

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

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

API NO. (assigned by OCD on New Wells)
30-045-29094
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

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"/>			7. Lease Name or Unit Agreement Name		
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"/>			HART CANYON 26		
2. Name of Operator SG INTERESTS I, LTD 20572			8. Well No. #1 (N/31560)		
3. Address of Operator PO Box 338, Ignacio, CO 81137			9. Pool name or Wildcat Basin Fruitland Coal 71629		
4. Well Location Unit Letter G : 1331 Feet From The North Line and 1651 Feet From The East Line Section 26 Township 31 North Range 10 West NMPM San Juan County					
10. Proposed Depth 3225'		11. Formation Fruitland Coal		12. Rotary or C.T. Rotary	
13. Elevations (Show whether DF, RT, GR, etc.) GR 6311'		14. Kind & Status Plug. Bond Blanket		15. Drilling Contractor Arapahoe	
16. Approx. Date Work will start Upon State Approval					
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#	300'	200 sx Class "B"	
7-7/8"	5-1/2"	15.5#	3225'	490 sx Class "B"	

SG Interests I, Ltd proposes to drill a vertical hole to develop the Fruitland Coal Formation at the above described site. The well will be drilled with LSND mud. A double ram type BOP will be used to maintain well control at all times during the drilling of the well. Sketches of the BOP and choke assembly are included 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. A minimum of ten centralizers will be used to optimize placement of the cement around the pipe on the long string.

This Approval
Expires 3-7-95
And Will Not Be
Extended

RECEIVED
MAR 07 1994

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTION 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 Dennis Reimers TITLE Agent for SG Interests DATE March 7, 1994

TYPE OR PRINT NAME Dennis Reimers

TELEPHONE NO. (303) 563-400

(This space for State Use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAR - 7 1994

CONDITIONS OF APPROVAL, IF ANY:

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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P.O. Box 1980, Hobbs, N.M. 88240

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

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88210

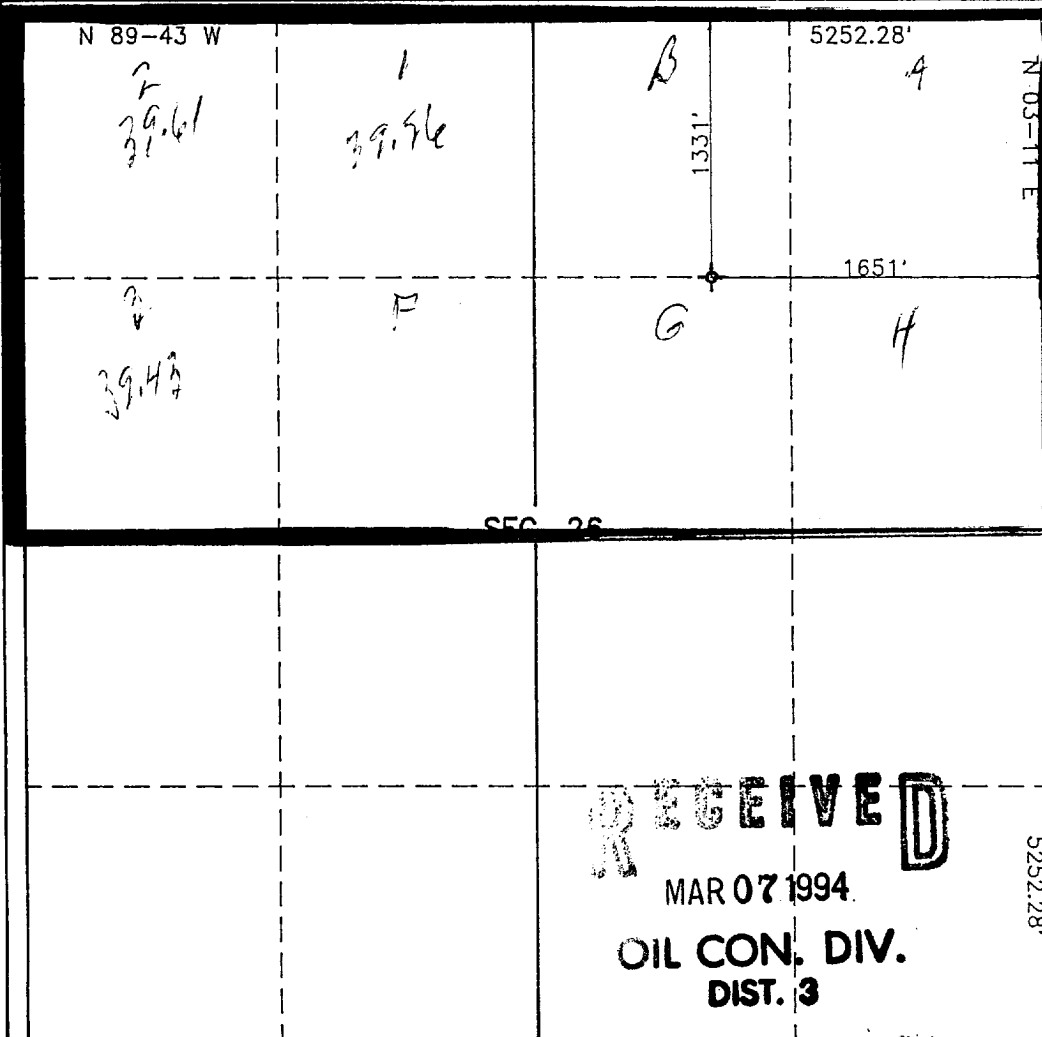
DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MARALEX RESOURCES SG INTERESTS I, LTD			Lease HART CANYON 26		Well No. 28-1
Unit Letter G	Section 26	Township 31 NORTH	Range 10 WEST NMPM	County SAN JUAN	
Actual Footage Location of Well: 1331 feet from the NORTH line and 1651 feet from the EAST line					
Ground level Elev. 6311	Producing Formation Coal		Pool Basin Fr	Dedicated Acreage: 318.6 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure mark on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.



SURVEYOR CERTIFICATION

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

Signature *Dennis R. Reimers*
Printed Name **Dennis R. Reimers**
Position **Engineering Mgr, Agent for**
Company **SG Interests I, Ltd**
Date **March 1, 1994**

SURVEYOR CERTIFICATION

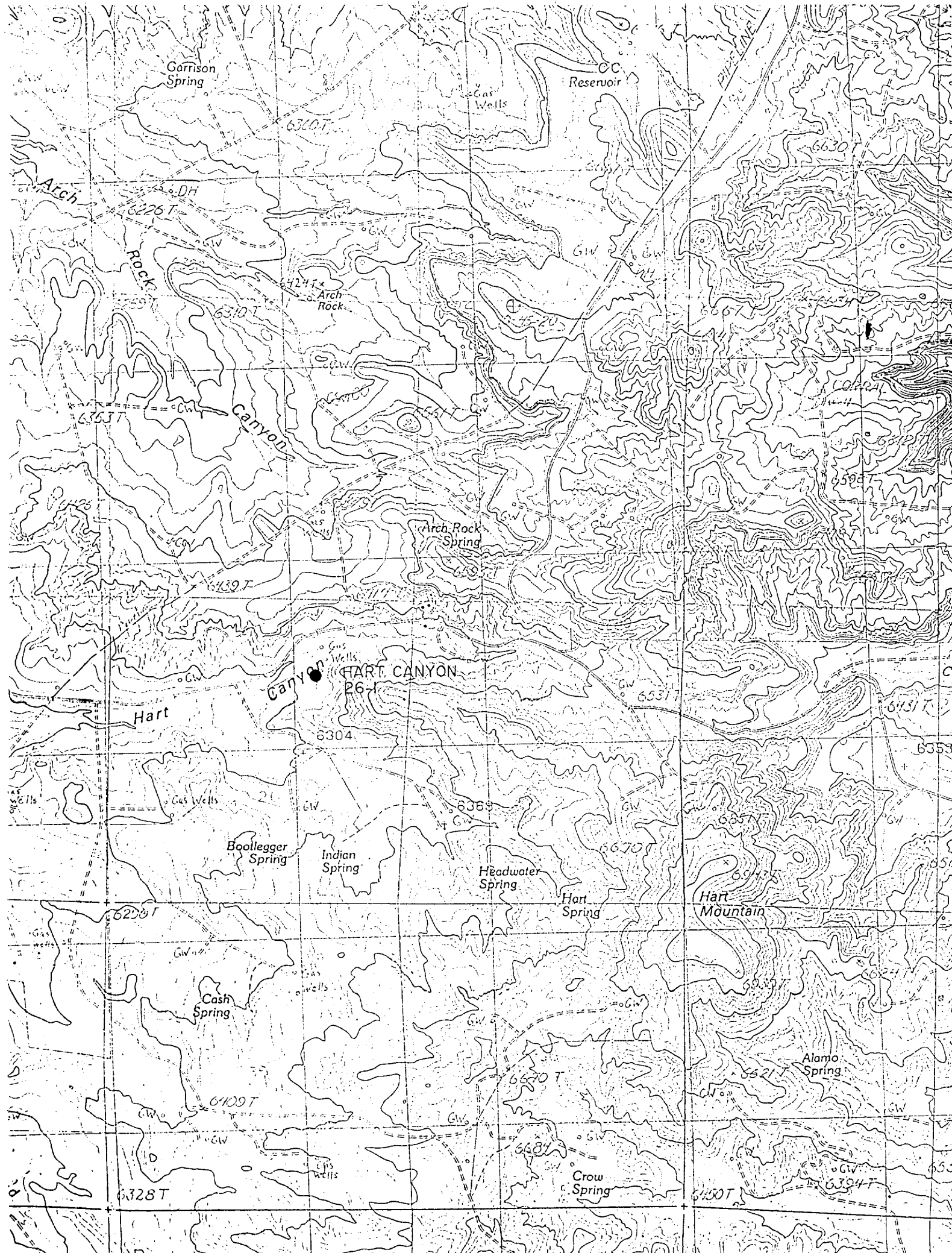
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **FEBRUARY 24, 1994**

Signature & Seal of Professional Surveyor

[Signature]
ROYAL RUSH
8894
Professional Land Surveyor

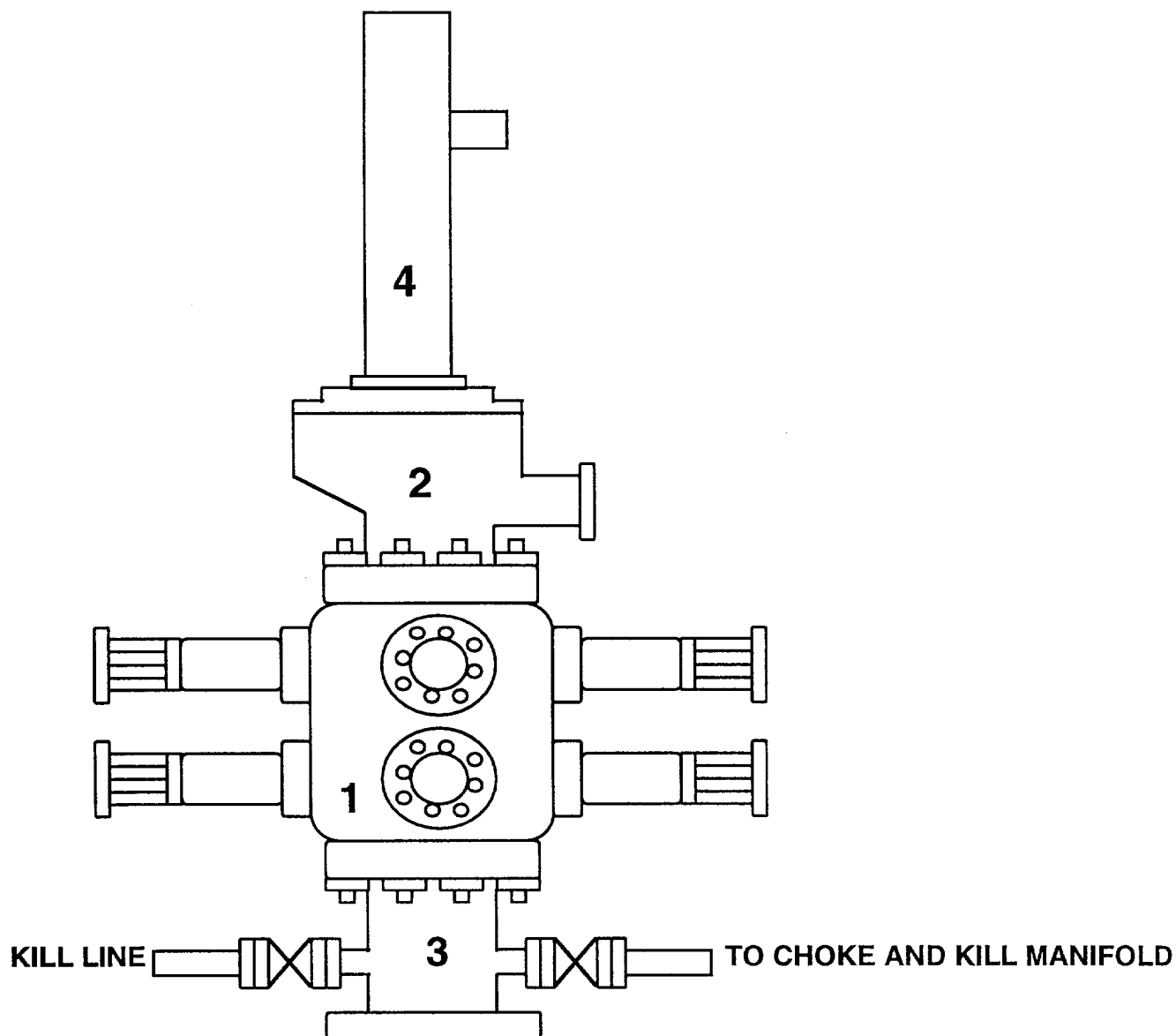
Certificate No. **8894**



BLOWOUT PREVENTION EQUIPMENT SPECIFICATIONS

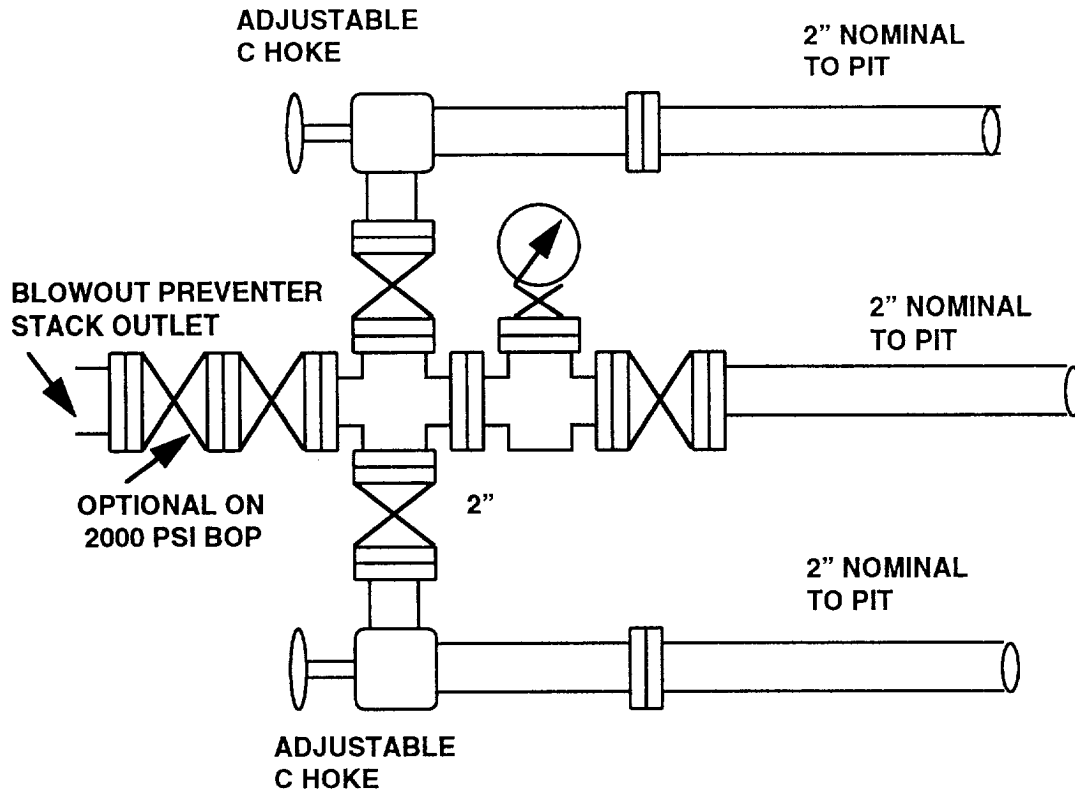
1. All BOP equipment shall be fluid and/or mechanically operated.
2. BOP's and all fittings will be in good working condition.
3. Equipment through which the bit must pass shall be at least as large as the casing size being drilled.
4. The nipple above the BOP shall be at least the same size as the last 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 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 INTEREST / ~~MARALEX RESOURCES INC.~~
HART CANYON 26-1
1331' FNL, 1651' FEL, SEC.26-31N-10W
SAN JUAN COUNTY, NEW MEXICO



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

SG INTEREST / ~~MARALEX RESOURCES INC.~~
HART CANYON 26-1
1331' FNL, 1651' FEL SEC. 26-T31N-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**