(November 1983) (formerly 9-331C)		ED STATES		(Other Instru		Budget Bureau no. 1004-0130 Expires August 31, 1985
	DEPARTM. FOR THE INTERIOR  BUREAU OF LAND MANAGEMENT 30-045-29131					5. LEASE DESIGNATION AND SERIAL NO.  NM13688 0607
A DDI ICATION	N FOR PERMIT 1					6. IF INDIAN, ALLOTTEE OR TRIBE NAME
la. TYPE OF WORK	N TOR FERMAN	O DITILL, I	7641 h	IN, OR TEOU	JACK	
	ILL 🔀	DEEPEN [		PLUG BA	CK 🗌	7. UNIT AGREEMENT NAME
b. TYPE OF WELL	AS OTHER			NGLE MULTI	LE	S. FARM OR LEASE NAME
2. NAME OF OPERATOR	Hart Canyon 3 15024					
	S I LTD/MARALEX RE	SOURCES, INC.	(303)	563-4000 		9. WELL NO.
P. O. Box 338, Ignacio, Colorado 81137						3-1. 10. FIELD AND POOL, OR WILDCAT
4. LOCATION OF WELL (1	Report location clearly and	in accordance wi	th any S	tate requirements.*)		Basin Fruitland Coal 7/6.29
At surface 956' FNL, 1168' FEL Sec. 3-T30N-R10W						11. SEC., T., R., M., OR BLK. AND BURYEY OR AREA
At proposed prod. zone Same						-Sec. 3-T30N-R10W
	AND DIRECTION FROM NEA	REST TOWN OR POS	T OFFICE	G.*		12. COUNTY OR PARISH   13. STATE
8.5 miles						San Juan, N. M.
15. DISTANCE FROM PROF LOCATION TO NEARES	T	956'	16. NO	0. OF ACRES IN LEASE 2538-18	17. NO. 0	of acres assigned
PROPERTY OR LEASE (Also to nearest dr)  18. DISTANCE FROM PRO	g, unit line, if any)		2480.	oroseizuzzy	20. ROTA	/
TO NEAREST WELL, OR APPLIED FOR, ON TH	DRILLING, COMPLETED,	500'	10. 1.	3209	- /	"-Rotary"
21. ELEVATIONS (Show w	hether DF, RT, GR, etc.)					22. APPROX. DATE WORK WILL START*
GL 6329'	<u> 46</u>	<del></del>			DRUTT	Upon BLM Approval
23.		PROPOSED CASI	NG ANI	CEMENTING PROGI		G OPERATIONS AUTHORIZED ARE
12-1/4"	8-5/8"	WEIGHT, PER FOOT		SETTING DEPTH	"GENER	ATTACHED 200 SX CHESS B DIUS 2% CaCl2
7-7/8"	5-1/2"	15.5		TD		480 Sx Class B
Coal Formation and surface  An archaelo  All of the a application  JUN  OIL CO	o drill or deepen direction	described sibe conductors well is lo	ed to cated	determine any position this lease, see the position of the pos	otentia so no ric	tached drilling
SIGNED A.Y.	Kein	<u></u>	TILE AE	ENT Engineering	<del>Manager</del>	FOR DATE 1/8/94
(This space for Fed	ieral or State office use)			JG FATRICES	1 - +	<u> </u>
PERMIT NO.				APPROVAL DATE		

APPROVED AS AMENDED NMOCD

\*See Instructions On Reverse Side

\*See Instruction

APPROVED BY \_

CONDITIONS OF APPROVAL, IF ANY:

### State of new Intention ergy, Minerals and Natural Resources Department

# OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I P.O. BOX 1950, Hobby, N.M. 83240

330

660

990

1000 Rio Brazos Rd., Amec. NM 87410

DISTRICT II P.O. Drawer DD, Artesia, NM 88210 . WELL LOCATION AND ACREAGE DEDICATION PLAT DISTRUCT All Distances must be from the outer boundaries of the section 3-1: Operator HART CANYON SG INTENESTS I **MARALEX RESOURCES** County Range Lonatrib SAN JUAN Unit Letter Section 10 WEST 30 NORTH MSM Actual Focuse Location of Well: feel from the EAST line 1168 NORTH Dedicated Acres ge: 956 feet from the Pool Producing Formation 375.4/ Acres Ground level Elev. 1. Outline the acreage dedicated to the subject well by colored peocil or hachuse 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.? 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 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 interes, has been approved by the Division. OPERATOR CERTIFICATION I hereby certify that the information 2624,82 N 89-05 W 2636,041 contained herein in true and complete to the s 89-15 W best of my browledge and belief. 2 .3 41.24 (c 40.37 40.47 40.63 1168 R. Keimers Position AGENT 3 Emineerin Companysative 41.30 41.02 MARALEX 40.38 1994 SURVEYOR CERTIFICATION Sec. 3 I hereby certify that the well location shown on this plat was placed from full notes of actual surveys made by me or under my 57W supervison, and that the same is true and correct to the best of my browledge and 00 belief. Z Date Surveyed DECEMBER 2.199 Signature & Sessicolo Professional Survivor JANA 91994 JUN 1 7 1994 ROY A. dil Gon. Div. DIS . 3 DING 3 BONS SIONAL LAND Cenificate N ٥ 1000 500 1980 2310 2640 1650 1320

# SG INTERESTS, LTD / MARALEX RESOURCES, INC. HART CANYON 3-1 956' FNL, 1168' FWL SECTION 3, T30N, R10W SAN JUAN COUNTY, NEW MEXICO DRILLING PROGRAM

## 1. Estimated top of important geologic markers:

Ojo Alamo	1651'
Kirtland	1764'
Fruitland	2811'
Pictured Cliffs	3034'

2. Estimated depths of anticipated water, oil, gas or other mineral bearing formations which are expected to be encountered:

Water and gas @ 2811'

3. Minimum bowout control specifications:

Double ram type 3000 psi working pressure BOP with a rotating head. See the attached exhibits (#1 through #3) for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1000 psi. The blind ram will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor saftey valve, and choke manifold all rated to 3000 psi.

### 4. Supplemntal Information:

Cementing of both surface and production strings of casing will be accomplished in separate single stage operations. All cement volumes are calculated to circulate cement to the surface.

Casing	Cement Type and Vol.	<u>Casing Tools</u>
8 5/8", 24 #, J-55	200 sxs Class B w/2% CaCl <sub>2</sub> (238 ft <sup>3</sup> )	Insert float &centralizer on every other joint.
5 1/2", 15.5 #, J-55	380 sxs Class B w/2 % Meta Silicate plus 100 sxs Class B w/2% CaCl <sub>2</sub> (879 ft <sup>3</sup> )	Standard guide shoe & float collar w/ centralizers spaced out every other joint from bottom to just above Ojo Alamo (34 centralizers)

### DRILLING PROGRAM - Intinued

Page Two

5. Proposed circulating Medium:

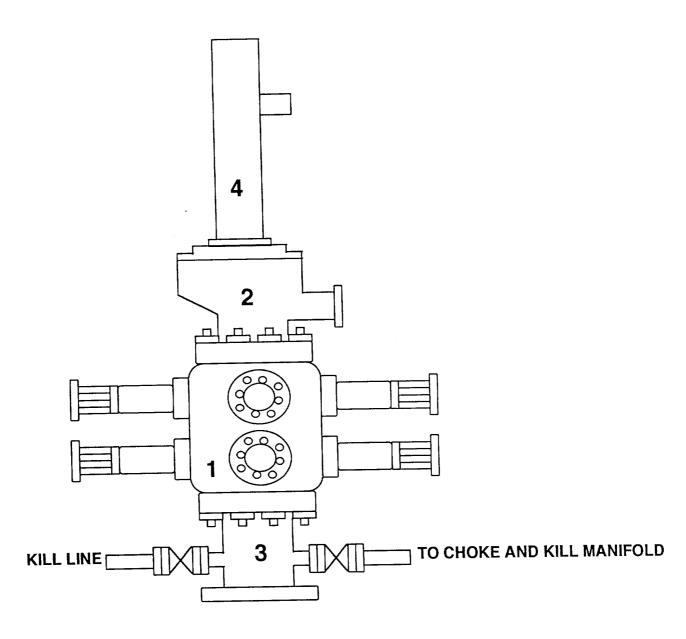
The surface hole will be drilled with a gel and lime based fresh water mud.

The production hole will be drilled with a low solids non-dispersed fresh water mud. The weighting material will be barite. The maximum mud weight expected is 9.0 ppg. The water loss will be reduced to less than 10 cc at the top of the Fruitland.

- 6. No cores or drill stem tests are planned for this well. A full suite of logs including gamma ray, density porosity, and resistivity, will be run after T>D> is reached.
- 7. The maximum expected bottom hole pressure is 1200 psi. This pressure will be contained as specified in No. 5 above. No other potential hazards are expected.
- 8. Optimum solids control equipment will be used to keep the mud in good shape. Construction of the wellpad will begin as soon as the APD is approved.

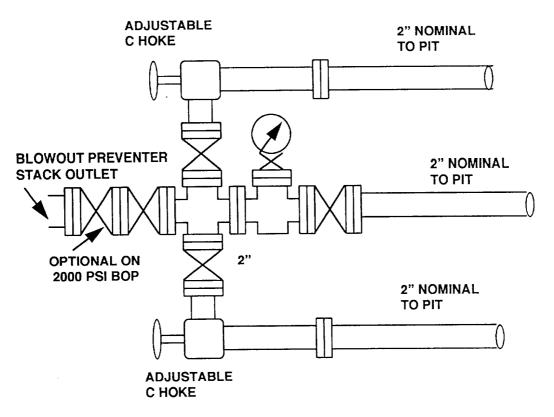
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### SG INTEREST / MARALEX RESOURCES INC. HART CANYON 3-1 956' FNL, 1168' FEL, SEC.3-30N-10W SAN JUAN COUNTY, NEW MEXICO



- 1 DOUBLE RAM 3000 LB. MANUAL LOCK BLOWOUT PREVENTER
- 2 ROTATING HEAD IF AIR OR GAS DRIILLING
- 3 SPOOL W/2" MINIMUM KILL LINE VALVE & KILL LINE
- **4 DRILLING FLOW NIPPLE**

# SG INTEREST / MARALEX RESOURCES INC. HART CANYON 3-1 956 FNL, 1168 FEL SEC. 3-T30N-R10W



FOR 2000 &3000 PSI RATED WORKING PRESSURE

UPPER KELLY COCK VALVE WITH HANDLE AVAILABLE
SAFETY VALVE AND SUBS WILL BE AVAILABLE TO FIT ALL DRILL
STRINGS IN USE

### 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 bing 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 bypass 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.

# SG INTERESTS, LTD / MARALEX RESOUPCES, INC. HART CANYON 3-1 956' FNL, 1168' FEL SECTION 3, T30N, R10W SAN JUAN COUNTY, NEW MEXICO SURFACE USE PLAN

- 1. Existing roads and existing wells are shown on Attached Plat No. 1.
- 2. The new location will be built adjacent to an existing road, No new roads are therefore required.
- 3. See No. 1.
- 4. The location of the anticipated production facilities both on and off the well pad are shown on Attached Plat No. 2.
- 5. Water will be Fruitland Coal Seam produced water, which will be trucked from nearby existing wells.
- 6. Materials for the construction of the location are expected to be limited to the materials on site. Fill material will be taken from material taken out of cuts.
- 7. Drill cuttings will be allowed to dry and then spread evenly in the reserve pit and buried. Garbage and nonflammable waste produced during the drilling or testing will be handled in a trash bin and hauled to a licensed disposal area. All fluids will be handled in the reserve pit. fluids will be allowed to evaporate before the reserve pit is reclaimed. The reserve pit will be fenced on three sides while the drilling rig is on location with the fourth side being fenced immediately upon removal of the drilling rig.
- 8. No camp or airstrip will be constructed for the drilling of this well.
- 9. The wellsite layout is shown on Attached Plat No. 3.
- 10. The location will be cleaned up; the reserve pit will be filled and leveled after drying; the unused portion of the location will be reseeded with seed mixture No. 2; all permanent production equipment will be painted BLM tan, and the road and location will be maintained until such time as the well is abandoned.
- 11. The surface is owned by the United States of America, Bureau of Land Management.
- 12. The primary surface use is for farming and grazing. The location has been spotted so as to minimize damages to the surface. The nearest dwellings are several miles from this location. An archaeologist survey is being conducted,

Surface Use Plan (continued) Page No. 2

and a report detailing the survey will be submitted directly from the Archaeoligist to the BLM Office. The dirt contractor will be furnished with an approved copy of the Surface Use Plan and any stipulations prior to beginning construction of the location.

### 13. Operator's Representative:

A. M. O'Hare P. O. Box 338 Ignacio, Colorado 81137 Phone (303) 563-4000

### Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed well site and access route: that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Sg Interests LTD/Maralex Resources, Inc., and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

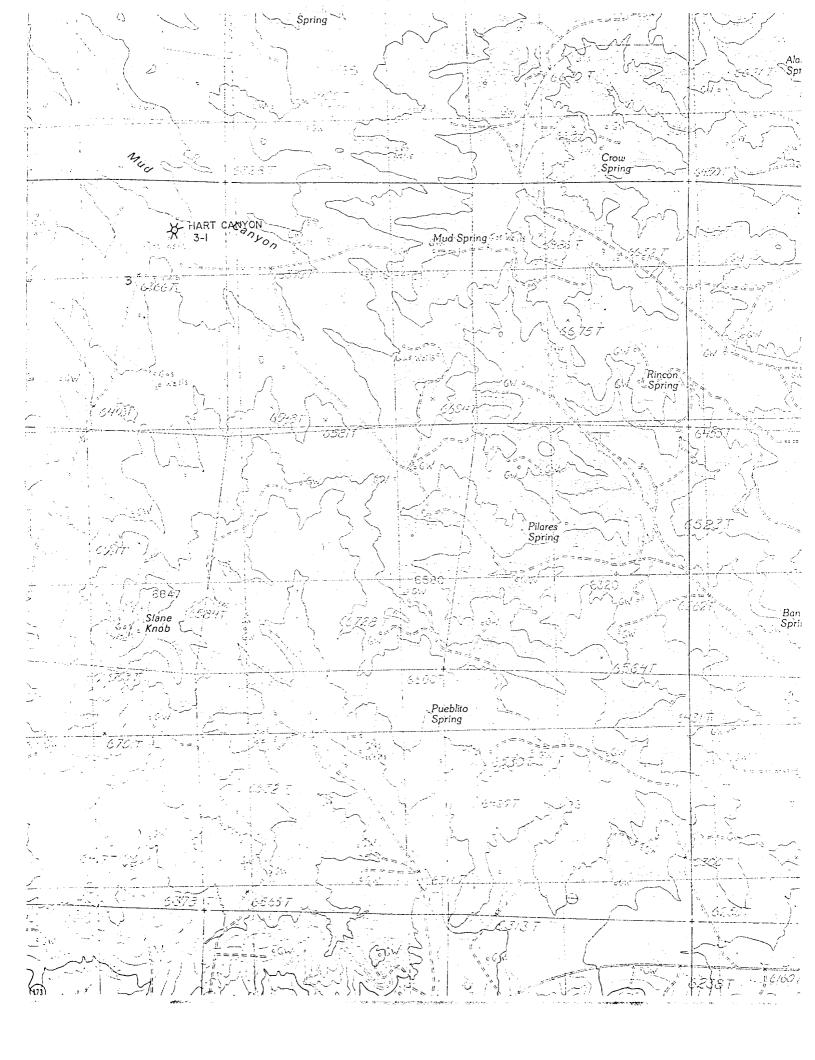
\_\_\_\_\_ Date: 1/8/94

D. R. Reimers

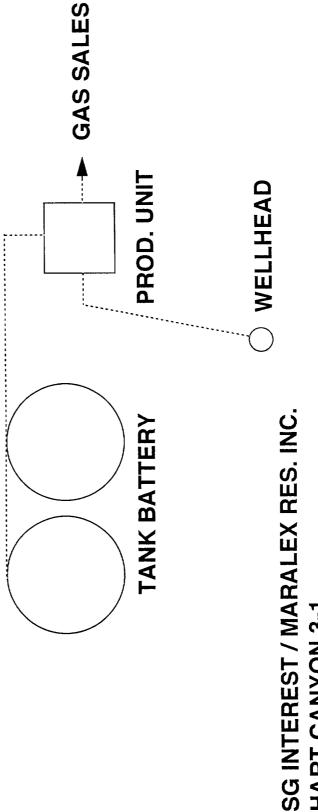
Name:

Engineering Manager

Maralex Resources, Inc.



# PLAT NO. 2 PRODUCTION FACILITIES SCHEMATIC



SG INTEREST / MARALEX RES. INC. HART CANYON 3-1 956 FNL,1168 FEL S3-T30N-R10W SAN JUAN COUNTY NEW MEXICO

& Fuel Tank Generator PLAT NO. 3 RIG LAYOUT SCHEMATIC Pump Mud **Draw Works** Dog House Engine & **Mud Pit** 275 Pipe Racks Cat Walk

Reserve Pit 80, 40,

COMPANY: MARALEX RESOURCES HART CANYON 3-1 LEASE: \_\_\_\_\_ FOOTAGE: 956' FNL, 1168' FEL SEC.: 3 TWN: T.30 N. RNG: R.10 W. NMPM ELEVATION: 6329 140' F4.5 <sub>B</sub> 135' C0.9 F11.5 A 75, ELEV.= 6329 F7.0 PLAYDOWN N 41 W C3.8 B' C4.2 F2.5 A, **1** C7.0  $C1.\overline{4}$ ELEV. A-A' C/L 6520 6510 6500 6490 6480 6470 B-B' ELEV. C/L 6520 6510 6500 6490 6480 6470 ELEV. C/L 6520 6510 6500 6490 6480 6470 Daggett Surveying, Inc.

3639 E. 30th. Street Suite No. 78 Ph. (605) 323-1772
Fermington, New Mexico 87401