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October 27, 1992

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CERTIFIED MAIL NO. P 081 702 205
RETURN RECEIPT REQUESTED

Frederick L. Lilly, Jr.
2895 Brighton Road
Shaker Heights, OH 44120

Re: Application for Compulsory Pooling
SG Interests I, Ltd.
N/2 of Section 24, Township 29 North, Range 10 West
San Juan County

Dear Mr. Lilly:

The purpose of this letter is to provide notice to you, in accordance with the rules and regulations of the New Mexico Oil Conservation Division, that SG Interests I, Ltd. has filed an application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the N/2 of Section 24, 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 its Archunde 29-10-24 #1 Well, to be drilled at a standard coal gas well location 1,030 feet from the North line and 640 feet from the East line of said Section 24. SG Interests I, Ltd. has requested that it be designated as the operator of the proposed well and that the order to be issued by the New Mexico Oil Conservation Division 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. has requested that the order establish a reasonable charge for the supervision of the well during the drilling and production stages.

Application of SG Interests I, Ltd. for
Compulsory Pooling

Case No. 10609 & 10610
Examiner Hearing Docket Dated 11/19/92
Exhibit No. 11

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This application has been placed on the November 19, 1992 docket of the New Mexico Oil Conservation Division. In accordance with the rules and regulations of the New Mexico Oil Conservation Division, you are entitled to be present at the hearing to present testimony and to submit evidence in support of your position regarding the merits of the application.

Do not hesitate to contact me should you have any questions regarding this matter.

Sincerely,



Tommy Roberts,
Attorney for
SG Interests I, Ltd.

TR:tlm

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