

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

30-045-28865

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

| | | | | | |
|---|----------------------|-----------------------------------|---------------|---|--|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> | | | | 5. LEASE DESIGNATION AND SERIAL NO. SF-078566 | |
| 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"/> | | | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | |
| 2. NAME OF OPERATOR SG Interests I, Ltd. Attn: A. M. O'Hare | | | | 7. UNIT AGREEMENT NAME | |
| 3. ADDRESS AND TELEPHONE NO. P. O. Box 421 Blanco, N.M. 87412-0421 (505) 325-5599 | | | | 8. FARM OR LEASE NAME, WELL NO. Federal 28-8-35 | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1720'FSL 2510'FWL At proposed prod. zone Same | | | | 9. AP WELL NO. / | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 9 Miles Southeast of Blanco, N.M. | | | | 10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal | |
| 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 130' | | 16. NO. OF ACRES IN LEASE 1266.80 | | 17. NO. OF ACRES ASSIGNED TO THIS WELL 307.8 306.80 | |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1641' | | 19. PROPOSED DEPTH 3242' | | 20. ROTARY OR CABLE TOOLS Rotary | |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc.) This action is subject to technical and procedural review pursuant to 43 CFR 3160.3 and appeal pursuant to 43 CFR 3160.4. 6739' GL | | | | 22. APPROX. DATE WORK WILL START* As Soon As Permitted | |
| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | | DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED GENERAL REQUIREMENTS | |
| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT | |
| 12-1/4" | 8-5/8" | 24#, J-55 | 250' | 236 ft ³ Class B w/2% Gel | |
| 7-7/8" | 5-1/2" | 15.5# J-55 | 3242' | 640 ft ³ 65/35 Pozmix w/6% Gel | |
| | | | | 118 ft ³ Class B Neat Tail | |

SG Interests I, Ltd. proposes to drill a vertical well to develop the Fruitland Coal formation at the above described site in accordance with the attached drilling and surface use program.

This APD is also serving as application to obtain BLM road Right-Of-Way. The right-of-way will be an existing road extending from the Largo/Carrizo Canyon road to location. The requested right-of-way is approximately 2.7 miles in length and 30 feet in width. The proposed right-of-way crosses the NW/NE, NE/NW and NW/NW of Section 7, T27N, R7W of Rio Arriba County. It also crosses the SE/SE, SW/SE, NE/SE, SW/NE, SE/NW, NE/NW and NW/NW of Section 1, T27N, R8W and SW/SW of Section 36 and SE/SE, SW/SE, NW/SE and NE/SW of Section 35, T28N, R8W all of San Juan County, N.M.

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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 depth. Give blowout preventer program, if any.

24. A.M. O'Hare
SIGNED A.M. O'Hare TITLE Agent SG Interests I
(This space for Federal or State office use)

OIL CON. DIV.
DIST. 3

APPROVED
AS AMENDED

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 land which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:
APPROVED BY CHZ TITLE _____ DATE _____
AREA MANAGER

*See Instructions On Reverse Side NM000

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.

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

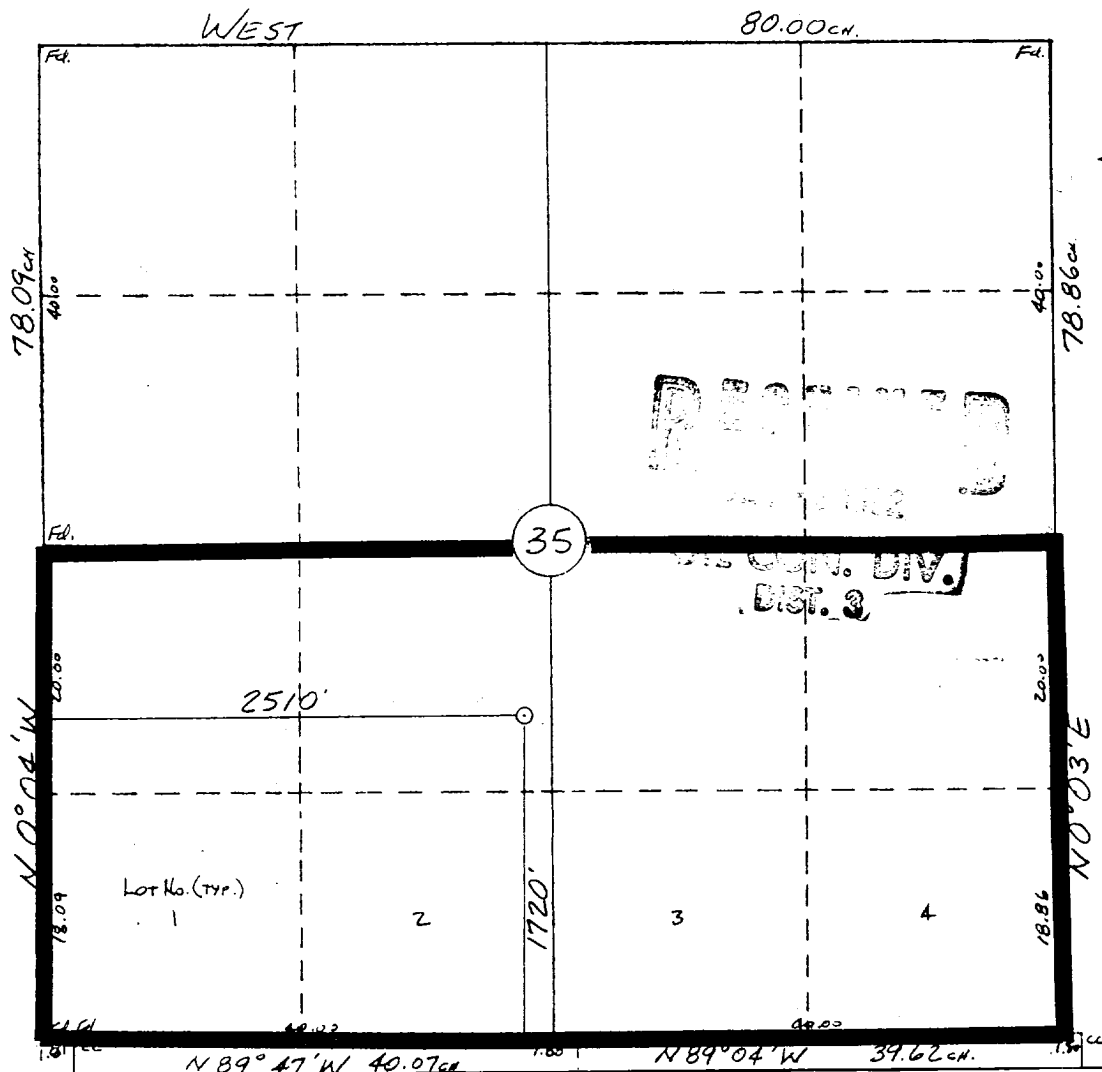
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

| | | | | | |
|---|---------------------------------------|------------------|------------------------------|--------------------|--|
| Operator S G INTERESTS I, LTD. | | | Lease FEDERAL 28-8-35 | | Well No. 1 |
| Unit Letter K | Section 35 | Township 28 N | Range 8 W | County San Juan | |
| Actual Footage Location of Well: 1720 feet from the South line and 2510 feet from the West line | | | | | |
| Ground level Elev. 6739 | Producing Formation Fruitland Coal | | Pool Basin Fruitland Coal | | Dedicated Acreage: 307.8 306.80 Acres |
| <p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. 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.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____ 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.</p> | | | | | |

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600



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, Ltd.

Date

10/23/92

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.

10-12-92

Date Surveyed

William E. Mahnke II

Signature of Professional Surveyor

WILLIAM E. MAHNKE II
NEW MEXICO
#8466
PROFESSIONAL LAND SURVEYOR

SG INTERESTS I, Ltd.
Federal 28-8-35 #1
1720'FSL, 2510'FWL
Sec. 35, T28N, R8W
San Juan Co., N.M.

PLAT NO. 1

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OIL CON. DIV.
DIST. 3