

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

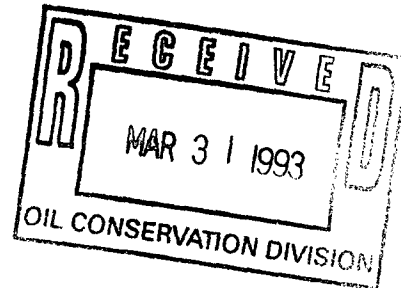
W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 31, 1993

HAND DELIVERED



Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: SG Interests I, Ltd.'s
Administrative Application for
Approval of an Unorthodox Basin-
Coal Gas Well Location for the
Trujillo 29-21-21 Well No 2
S/2 Section T29N, R10W, NMPM
San Juan County, New Mexico

Dear Mr. Stogner:

In accordance with your letter dated February 1, 1993 addressed to SG Interests I, Ltd. and pursuant to Rule 8 of the Special Rules and Regulations of the Basin-Fruitland Coal Gas Pool Rules (Division Order R-8768-A, please find enclosed SG Interests I, Ltd.'s administrative application dated March 29, 1993 for the location of the referenced well.

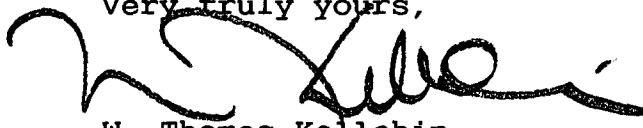
Specifically, the unorthodox coal-gas well location for the Trujillo 29-10-21 Well No 2 is 645 feet FWL and 1165 feet FSL of Section 21, T29N, R10W, NMPM, San Juan County, New Mexico and was necessary for topographical conditions as set forth on the attached enclosures submitted to me by Mickey O'Hare, a geologist for the applicant [phone (505) 325-5599].

Michael E. Stogner
March 31, 1993
Page 2.

On March 30, 1993, S. G. Interests I Ltd. sent notification of this application to all offset operators or owners of undrilled tracts in accordance with Rule 8.

Please call me or Mr. O'Hare if you have any questions.

Very truly yours,



W. Thomas Kellahin

cc w/o enclosures:

Tommy Roberts, Esq.
Jim Fullerton
Mickey O'Hare

**WALSH**

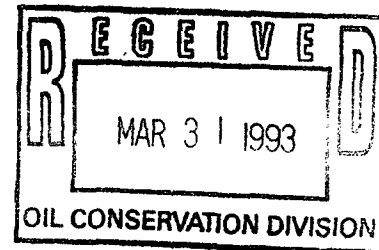
ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping204 N. Auburn
Farmington, New Mexico 87401
(505) 327-4882

March 29, 1993

Mr. William J. LeMay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Non-Standard Location
SG Interests I, Ltd.
Trujillo 29-10-21 #2
1165' FSL, 645' FWL
Section 21, T29N R10W
San Juan County, NM
Basin Fruitland Coal



Dear Mr. LeMay,

This is a request on behalf of SG Interests I, Ltd. for administrative approval of the above referred to non-standard location.

This non-standard location is necessitated by the presence of several residences in the orthodox drilling window. State Highway 64 runs through the middle of the south half of section 21 and there are numerous houses, barns, and other structures on both sides of the highway. This location was requested by the landowner to minimize the impact on his residence.

Exhibit 1 is a copy of the well location plat (Form C-102). Exhibit 2 is a topographic map showing the location for this well, the orthodox location window, and other wells in the SW/4 of section 21. Exhibit 3 is a list of wells in the SW/4 of section 21 and their footage locations.

Due to the shallow depth of this well and the increased drilling costs, a directional well was not feasible for this location.

Also attached is a plat indicating the offset Fruitland Coal operators and existing Fruitland Coal wells (Exhibit 4) and a list of offset operators and their addresses (Exhibit 5).



The offset Fruitland Coal operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed as Exhibit 6.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson
Paul C. Thompson, P.E.
President

cc: SG Interests I Ltd.
NMOCD Aztec NM

LIST OF EXHIBITS

EXHIBIT NO.

WELL LOCATION PLAT (FORM C-102)	1
TOPOGRAPHIC MAP	2
LIST OF WELLS IN SECTION 21	3
PLAT INDICATING OFFSET FRUITLAND COAL OPERATORS	4
LIST OF OFFSET OPERATORS AND ADDRESSES	5
COPIES OF LETTERS TO OFFSET OPERATORS	6

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

EXHIBIT NO. 1

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

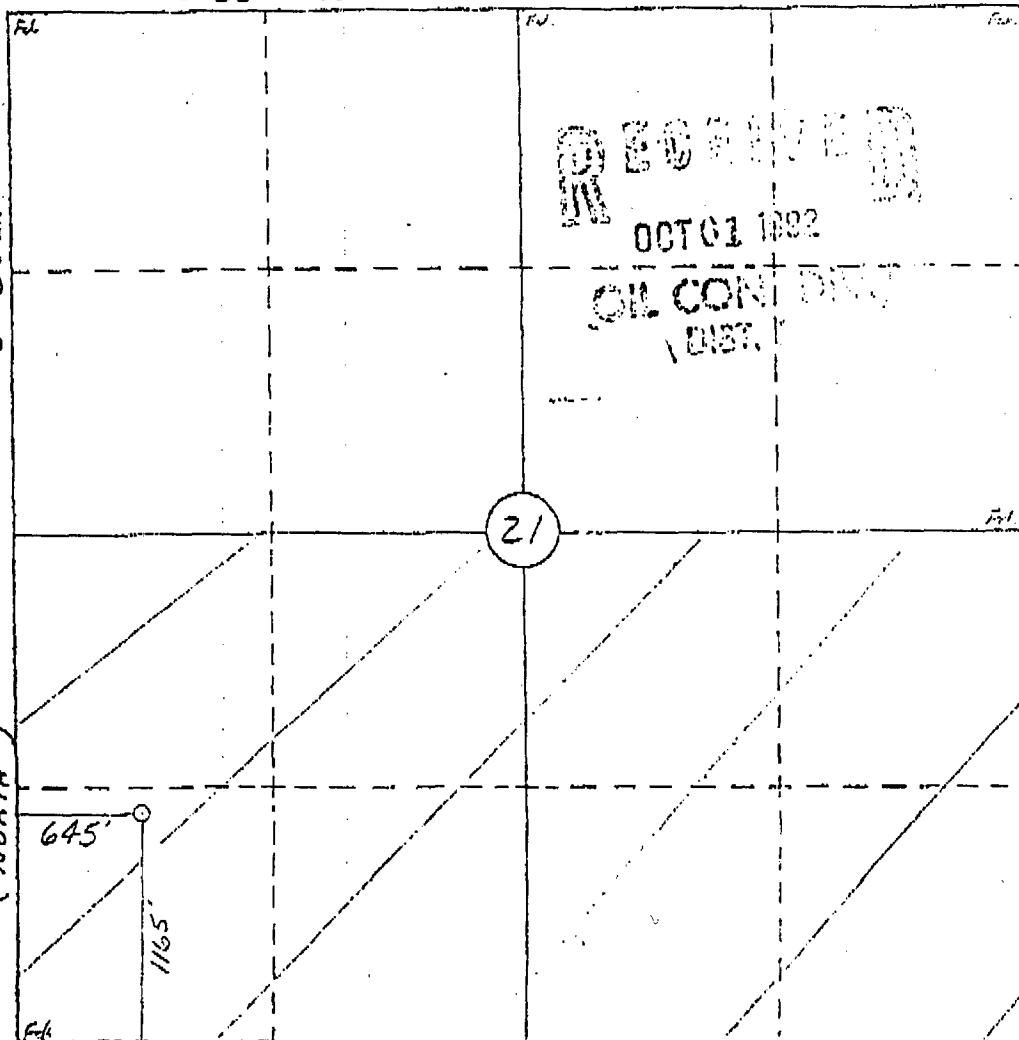
Operator S G INTERESTS I, LTD.			Lease Trujillo 29-10-21		Well No. 2
Unit Letter M	Section 21	Township 29 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 1165 feet from the South line and 645 feet from the West line					
Ground level Elev. 5481	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 320.00 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 **farmout, purchase**
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 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

S 88° 57' W

78.03 ch.



OPERATOR CERTIFICATION

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

Signature *[Signature]*

A. M. O'Hare
Printed Name

President/Agent
Position **Marelex Resources, II**
Agent for **S.G. Interests, I, I**
Company

Date **9/29/92**

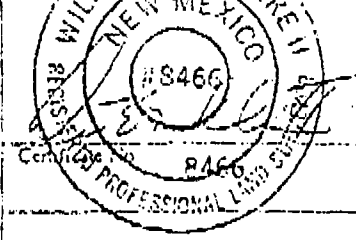
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or 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.

9-29-92

Date Surveyed
William E. Mahnke II

Signature & Seal of Professional Surveyor



55'

240

480000 FEET

242

243 107° 52' 30" 36° 45'

EXHIBIT NO. 2

TOPOGRAPHIC MAP
NON-STANDARD LOCATION
SG INTERESTS I, LTD.
Trujillo 29-10-21 #2
1165'PSL, 645'FWL, SECTION 21, T29N, R10W
San Juan County, New Mexico
Basin Fruitland Coal

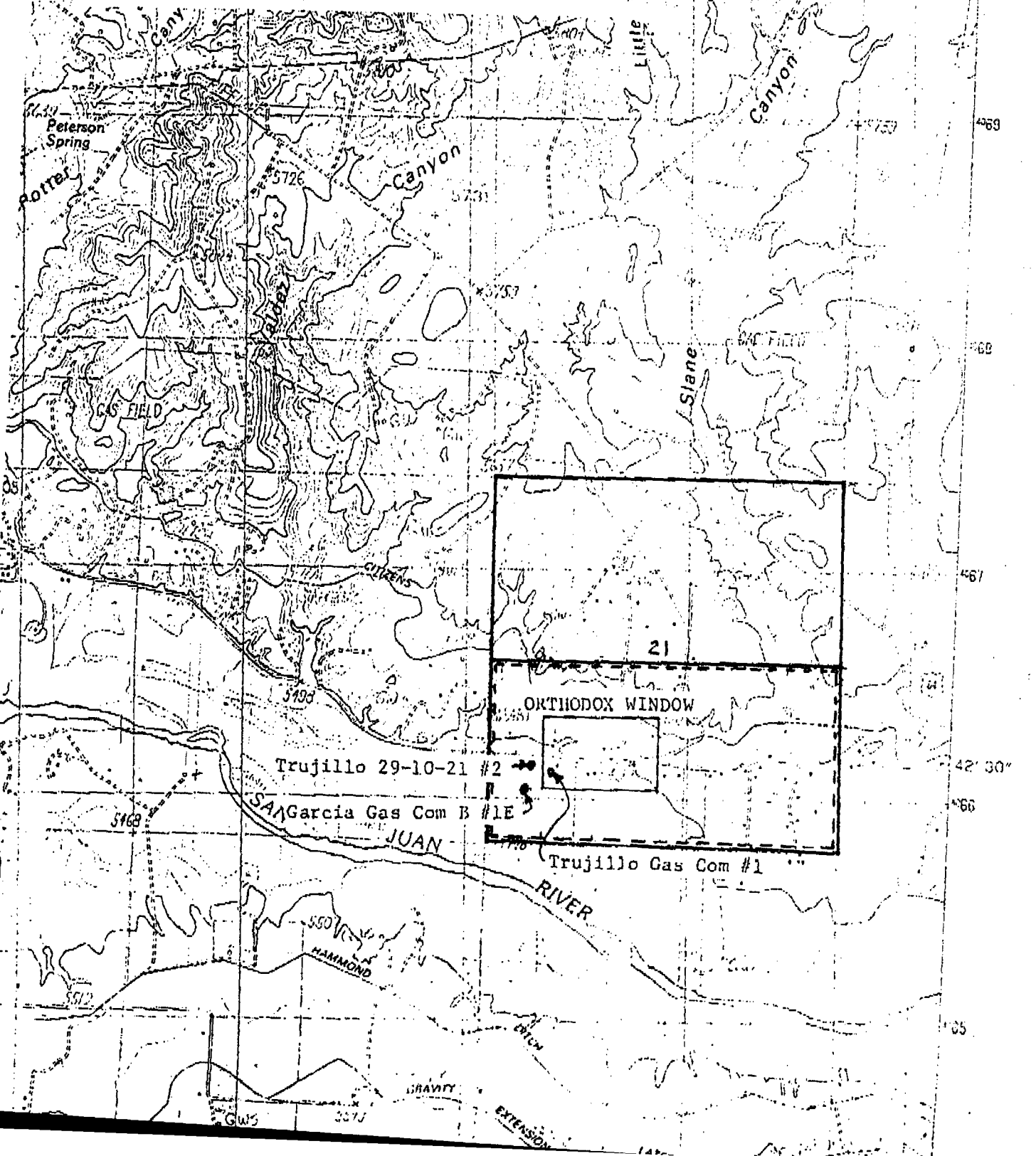


EXHIBIT NO. 3

LIST OF WELLS
IN
SW/4 of SECTION 21

Trujillo Gas Com #1	1080S	970W
Trujillo 29-10-21 #2	1105S	645W
Garcia Gas Com B #1E	790S	590W

EXHIBIT NO. 4

OFFSET FRUITLAND COAL OPERATORS

17		16		15	
• Hubble Com #296 MERIDIAN		SG INTERESTS Velasquez 29-10-21 #1 • 21		MERIDIAN	
Chapson 29-10-20 #2 • SG INTERESTS		• Trujillo #21-2 SG INTERESTS		Candelaria • 29-10-22 #2 SG INTERESTS	
SG INTEREST	AMOCO	SG INTERESTS	AMOCO	SG INTERESTS	
Keys 29-10-29 • #2		Davis 29-10-28 #2 •	Pollock Com E #1 •	Brown 29-10-27 #2	

R10W

T
29
N

EXHIBIT NO. 5

SG INTERESTS I, LTD.
TRUJILLO 29-10-21 #2
1165' FSL, 645' FWL, SECTION 21, T29N, R10W
SAN JUAN COUNTY, NEW MEXICO

OFFSET FRUITLAND COAL OPERATORS

Mr. Michael Cuba
AMOCO PRODUCTION COMPANY
P. O. Box 800
Denver, Colorado 80201

Mr. Van Goebel
Senior Landman
MERIDIAN OIL, INC.
P. O. Box 4289
Farmington, New Mexico 87499

EXHIBIT NO. 6

LETTERS TO
OFFSET FRUITLAND COAL OPERATORS



ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

204 N. Auburn
Farmington, New Mexico 8740
(505) 327-4882

March 30, 1993

CERTIFIED - RETURN RECEIPT

Mr. Michael Cuba
AMOCO PRODUCTION COMPANY
P. O. Box 800
Denver, Colorado 80201

RE: Application for Non-Standard Location
SG Interests I, Ltd.
Trujillo 29-10-21 #2
1165' FSL, 645' FWL
Section 21, T29N, R10W
San Juan County, NM
Basin Fruitland Coal

Dear Mr. Cuba:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson

Paul C. Thompson, P.E.
President

PCT:rr
cc: SG Interests I, Ltd.

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping204 N. Auburn
Farmington, New Mexico 87401
(505) 327-4892

March 30, 1993

CERTIFIED - RETURN RECEIPT

Mr. Van Goebel
Senior Landman
MERIDIAN OIL, INC.
P. O. Box 4289
Farmington, New Mexico 87499

RE: Application for Non-Standard Location
SG Interests I, Ltd.
Trujillo 29-10-21 #2
1165' FSL, 645' FWL
Section 21, T29N, R10W
San Juan County, NM
Basin Fruitland Coal

Dear Mr. Goebel:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.
President

PCT:rr
cc: SG Interests I, Ltd.