

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☐

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 AND TELEPHONE NO.

c/o Sagle & Schwab Energy Resources, PO Box 2677, Durango, CO 81302-2677

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At Surface

465' FSL & 2300' FWL

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

35 miles WSW from Cuba, NM

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drg. unit line, if any)

16. NO. OF ACRES IN LEASE

1565.56

17. NO. OF ACRES ASSIGNED

TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION \*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

1725' (New PBTD)

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6901' GL

22. APPROX. DATE WORK WILL START\*

May 2004

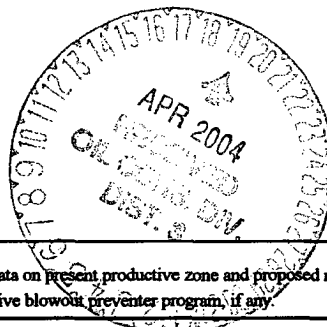
23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	J-55, 8-5/8"	23#	128'	90 sx
7-7/8"	J-55, 5-1/2"	14#	3217' KB	200 sx

SG Interests I, Ltd. proposes recompleting this well to the Fruitland Coal to evaluate methane reserves. The current completion (1774' - 1896') will be abandoned by setting a CIBP at +/- 1725' + 4 sx cmt. We will run GR/CCL logs, perforate Fruitland Coals from 684' - 694' and fracture stimulate. A pumping unit will be set and the well tested for production.

BOP equipment and accessories will meet or exceed BLM requirements as outlined in 43CFR Part 3160.



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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

*Stephen Mason*

TITLE

Operations Manager

DATE

4/12/2004

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Original Signed: Stephen Mason

TITLE

DATE

APR 15 2004

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOC