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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

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

RECEIVED
SEP 2 3 1992
OIL CON. DIV.
DIST. 3

API NO. (assigned by OCD on New Wells) 30-045-28772

5. Indicate Type of Lease STATE [ ] FEE [X]

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL [X] RE-ENTER [ ] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well:
OIL WELL [ ] GAS WELL [XX] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Lease Name or Unit Agreement Name: Jaquez 30-9-25

2. Name of Operator: SG Interests I, Ltd. Attn: A. M. O'Hare

8. Well No.: #1 (N/322.64)

3. Address of Operator: PO BOX 421, Blanco NM 87412-0421

9. Pool name or Wildcat: Basin Fruitland Coal

4. Well Location
Unit Letter B : 895 Feet From The north Line and 1825 Feet From The east Line

Section 25 Township 30N Range 9W NMPM San Juan County

10. Proposed Depth: 2575'
11. Formation: Fruitland Coal
12. Rotary or C.T.: Rotary

13. Elevations (Show whether DF, RT, GR, etc.): 5710' GL, 5723' KB
14. Kind & Status Plug. Bond: Blanket
15. Drilling Contractor: Walter's
16. Approx. Date Work will start: Oct. 1, 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 Class B w/2% $CaCl_2$	surface
7-7/8"	5-1/2"	15.5#, J-55	2575'	280 65/35 Pozmix w/ 6% gel & 100 sx Class B tail	surface

SG Interest I, Ltd., proposes to drill a vertical well to develop the Fruitland coal formation at the above described site. A fresh water based, low solids, non-dispersed mud will be used to drill to TD. A double ram type BOP and choke assembly will be used to maintain well control at all times during drilling operations. A description of the BOP and choke assembly and schematic sketches of that equipment is presented as exhibits to this application. A full suite of logs will be run upon reaching TD. Both strings of casing will be cemented back to surface in seperate single stage cement jobs. A high strength cement will be placed across the pay zone and at least five hundred feet above the bottom of the hole. A minimum of ten centralizers will be used to optimize placement of the cement around the pipe.

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 Dana M. Hyde TITLE Agent for SG Interests DATE 9-18-92

TYPE OR PRINT NAME Dana M. Hyde TELEPHONE NO. 325-5599

(This space for State Use)

APPROVED BY Ernie Busch TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE SEP 2 3 1992

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL EXPIRES 3-23-93
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 3-1-89

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
S G INTERESTS I, LTD.	Jaquez 30-9-25	#1

Unit Letter	Section	Township	Range	County
B	25	30 N	9 W NMPM	San Juan

Actual Footage Location of Well: 895 feet from the North line and 1825 feet from the East line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage
5710	Fruitland Coal	Basin Fruitland	~~323~~ 322.64 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

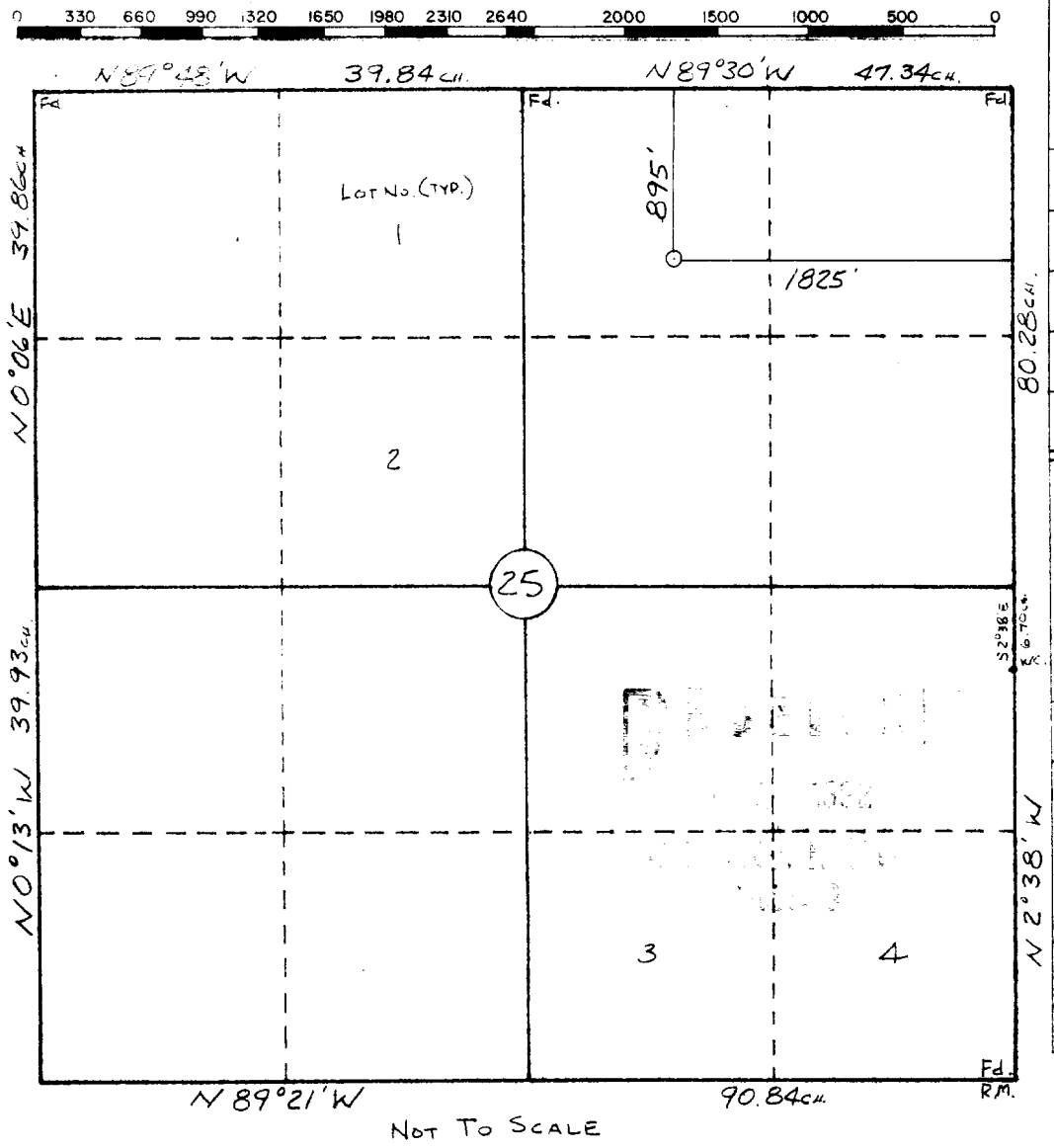
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.?

[X] Yes [ ] No If answer is "yes" type of consolidation communitization

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if neccessary. _____

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.



NOT TO SCALE

OPERATOR CERTIFICATION

I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature: Dana M. Hyde

Printed Name: Dana M. Hyde

Position: Agent for SG Interests

Company: Maralex Resources, Inc.

Date: 9-18-92

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 supervison, and that the same is true and correct to the best of my knowledge and belief. 8-28-92

Date Surveyed

William E. Mahnke II

Signature & Seal of Professional Surveyor

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

Certificate No. 8466

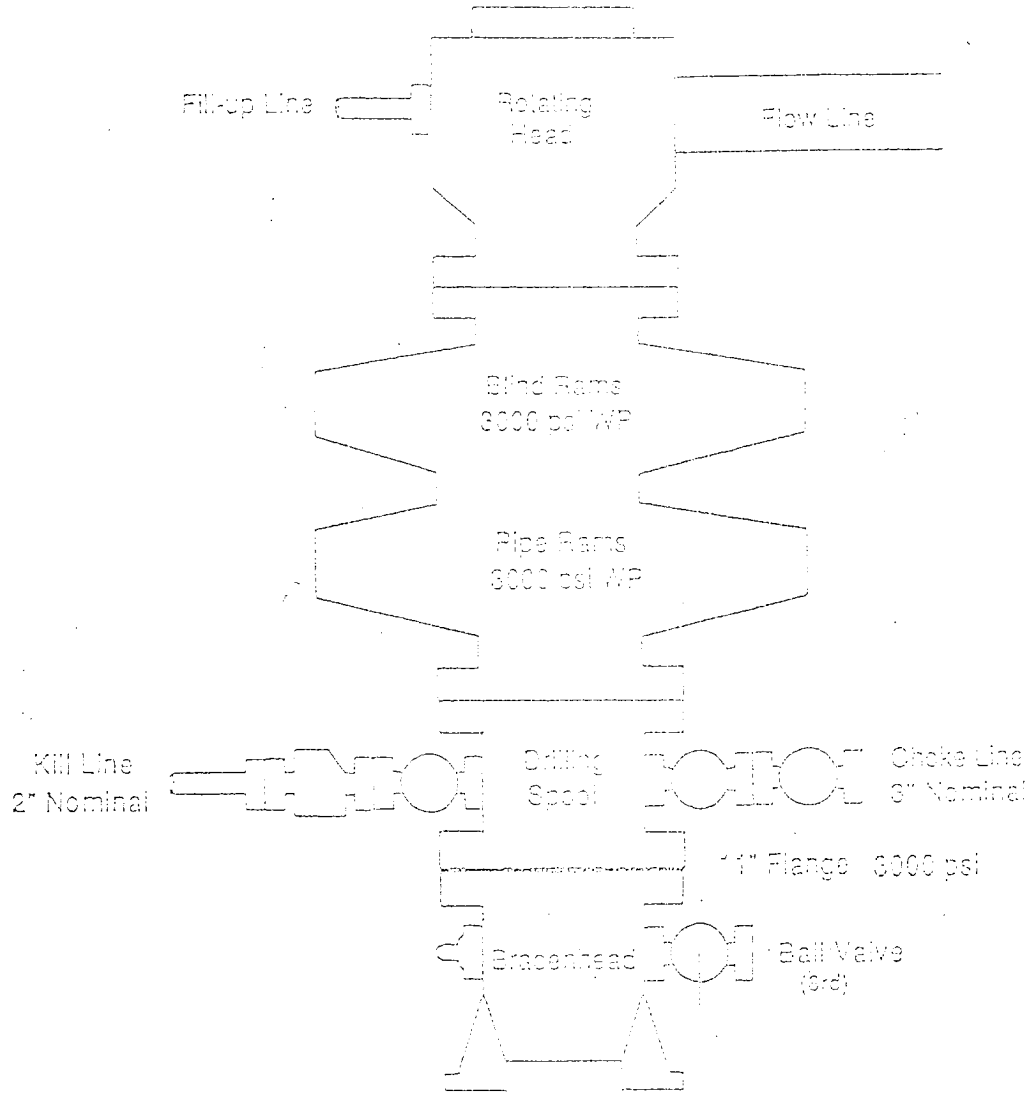
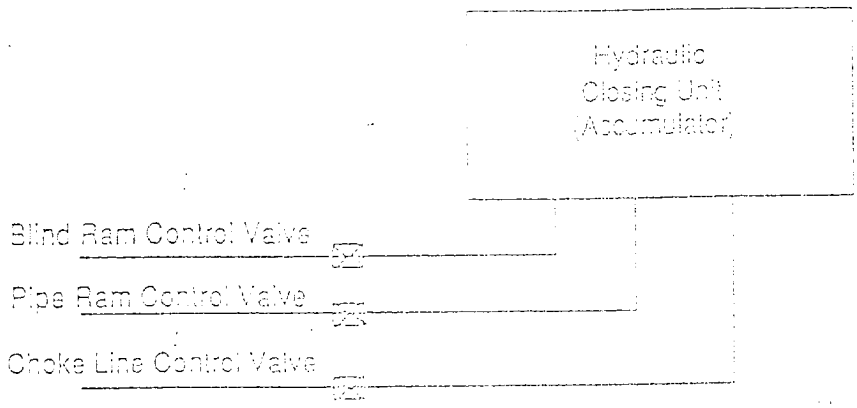

Fill-up Line
Rotating Head
Flow Line
Blind Rams
3000 psi WP
Pipe Rams
3000 psi WP
Kill Line
2" Nominal
Drilling Spool
Choke Line
3" Nominal
11" Flange 3000 psi
Bracenhead
Ball Valve
(3rd)

Exhibit #2

Choke Manifold & Accumulator Schematic



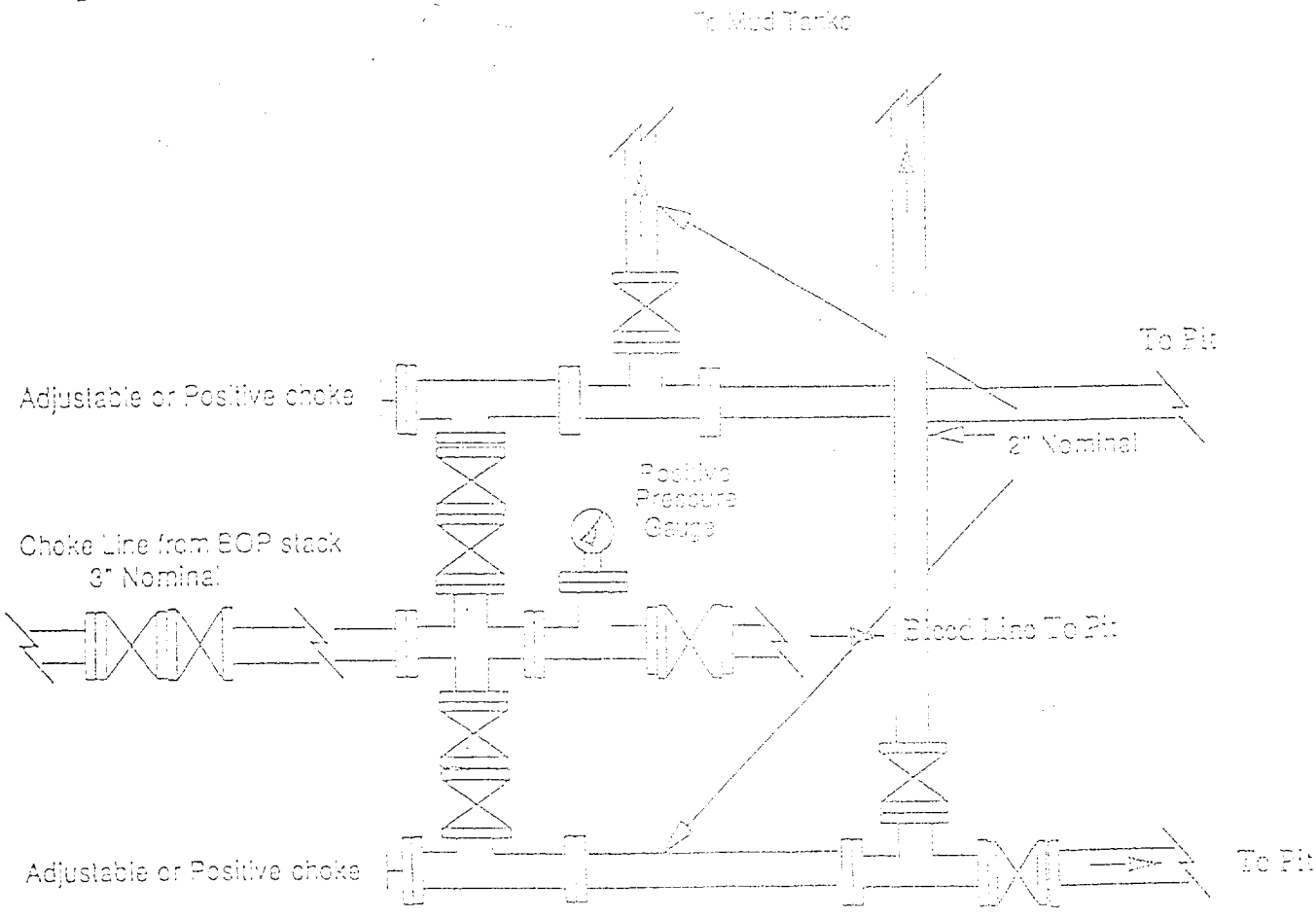


Exhibit #3

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.