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**WALSH** ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

204 N. Auburn  
Farmington, New Mexico 87401  
(505) 327-4882

April 16, 1993

Mr. Michael E. Stogner  
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. Stogner,

In response to your letter of April 7, 1993, I have enclosed for your review an enlarged plat of the area around the subject well. On this plat I have indicated the legal well location window in the southwest quarter of Section 21, and have tried to highlight some of the obstacles which prevented SG Interests, Ltd. from locating the Trujillo 29-10-21 #2 well inside of this window.

Due to recent development there are considerably more houses and other buildings in this area than are indicated on the map. All of the area south of Highway 64 inside the window is occupied by residences. Even the few areas north of the highway that are suitable for a location are occupied by homes.

As you can see on the topo map, most of the area north of the highway is a very steep slope which drops into the San Juan River valley below. A marsh covers the area in the far southwest corner of the window and to the west of the Trujillo location and is unsuitable for a location.

I have also enclosed a copy of the agreement between the surface owners and SG Interests, Ltd. This agreement gives the name and address of the surface owners and the commitments SG Interests, Ltd. made to secure their approval for the wellsite.



I hope I have provided sufficient evidence that a legal location was not possible in the southwest quarter of this section. If you have additional questions please do not hesitate to call upon me.

Thank you for your consideration and approval of this application.

Sincerely,

A handwritten signature in cursive script that reads "Paul C. Thompson".

Paul C. Thompson, P.E.  
President

cc: SG Interests I Ltd.  
NMOCD Aztec NM



- RESIDENTIAL AREA
- STEEP CLIFFS
- SWAMPY AREA

Key:

March 16, 1993

Manuel Weahkee and Sharon Weahkee  
1803 Highway 64  
Bloomfield, New Mexico 87413

RE: Surface Damage Agreement  
Twp 29 N, Rge 10 W, NMPM  
Sec. 3: Tract in SW<sup>1</sup>/<sub>4</sub>, SW<sup>1</sup>/<sub>4</sub>,

Dear Mr. and Mrs. Weahkee:

SG Interests I, Ltd. drilled the Trujillo 29-10-21 #2 well on your lands under the terms of that certain Surface Damage Agreement and Release dated September 22, 1993. One of the provisions of that agreement was that SG would keep its operations, including access roads, as far to the West and South of the subject property as possible. This letter shall confirm in writing what was verbally agreed to by Manuel Weahkee, Mike Finney, and Kevin King on February 23, 1993.

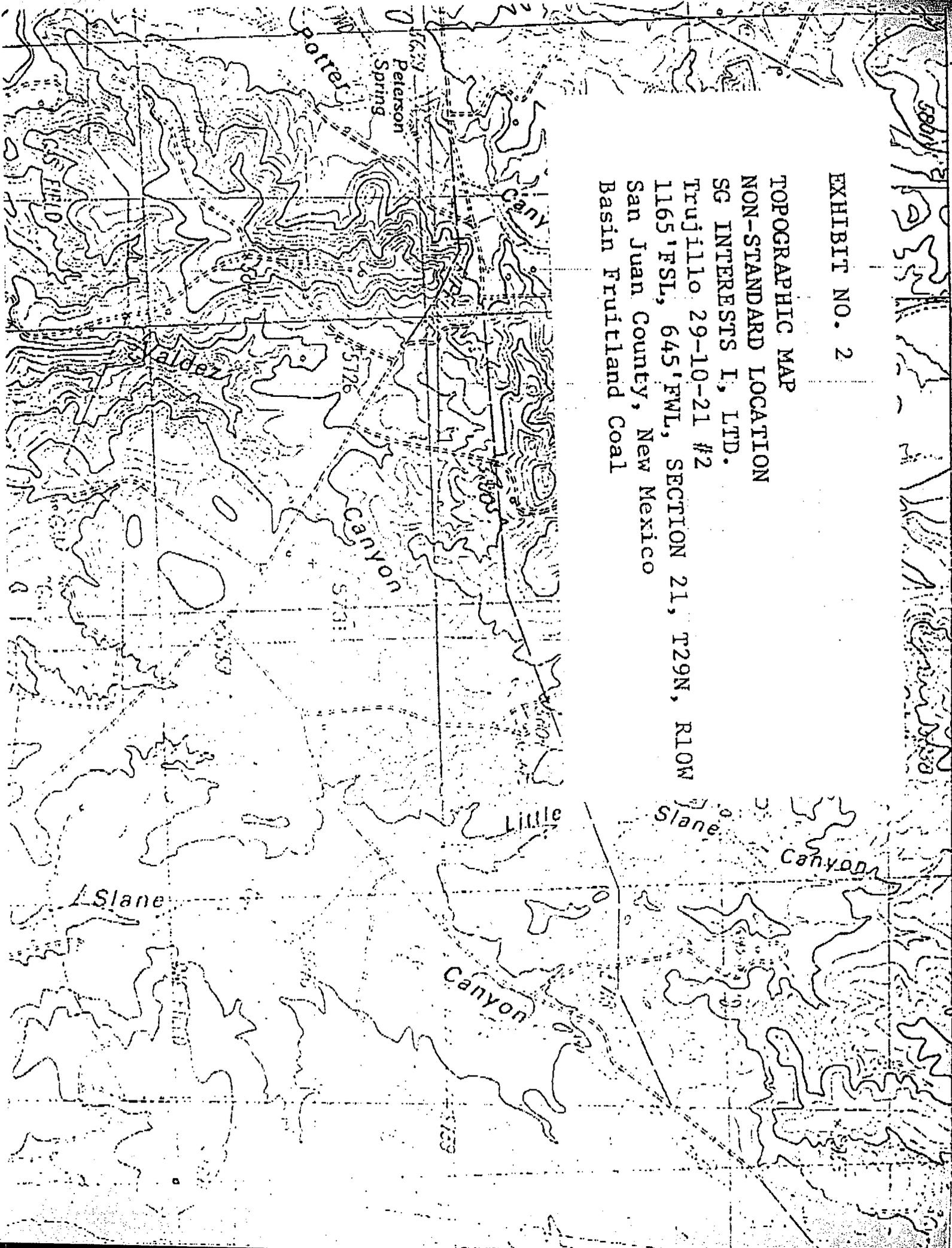
You agreed to grant SG temporary access to the site from the far Northeast corner of the subject land. Due to the location of the reserve pit, SG will not be able to relocate the access road to the most westerly existing gate at the present time. SG agrees to relocate the access road to said gate within two years of the date of this letter.

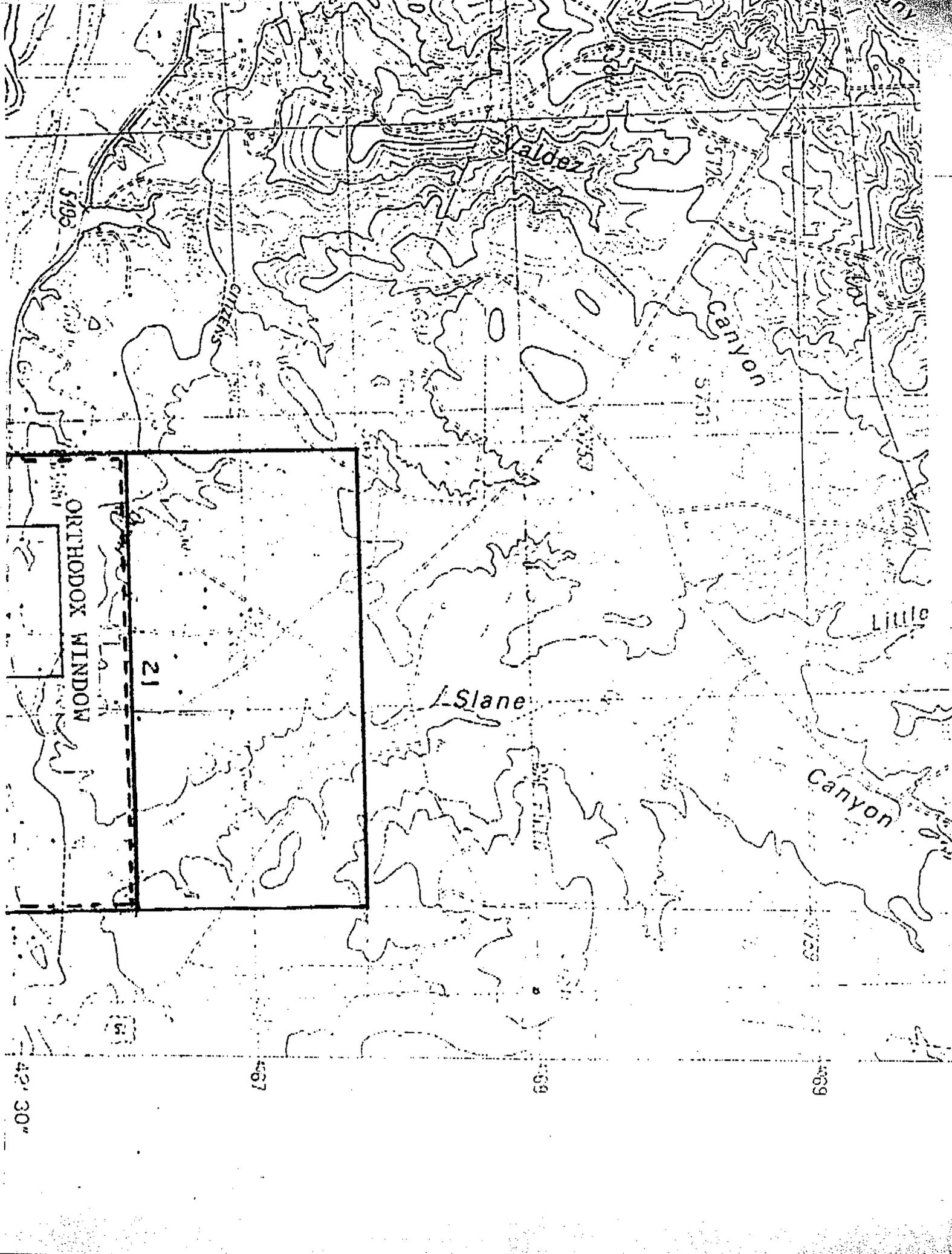
SG further agrees to move the temporary access road as far North as possible and practical for its operations. SG will push off all of the dirt that it put on the land that is lying South of the temporary access road and East of the existing meter houses. SG will then put an irrigation ditch on the South side of the road and around the East and South sides of the meter house and other existing production facilities. If necessary for irrigation, SG will put a culvert in the temporary access road.

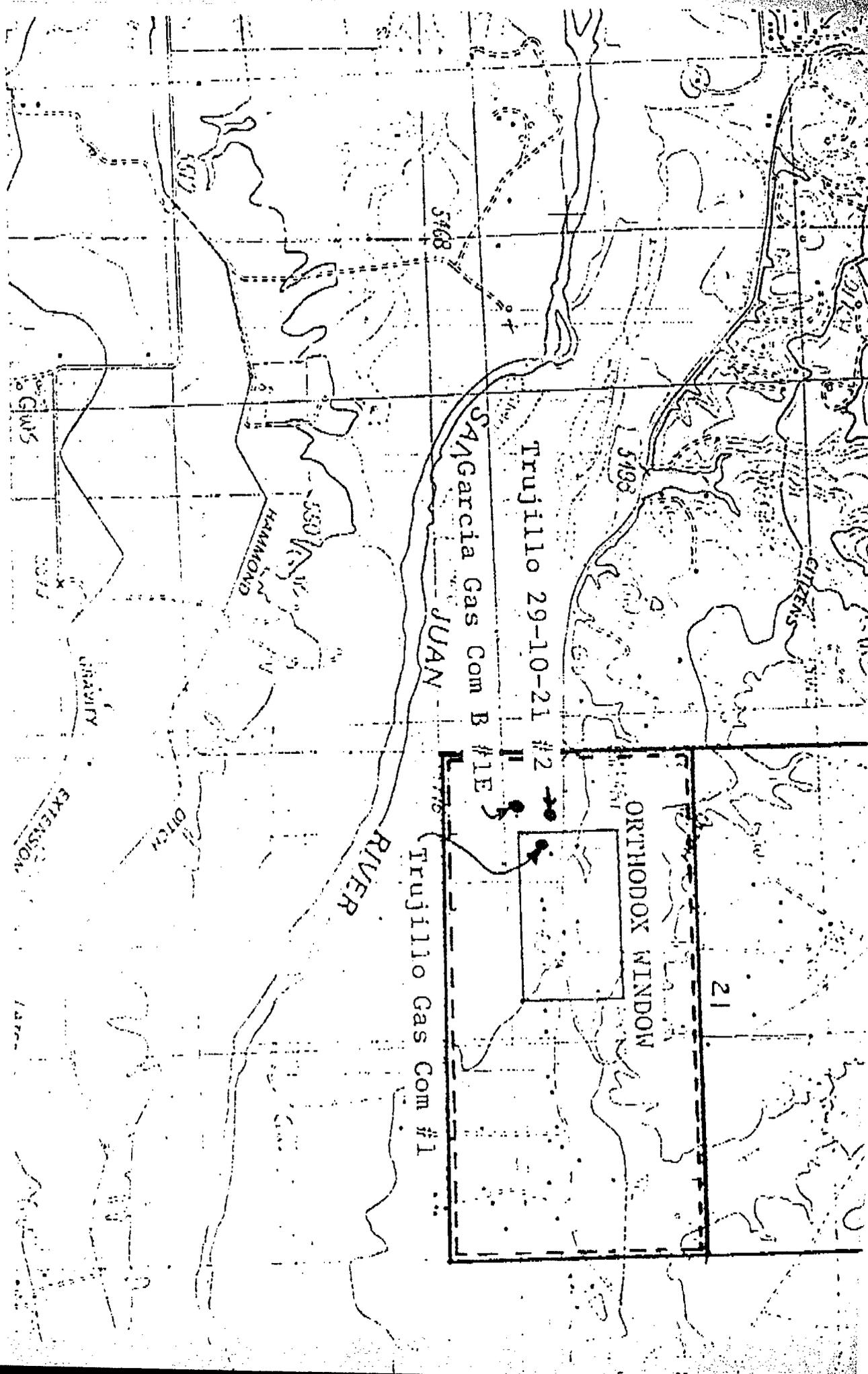
All other terms and conditions of the original agreement shall remain unchanged and be in full force and effect. Completion of the above work shall constitute full and final consideration under the term of said agreement.

EXHIBIT NO. 2

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







Trujillo 29-10-21 #2

SAGARCIA Gas Com B #1E

JUAN

RIVER

Trujillo Gas Com #1

ORTHODOX WINDOW

21

HAMMOND

CITIZENS

DITCH

GRAVITY

EXTENSION

GWS

3468

3463

3500