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RECEIVED

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September 21, 1992

10567

State of New Mexico
Energy, Minerals and Natural
Resources Department
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501-2088

Attn: William J. Lemay, Director

Re: Application for Compulsory Pooling
SG Interests I, Ltd.
San Juan County, New Mexico


Gentlemen:

Please consider this letter the formal application of SG Interests I, Ltd. for an order of the New Mexico Oil Conservation Division force-pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Sec. 30, T29N, R10W, N.M.P.M., San Juan County, New Mexico, forming a standard 319.80 acre coal gas spacing and proration unit for said pool, to be dedicated to its Sikes 29-10-30 No. 2 Well to be drilled at a standard coal gas well location 1,715 feet from the south line and 950 feet from the west line (Unit L) of said Section 30. SG Interests I, Ltd. requests that such order designate SG Interests I, Ltd. as the operator of the proposed well, and that it provide for the recovery by the joining working interest owners of the cost of drilling, completing, equipping and operating the proposed well, together with a reasonable charge for risk involved in drilling the well. In addition, SG Interests I, Ltd. requests that the order establish a reasonable charge for the supervision of the well during the drilling and production stages.

State of New Mexico
Oil Conservation Division
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September 21, 1992

Please place this application on the October 15th, 1992 docket of the New Mexico Oil Conservation Division. Please advise should you require any additional information.

Sincerely,



Tommy Roberts,
Attorney for
SG Interests I, Ltd.

TR:mkc

cc: Supervisor, District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

cc: James B. Fullerton,
Consulting Landman on behalf
of SG Interests I, Ltd.
1645 Court Place, Suite 406
Denver, Colorado 80202

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

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
OIL CONSERVATION DIVISION

Form C-101
Revised 1-1-89

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) <i>38-045-2171</i>
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 Sikes 29-10-30	
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"/>				8. Well No. 2 <i>5/31/80</i>	
2. Name of Operator SG Interests I, Ltd.				9. Pool name or Wildcat Basin Fruitland <i>Coal</i>	
3. Address of Operator P.O. Box 421, Blanco, NM 87412-0421					
4. Well Location Unit Letter <u>L</u> : <u>1715</u> Feet From The <u>South</u> Line and <u>950</u> Feet From The <u>West</u> Line Section <u>30</u> Township <u>29N</u> Range <u>10W</u> NMPM <u>San Juan</u> County					
10. Proposed Depth 2000'		11. Formation Fruitland Coal		12. Rotary or C.T. Rotary	
13. Elevations (Show whether DF, RT, GR, etc.) 5519' GL, 5532' KB		14. Kind & Status Plug. Bond Blanket		15. Drilling Contractor unknown	
16. Approx. Date Work will start August 10, 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	2000'	210 sx 65/35 w/	surface
				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 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 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 *A. M. O'Hare* TITLE Agent for SGI I, Ltd. DATE 7-14, 1992
TYPE OR PRINT NAME A. M. O'Hare TELEPHONE NO. _____

(This space for State Use)

APPROVED BY *[Signature]* TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

1-27-93

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C 102
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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator S G INTERESTS I, LTD.			Lease Sikes 29-10-30		Well No. 2
Unit Letter L	Section 30	Township 29 N	Range 10 W	County San Juan	
Actual Footage Location of Well: 1715 feet from the South line and 950 feet from the West line					
Ground level Elev. 5519	Producing Formation Fruitland Coal		Pool Basin Fruitland	Dedicated Acreage: 319.8 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks 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 Communitization

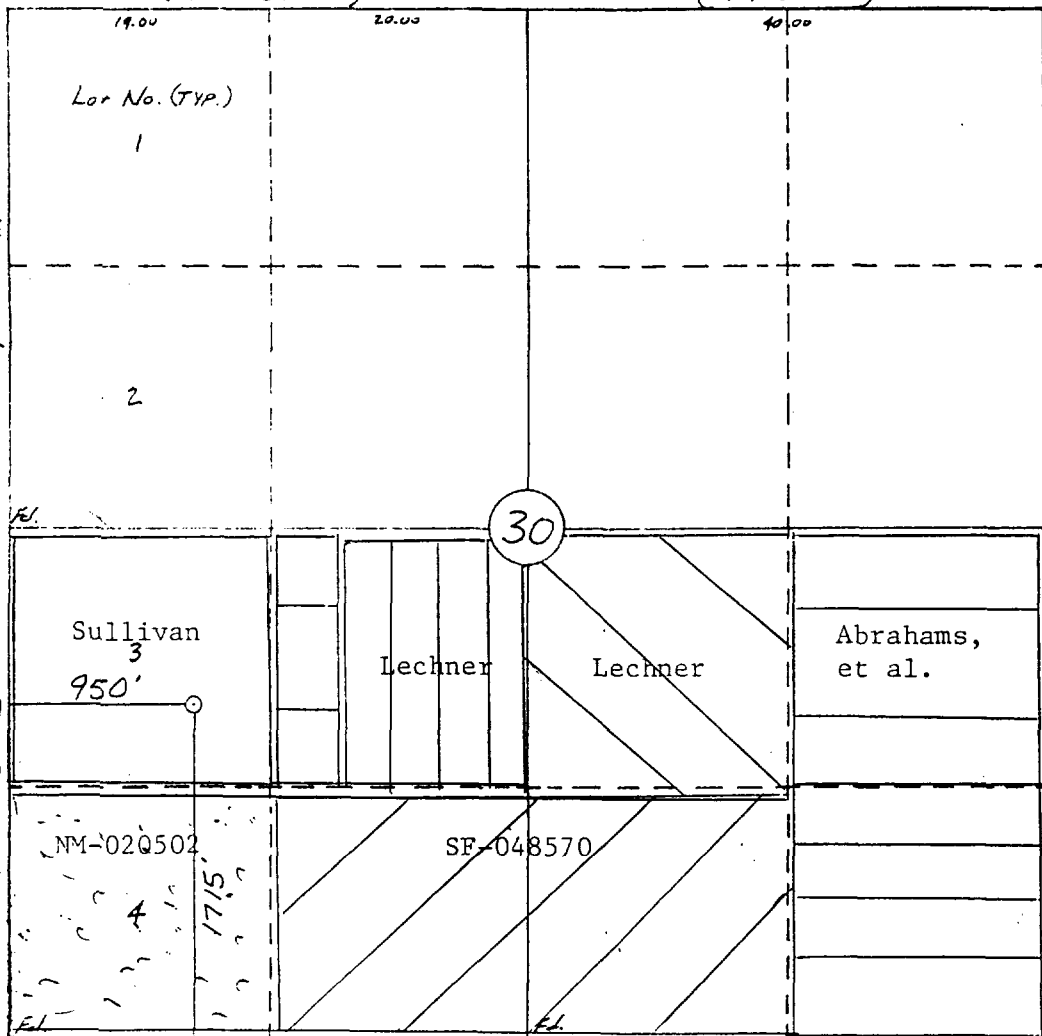
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

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

(S89°51'W)

(79.80 ch)



OPERATOR CERTIFICATION

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

Signature

Printed Name

A. M. O'Hare

Position

President/Agent

Company Maralex Resources, Inc.
Agent for SG Interests I, Ltd

Date

July 14, 1992

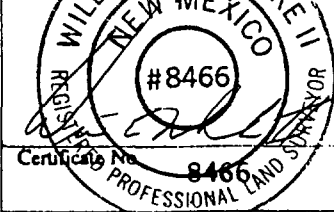
SURVEYOR CERTIFICATION

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
7-13-92

Date Surveyed

William E. Mahnke II

Signature & Seal of
Professional Surveyor



Certificate No. 8466
PROFESSIONAL LAND SURVEYOR

BOP Stack Arrangement

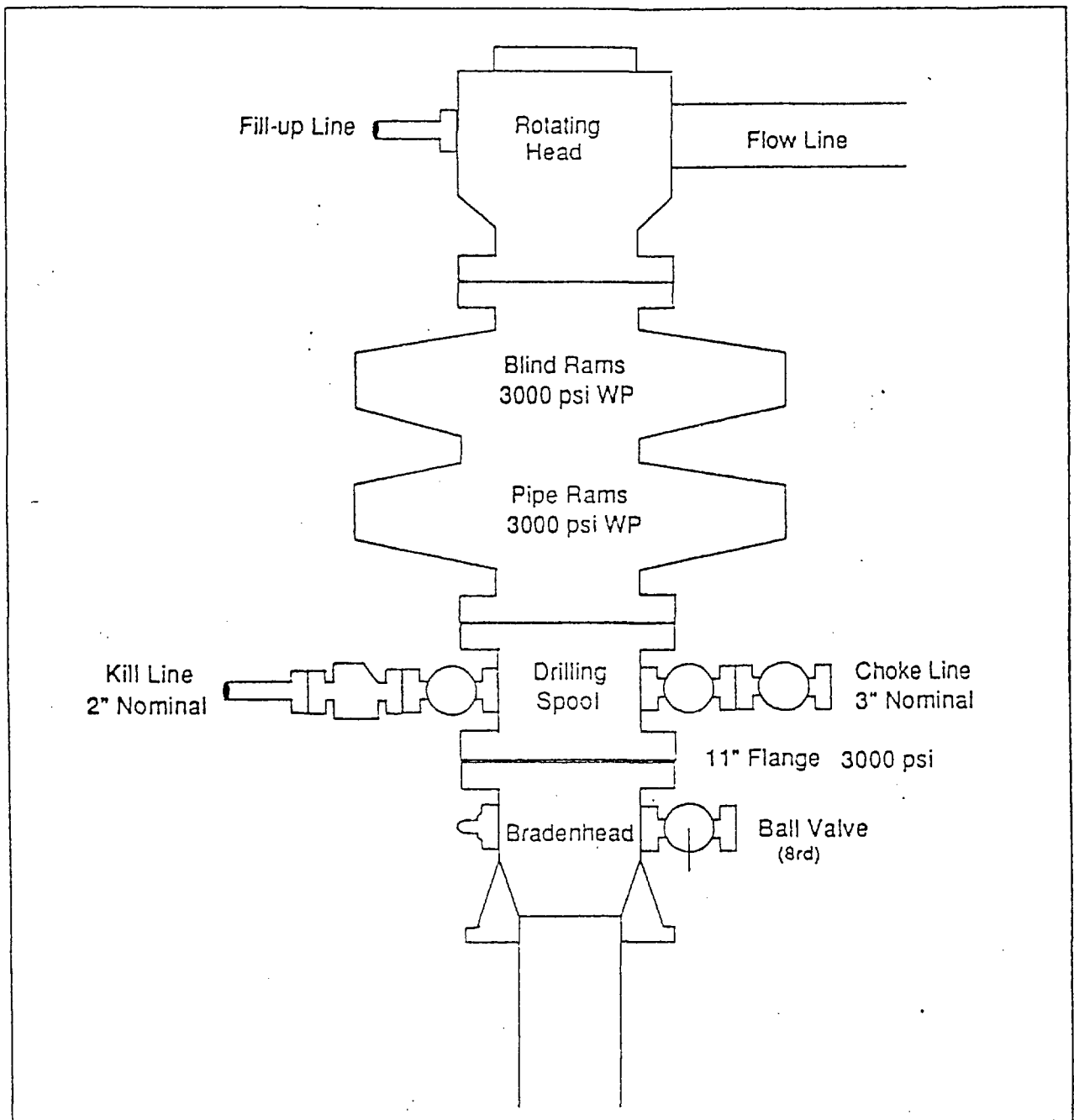


Exhibit #2
Choke Manifold & Accumulator Schematic

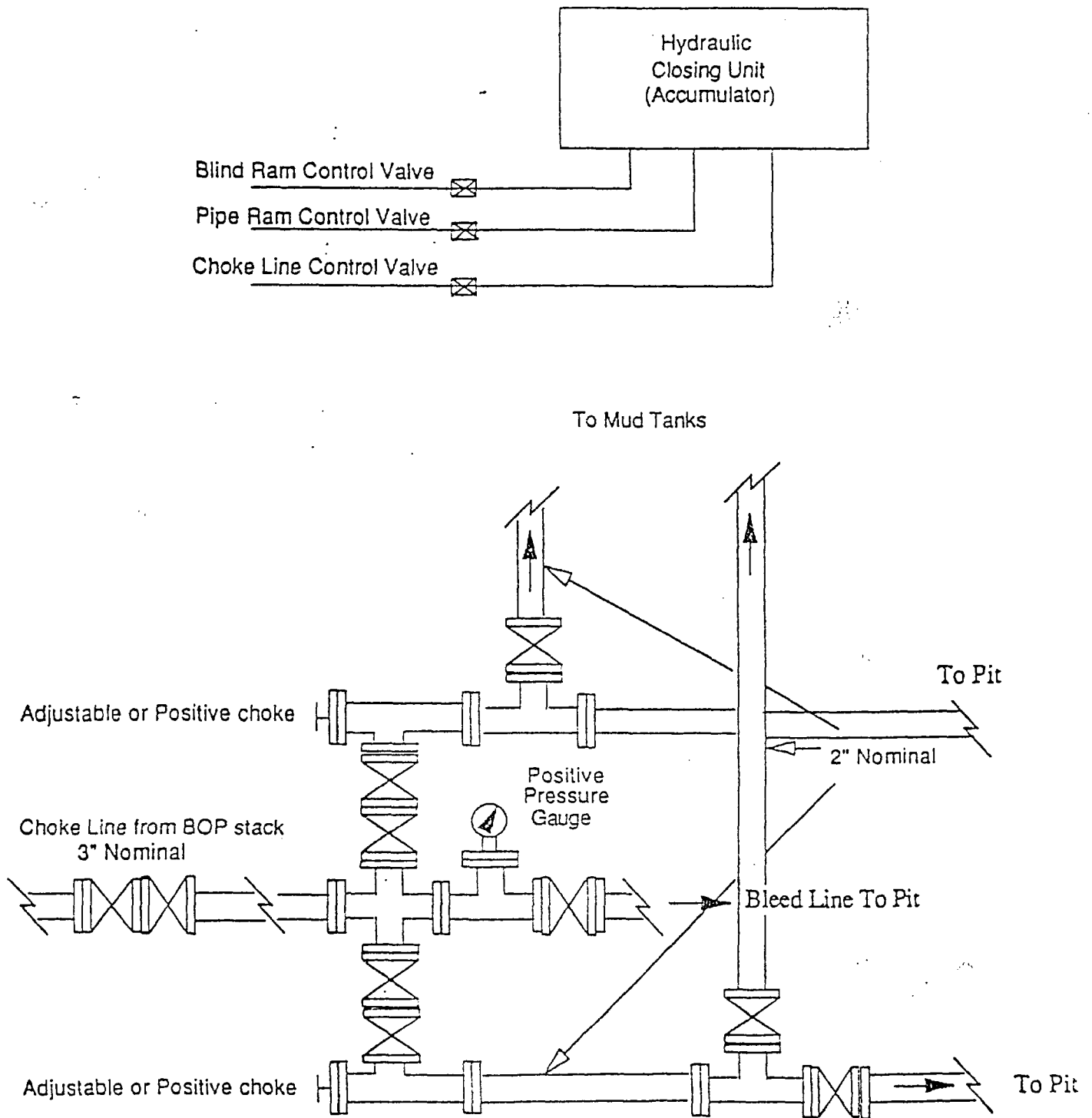


EXHIBIT B
Blowout Prevention Equipment Specifications

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.

① 39.65				
② 39.75				
③ 39.85				
④ 39.95				

SECTION 30 TOWNSHIP 29 North RANGE 10 West