

Submit to Appropriate
District Office
State Lease -- 6 copies
Fee Lease -- 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

| |
|---|
| API NO. (assigned by OCD on New Wells) |
| 30-045-28705 ✓ |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. E-1686 |

| | | | | | |
|---|----------------|---|---------------|---|----------|
| APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK | | | | | |
| 1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> 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"/> | | | | 7. Lease Name or Unit Agreement Name State 29-10-2 ✓ | |
| 2. Name of Operator SG Interests I, Ltd. | | | | 8. Well No. 1 ✓ (N/324.28) | |
| 3. Address of Operator P. O. Box 421, Blanco, NM 87412-0421 | | | | 9. Pool name or Wildcat Basin Fruitland Coal | |
| 4. Well Location Unit Letter <u>G</u> : <u>1125</u> Feet From The <u>North</u> Line and <u>1460</u> Feet From The <u>East</u> Line Section <u>2</u> Township <u>29N</u> Range <u>10W</u> NMPM San Juan County | | | | | |
| 10. Proposed Depth 2620' | | 11. Formation Fruitland | | 12. Rotary or C.T. Rotary | |
| 13. Elevations (Show whether DF, RT, GR, etc.) 5975' GL, 5988' KB | | 14. Kind & Status Plug. Bond Blanket | | 15. Drilling Contractor Unknown | |
| 16. Approx. Date Work will start July 28, 1992 | | | | | |
| 17. PROPOSED CASING AND CEMENT PROGRAM | | | | | |
| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP |
| 12-1/4" | 8-5/8" | 24#, J-55 | 250' | 200 sx Class B | Surface |
| 7-7/8" | 5-1/2" | 15.5#, J-55 | 2620' | 290 sx 65/35 Poz | Surface |
| | | | | w/6% gel & 100 | |
| sx 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. A full suite of open hole logs will be run upon reaching total depth. A double ram type blowout preventer and choke system will be used to maintain well control at all times during drilling operations. Drawings and a description of the BOP equipment to be used in the drilling of this well are attached as exhibits to this application. Both strings of casing will be cemented back to surface in separate single stage cement jobs. The production string will have a high strength cement placed across the zone of interest to a height of at least five hundred feet above the bottom of the hole. A minimum of ten centralizers will be used to optimize the efficiency of the cement placement.

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE A. M. O'Hare TITLE President DATE 7-8-92
TYPE OR PRINT NAME A. M. O'Hare TELEPHONE NO. 325-5599

(This space for State Use)

APPROVED BY Eric Bush TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 7-10-92
CONDITIONS OF APPROVAL, IF ANY: APPROVAL EXPIRES 1-10-93
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

RECEIVED JUL 10 1992
OIL CON. DIV.
DIST. 3

RECEIVED
101 0000
NOV 1955
DIR COM. DIR
200

Submit to Appropriate
District Office
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Fee Lease - 3 copies

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Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

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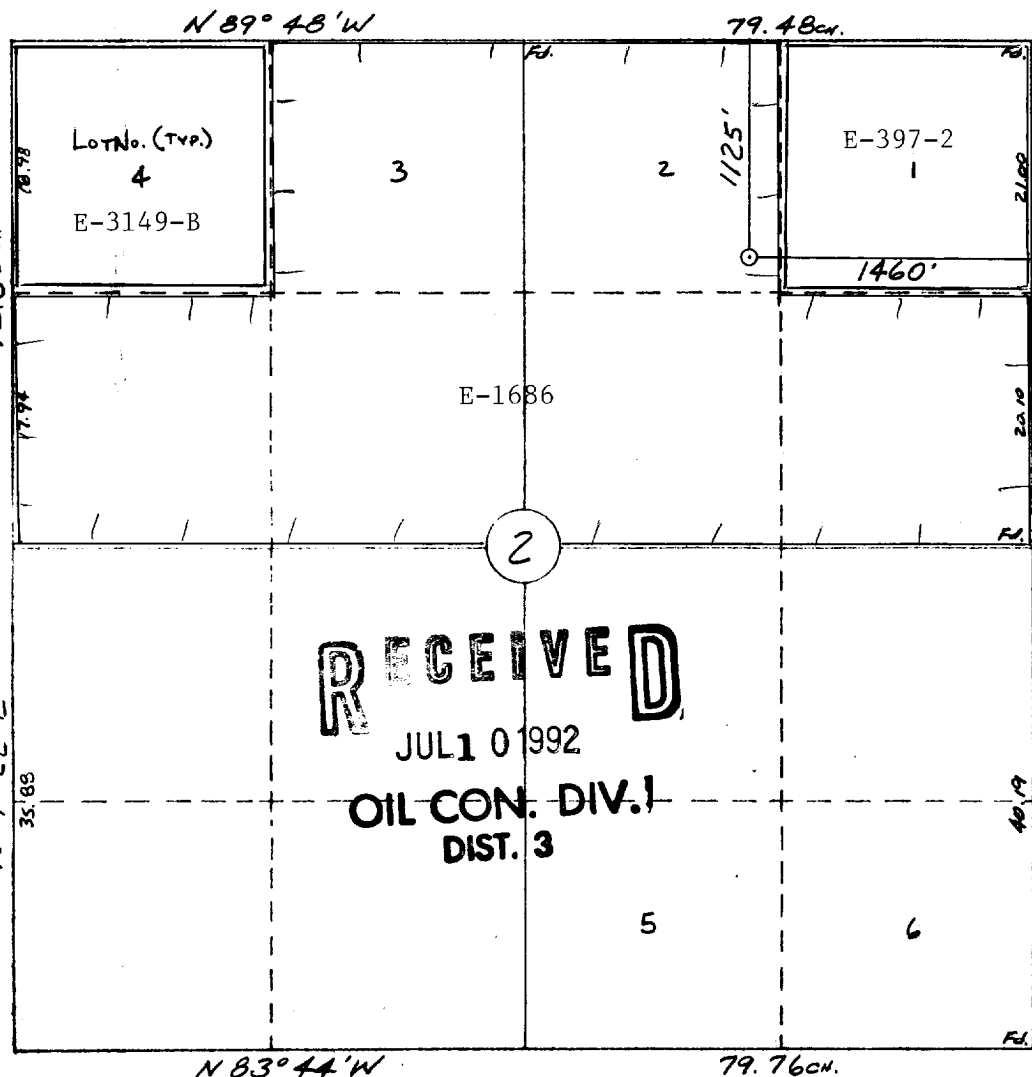
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

| | | | | | |
|--|--|-------------------------|--------------------------------|---|---------------|
| Operator S G INTERESTS I, LTD. | | | Lease State 29-10-2 | | Well No. 1 |
| Unit Letter B | Section 2 | Township 29 N | Range 10 W | County San Juan | |
| Actual Footage Location of Well: 1125 feet from the North line and 1460 feet from the East line | | | | | |
| Ground level Elev. 5975 | Producing Formation Fruitland Coal | | Pool Basin Fruitland | Dedicated Acreage: 324.28 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
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).
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.?
☐ Yes ☐ 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.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



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 SGI I, Ltd.

Date
July 8, 1992

SURVEYOR CERTIFICATION

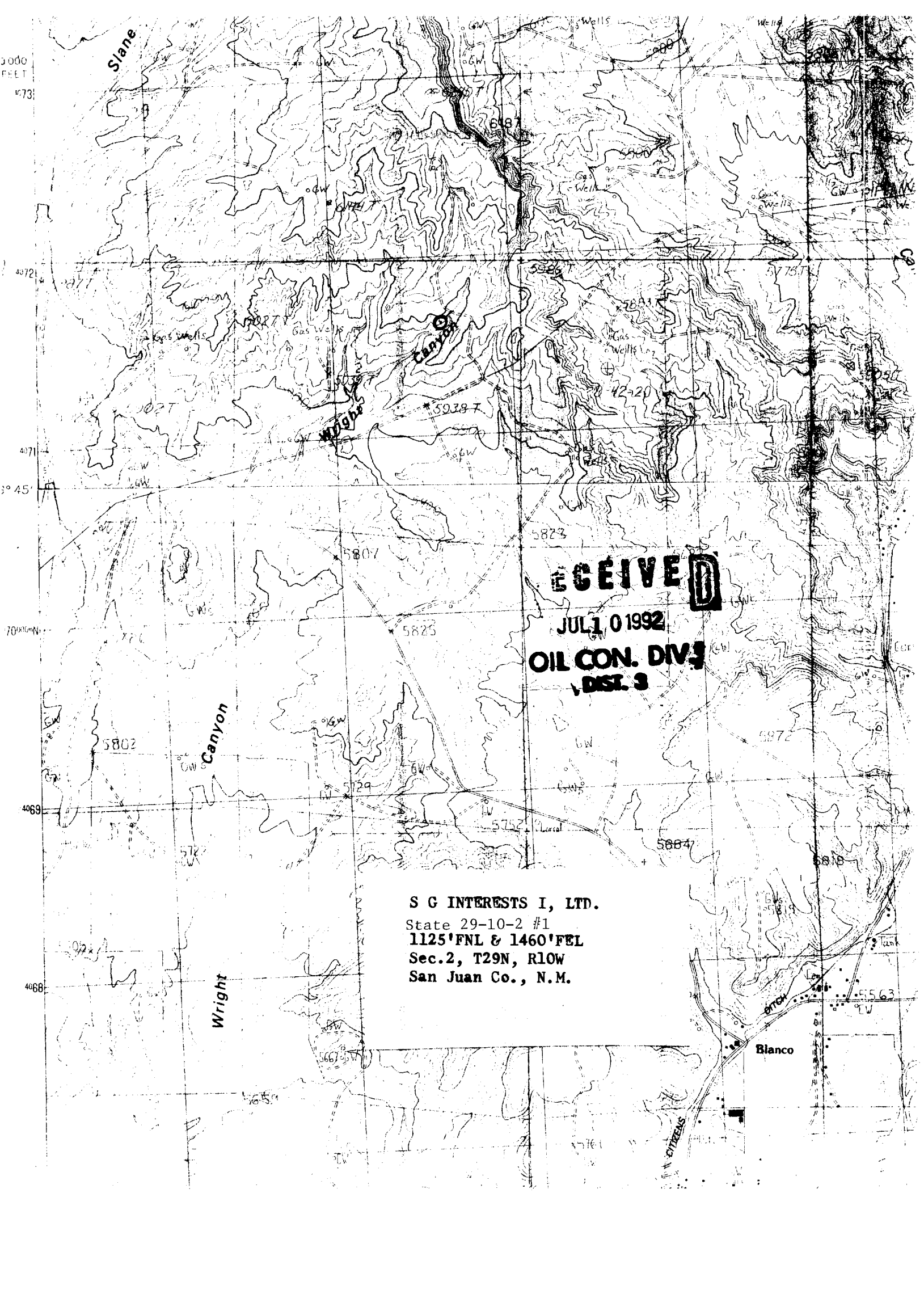
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

7-7-92

Date Surveyed
William E. Mahnke II

Signature & Seal of
Professional Surveyor

WILLIAM E. MAHNKE II
NEW MEXICO
#8466
REGISTERED PROFESSIONAL LAND SURVEYOR
CERNOVA, N.M. 8466



Slane

Canyon

Wright

Canyon

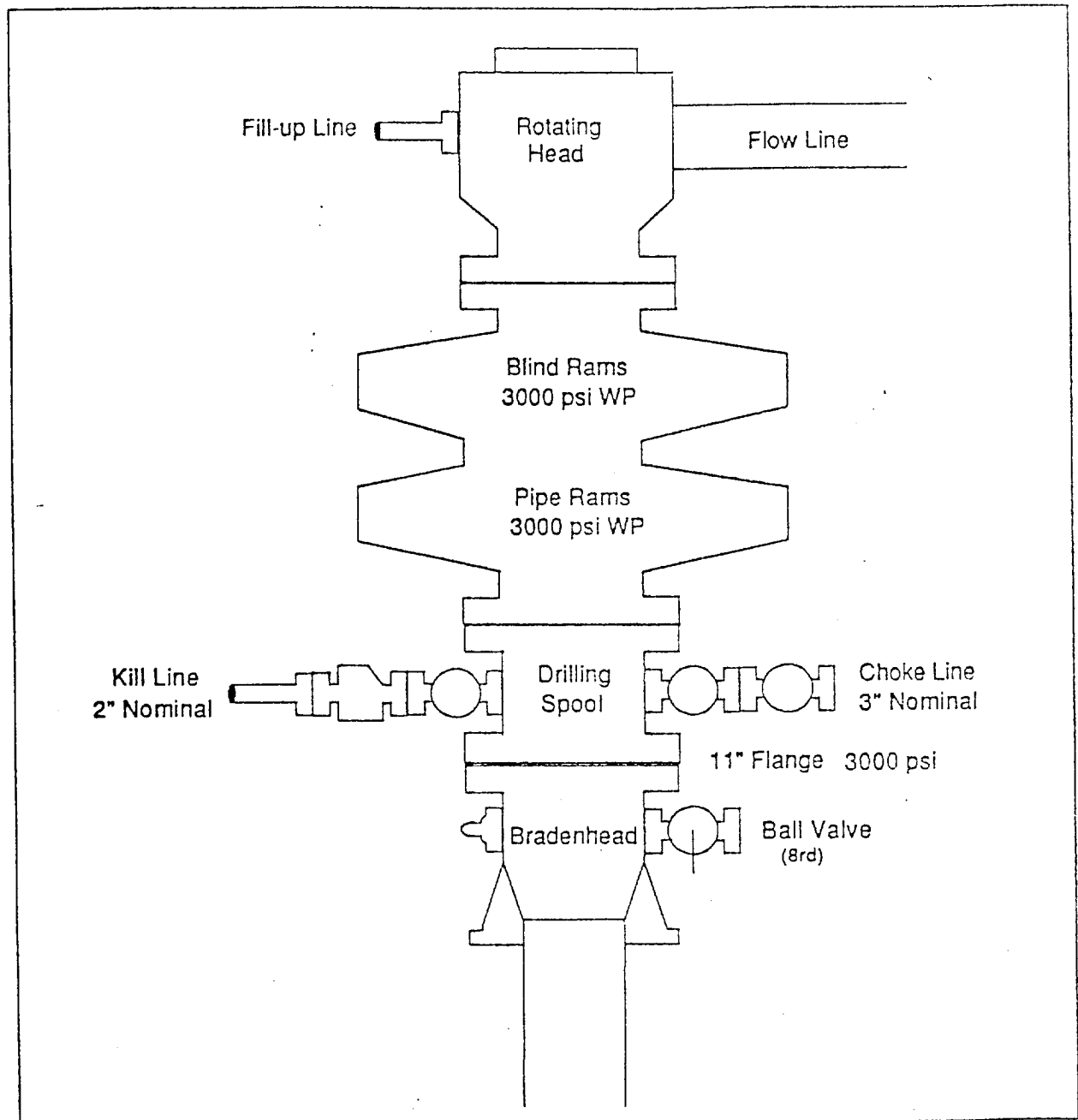
Wright

Blanco

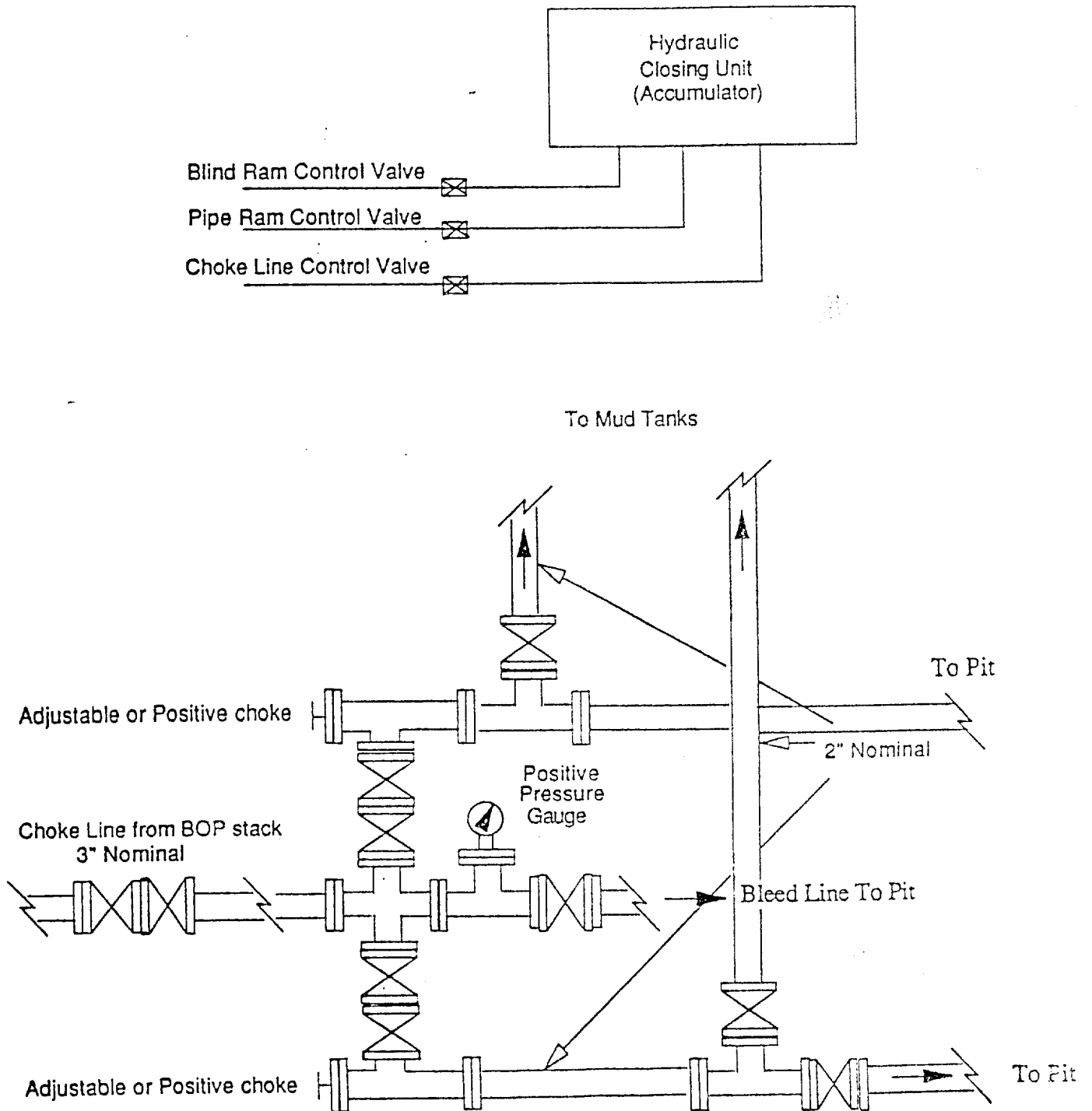
RECEIVED
JUL 10 1992
OIL CON. DIV.
DIST. 3

S G INTERESTS I, LTD.
State 29-10-2 #1
1125'FNL & 1460'FEL
Sec.2, T29N, R10W
San Juan Co., N.M.

BOP Stack Arrangement



Choke Manifold & Accumulator Schematic



~~EXHIBIT A~~
Blowout Prevention Equipment Specifications

1. All BOP equipment shall be fluid and/or mechanically operated.
2. BOP's and all fittings will be in good working condition.
3. Equipment through which the bit must pass shall be at least as large as the casing size being drilled
4. The nipple above the BOP shall be at least the same size as the last casing set.
5. The upper kelly cock with handle and lower kelly cock shall be rated at the BOP working pressure.
6. A floor safety valve (full opening) or drill string BOP with appropriate pressure ratings shall be available on the rig floor with connections or subs to fit any tool joint in the string.
7. The minimum size choke line shall be 3 inches nominal diameter, with a minimum size for vent lines downstream of chokes of 2 inches nominal, and vent lines which by-pass shall be a minimum of 3 inches nominal and as straight as possible.
8. All valves, fittings and lines between the closing unit and the blowout preventer stack should be of steel construction with rated working pressure at least equal to working pressure rating of the stack. Lines shall be bundled and protected from damage.
9. Minimum size for kill line is 2 inches nominal.
10. Ram type preventers shall be equipped with extension hand wheels or hydraulic locks.