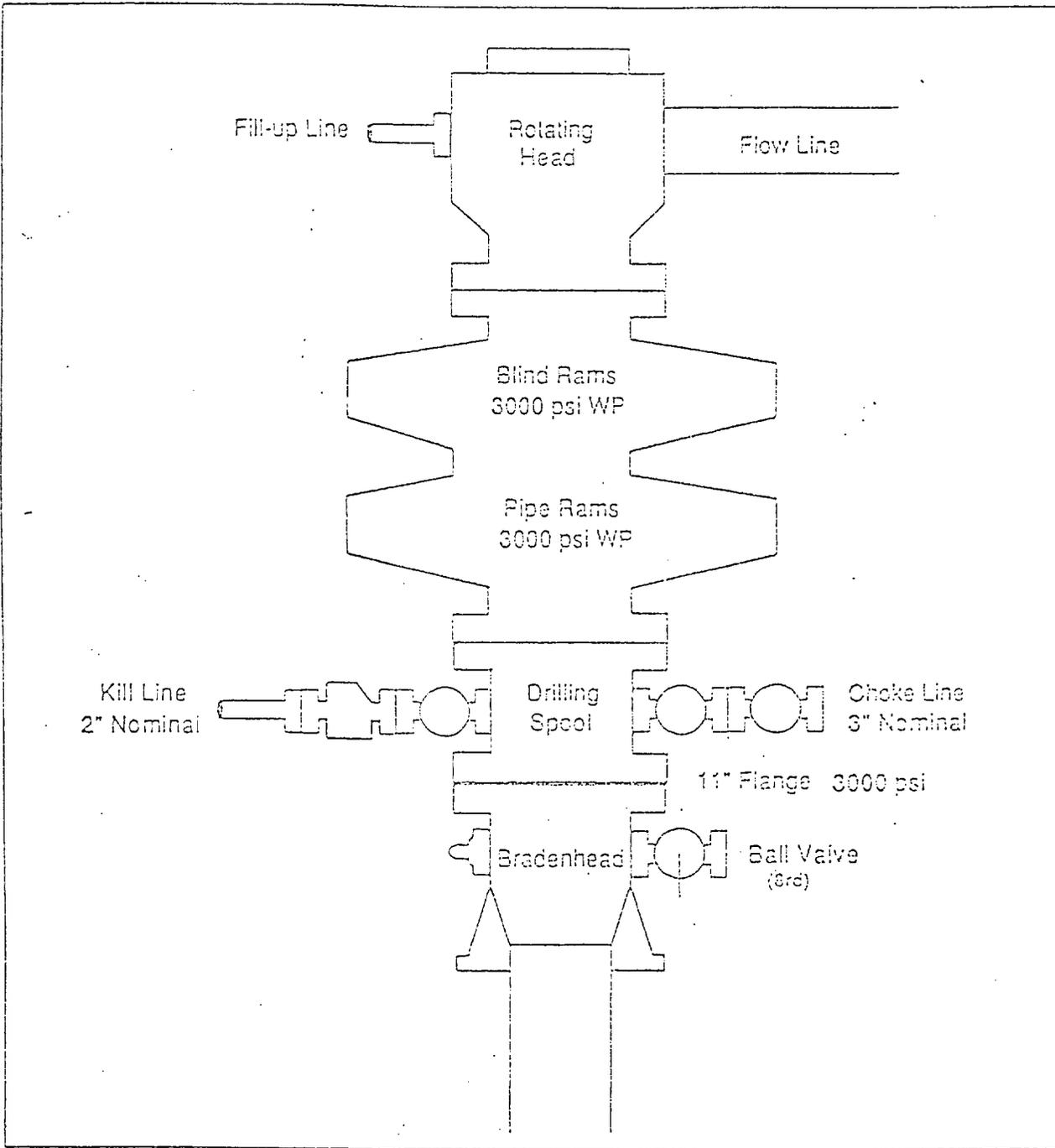


Exhibit #2  
Choke Manifold & Accumulator Schematic

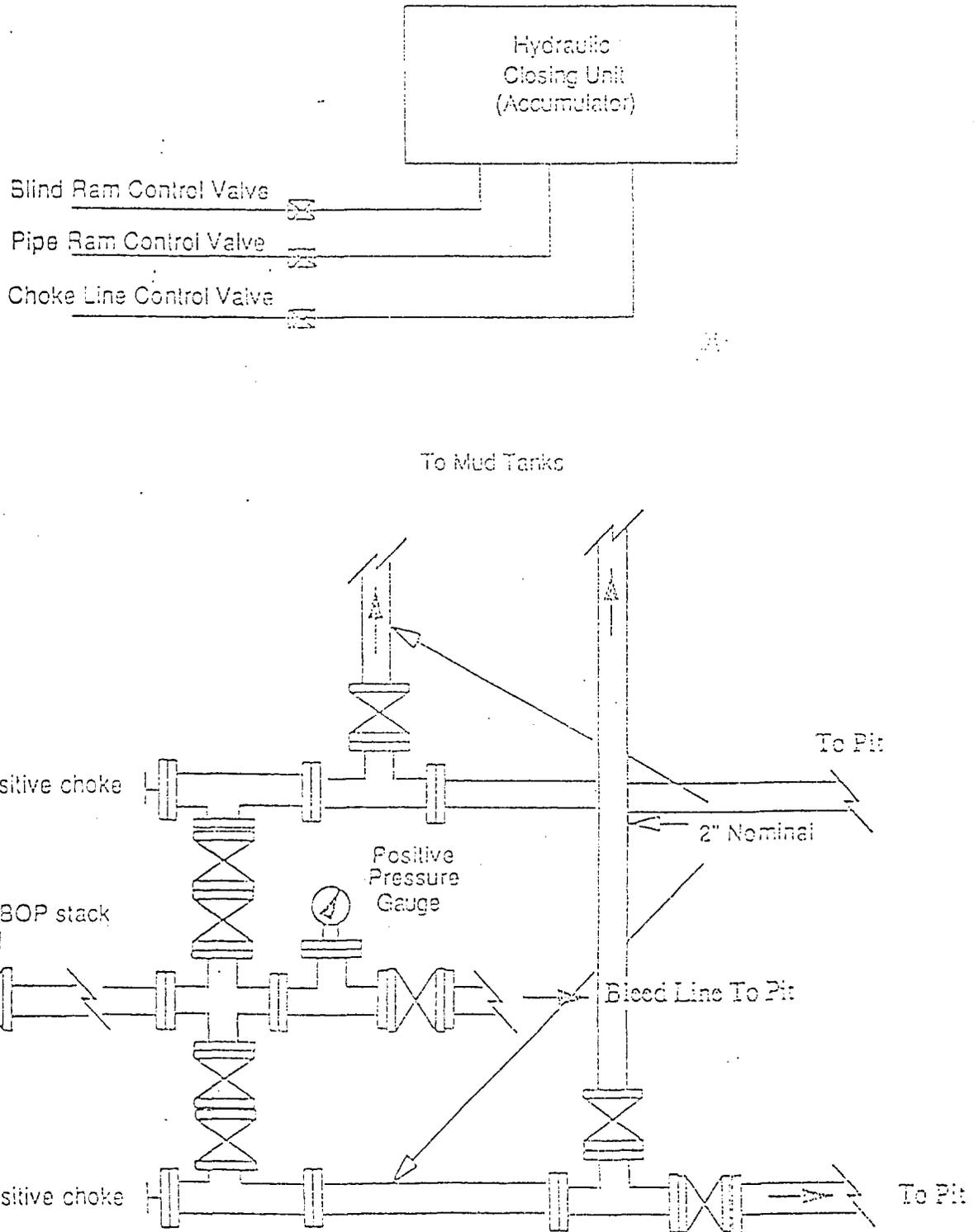


Exhibit #3  
Blowout Prevention Equipment Specifications

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.