



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
Acting Director  
Oil Conservation Division

April 27, 2004

Sagle & Schwab Energy Resources  
2223 Main Ave.  
PO Box 2677  
Durango, CO 81302

Re: Extension of Administrative Order SWD-293

Dear Mr. Schwab:

As per your request on behalf of Sagle & Schwab Energy Resources ("S&S") received in this office April 19, 2004, and for the reasons outlined in your letter, a one-year extension of the deadline in which to resume injection in the Pot Mesa Well No. 2 (API No. 30-031-20888), approved by Division Order No. SWD-293, is hereby granted with the following conditions.

Just prior to resuming injection, the operator shall submit the following data to the Division in Santa Fe.

- 1) Casing and cement top data on all wells drilled to at least the top perforation depth and within ½ mile radius of this injection well.
- 2) All wells and pools producing and/or considered prospective within a 2-mile radius of this injection well.
- 3) Plot of available injection data vs time, including daily injection rate and wellhead pressure.
- 4) Current static fluid level and estimated reservoir pressure.
- 5) Statement verifying that a pressure limiting device is installed and operational at or near the wellhead.

The injection authority for this well shall expire on July 1, 2005, if the operator has not resumed injection.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. Jones".

William V. Jones  
Engineer

cc: Oil Conservation Division – Aztec  
File: SWD-293

# SAGLE & SCHWAB ENERGY RESOURCES

**Bob Sagle**  
President/Engineering

**Tripp Schwab**  
Vice-President/Operations

RECEIVED

April 15, 2004

APR 19 2004

State of New Mexico  
Oil Conservation Division  
1220 So. St. Francis Drive  
Santa Fe, New Mexico 87505

OIL CONSERVATION  
DIVISION

Attention: Mr. Will Jones

RE: Pot Mesa #2 SWD Well  
(SWNE) Sec 10-T20N-R6W  
McKinley County, NM  
API No. 30-031-20888  
Order SWD No. 293

Dear Mr. Jones:

To confirm your discussion with Marcia Stewart, SG Interests (c/o Sagle & Schwab Energy Resources, PO Box 2677, Durango, CO 81301) became the operator of the captioned well effective July 1, 2003 (former operator, Merrion Oil & Gas, 610 Reilly Ave., Farmington, NM 87401-2634). Although Merrion was injecting water during the month of June, 2003, SG elected to shut the well in (on July 1, 2003) until a later date. It is SG's intent to recomplete and evaluate gas/oil wells in the area before making a determination concerning this water disposal well. If SG finds a need for this well, injection equipment will be upgraded prior to any injection operation.

Bruce Martin of NMOCD in Aztec, NM informed us that after a year of no injection, we would lose our authority to inject. Consequently, we are requesting a one (1) year extension for the Pot Mesa #2 injection well.

Please let me know if you need any additional information. Thank you for your help.

Sincerely,

SAGLE & SCHWAB ENERGY RESOURCES  
AGENT FOR SG INTERESTS



Tripp Schwab  
Vice President/Operations

WS:mgs