

LAW OFFICES

TANSEY, ROSEBROUGH, GERDING & STROTHER, P.C.

OIL CONSERVATION DIVISION  
RECEIVED

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FARMINGTON, NEW MEXICO 87401  
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Farmington, N.M. 87499

November 6, 1992

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

Attn: William J. Lemay, Director

Re: Examiner Hearing - November 19, 1992

Gentlemen:

SG Interests I, Ltd. requests that the following cases  
set for the November 19, 1992 Examiner Hearing be dismissed:

- 1) Case No. 10577 /  
N/2 of Section 2, Township 29 North, Range 9  
West, San Juan County, New Mexico
- 2) Case No. 10579 /  
S/2S/2 of Section 19, Township 29 North, Range  
9 West, San Juan County, New Mexico and  
N/2 of Section 30, Township 29 North, Range 9  
West, San Juan County, New Mexico
- 3) Case No. 10580 /  
E/2 of Section 15, Township 29 North, Range 10  
West, San Juan County, New Mexico
- 4) Case No. 10581 /  
N/2 of Section 21, Township 29 North, Range 10  
West, San Juan County, New Mexico
- 5) Case No. 10582 /  
S/2 of Section 22, Township 29 North, Range 10  
West, San Juan County, New Mexico

SECTION 21

TOWNSHIP 28 North

RANGE 10 West


0

*Standard 640 acre Section*

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
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

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

WELL API NO.

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"  
(FORM O-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name

Velasquez 29-10-21

1. Type of Well:  
OIL WELL ☐

GAS WELL ☒

OTHER

2. Name of Operator

SG Interests I. Ltd. Attn: A. M. O'Hare

8. Well No.

#1

3. Address of Operator

PO Box 421, Blanco NM 87412

9. Pool name or Wildcat

Basin Fruitland Coal

4. Well Location

Unit Letter G : 1455 Feet From The North Line and 1820 Feet From The East Line

Section 21

Township 29N

Range 10W

NMPM San Juan

County

10. Elevation (Show whether SP, RKB, RT, GR, etc.)

5616' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

REMEDIAL WORK ☐

ALTERING CASING ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

COMMENCE DRILLING OPNS. ☐

PLUG AND ABANDONMENT ☐

PULL OR ALTER CASING ☐

CASING TEST AND CEMENT JOB ☐

OTHER: change name

☒

OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

The name of this proposed well was the Chavez 29-10-21 #1 and it has been changed to the Velasquez 29-10-21 #1. If there are any questions please contact A. M. O'Hare at (505) 325-5599.

RECEIVED  
AUG 12 1992  
OIL CONSERVATION  
DIST. C

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

DATE Aug. 12, 1992

TYPE OR PRINT NAME

Dana M. Hyde

TELEPHONE NO. 505-325-51

(This space for State Use)

APPROVED BY

Original Signed by, CHARLES GHOLSON

TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. #3

DATE

AUG 13 1992

COMMENTS OR APPROVALS

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**  
DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240  
DISTRICT II  
P.O. Drawer DD, Artesia, NM 88202  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

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

AUG 10 1992

API NO. (assigned by OCD on New Wells)

30-045-28744

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, OIL CON. DIV.

1a. Type of Work:

DRILL ☒

RE-ENTER ☐

DEEPEN ☐

PLUG BACK ☐

b. Type of Well:

OIL  
WELL ☐

GAS  
WELL ☒

OTHER ☐

SINGLE  
ZONE ☒

MULTIPLE  
ZONE ☐

DIST. 3

7. Lease Name or Unit Agreement Name

Chavez 29-10-21

2. Name of Operator

SG Interests I, Ltd.

8. Well No.

1

3. Address of Operator

P.O. Box 421, Blanco, NM 87412-0421

9. Pool name or Wildcat

Basin Fruitland Coal

4. Well Location

Unit Letter

G

1455'

Feet From The North

Line and

1820'

Feet From The East

Line

Section 21

Township 29N

Range 10W

NMPM

San Juan

County

10. Proposed Depth

2150'

11. Formation

Fruitland Coal

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

5616' GL, 5629' KB

14. Kind & Status Plug Bond

Blanket

15. Drilling Contractor

Walters Drilling

16. Approx. Date Work will start

August 20, 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 <sub>2</sub>	surface
7-7/8"	5-1/2"	15.5#, J-55	2150'	225 sx 65/35 POZ mix w/6% gel & 100 sx Class B neat tail.	Surface

SG Interests 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 the hole to TD. A double ram type blowout preventer and choke assembly will be used to maintain well control at all times during drilling operations. A full suite of open hole logs will be run upon reaching total depth. Both strings of casing will be cemented in separate single stage jobs. A high strength cement will be placed across the pay 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. A description of the BOP equipment and choke assembly along with schematic sketches of the equipment are included as exhibits to this application.

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 SG Interests I, Ltd. DATE 8/6/92

TYPE OR PRINT NAME A. M. O'Hare

TELEPHONE NO. (505) 325-551

(This space for State Use)

APPROVED BY

Ernie Busch

DEPUTY OIL & GAS INSPECTOR, DIST. #3

DATE AUG 12 1992

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL EXPIRES 2-12-93  
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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form O-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

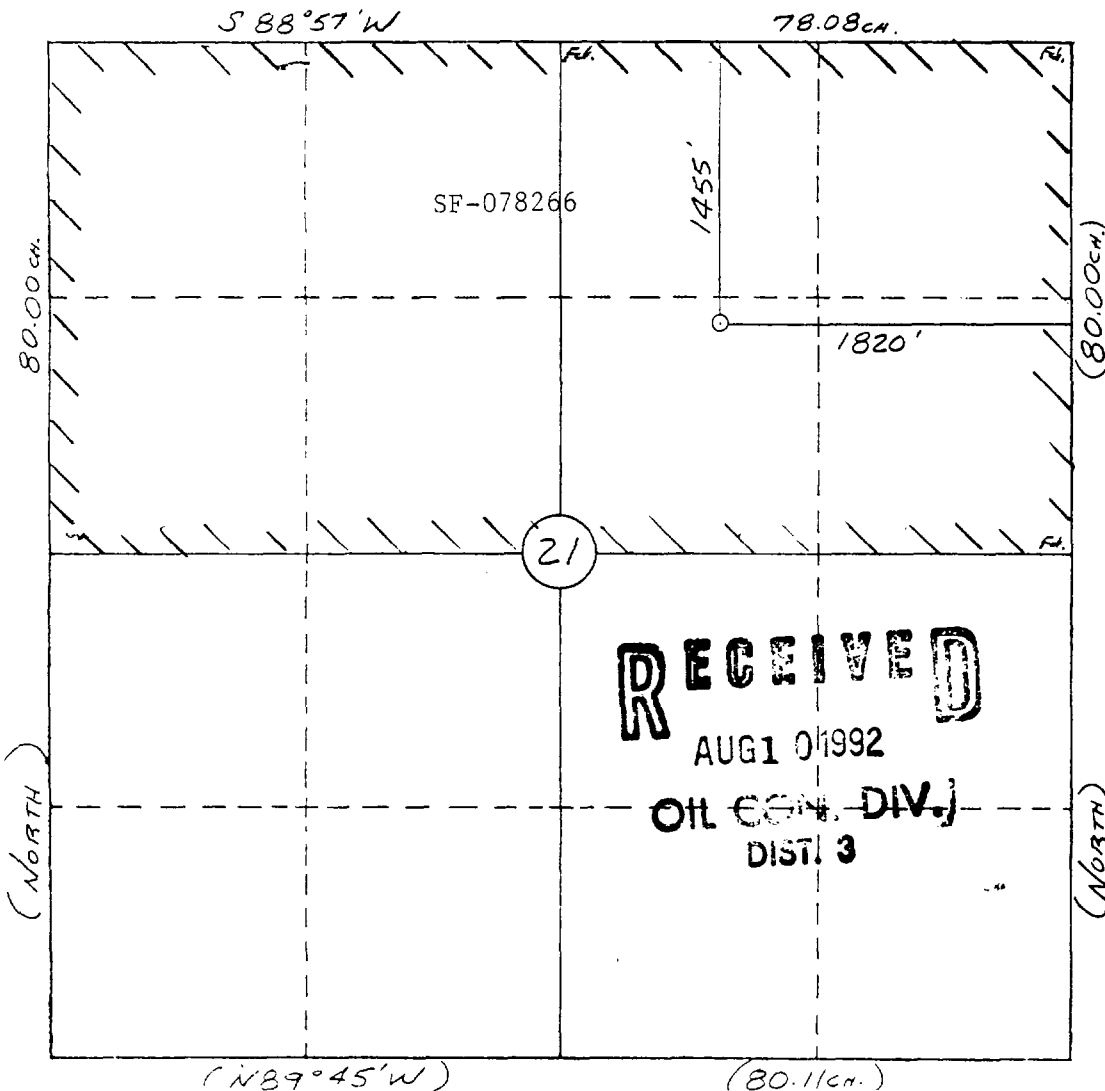
Operator <b>S G INTERESTS I, LTD.</b>		Lease <b>Chavez 29-10-21</b>		Well No <b>1</b>	
Unit Letter <b>G</b>	Section <b>21</b>	Township <b>29 N</b>	Range <b>10 W</b>	County <b>San Juan</b>	
Actual Fixage Location of Well: <b>1455</b> feet from the <b>North</b> line and <b>1820</b> feet from the <b>East</b> line					
Ground level Elev <b>5616</b>	Producing Formation <b>Fruitland Coal</b>		Pool <b>Basin Fruitland</b>	Dedicated Acreage <b>320</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 communization, unitization, force-pooling, etc.?

☒ Yes ☐ No If answer is "yes" type of consolidation Communization  
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 communization, 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



OPERATOR CERTIFICATION

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

Signature  
*A. M. O'Hare*

Printed Name  
**A. M. O'Hare**

Position  
**President/Agent**

Company  
**Maralex Resources, Inc.**

Agent for SG Interests I,

Date  
**August 6, 1992**

SURVEYOR CERTIFICATION

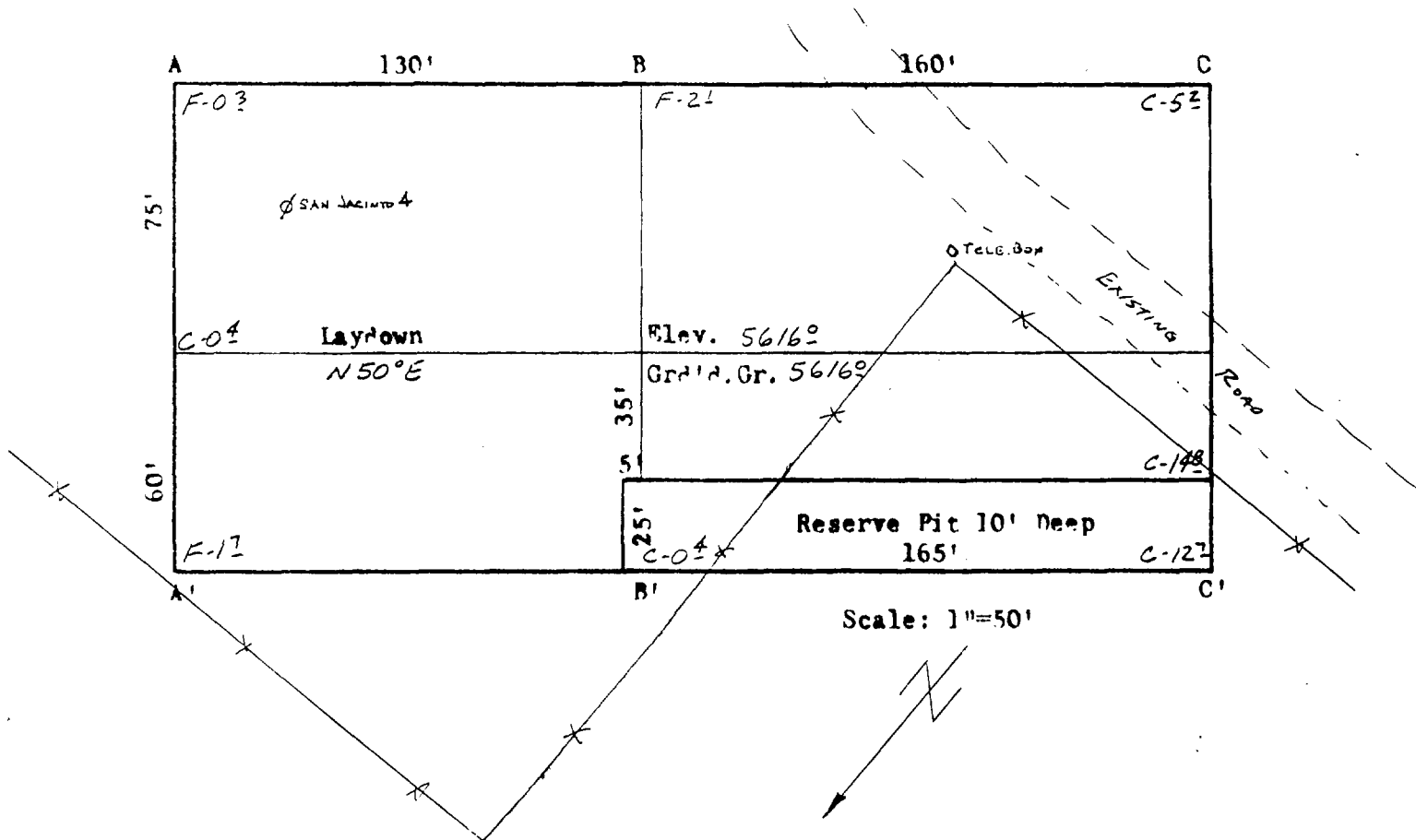
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.  
**8-5-92**

Date Surveyed  
**William E. Mahnke II**

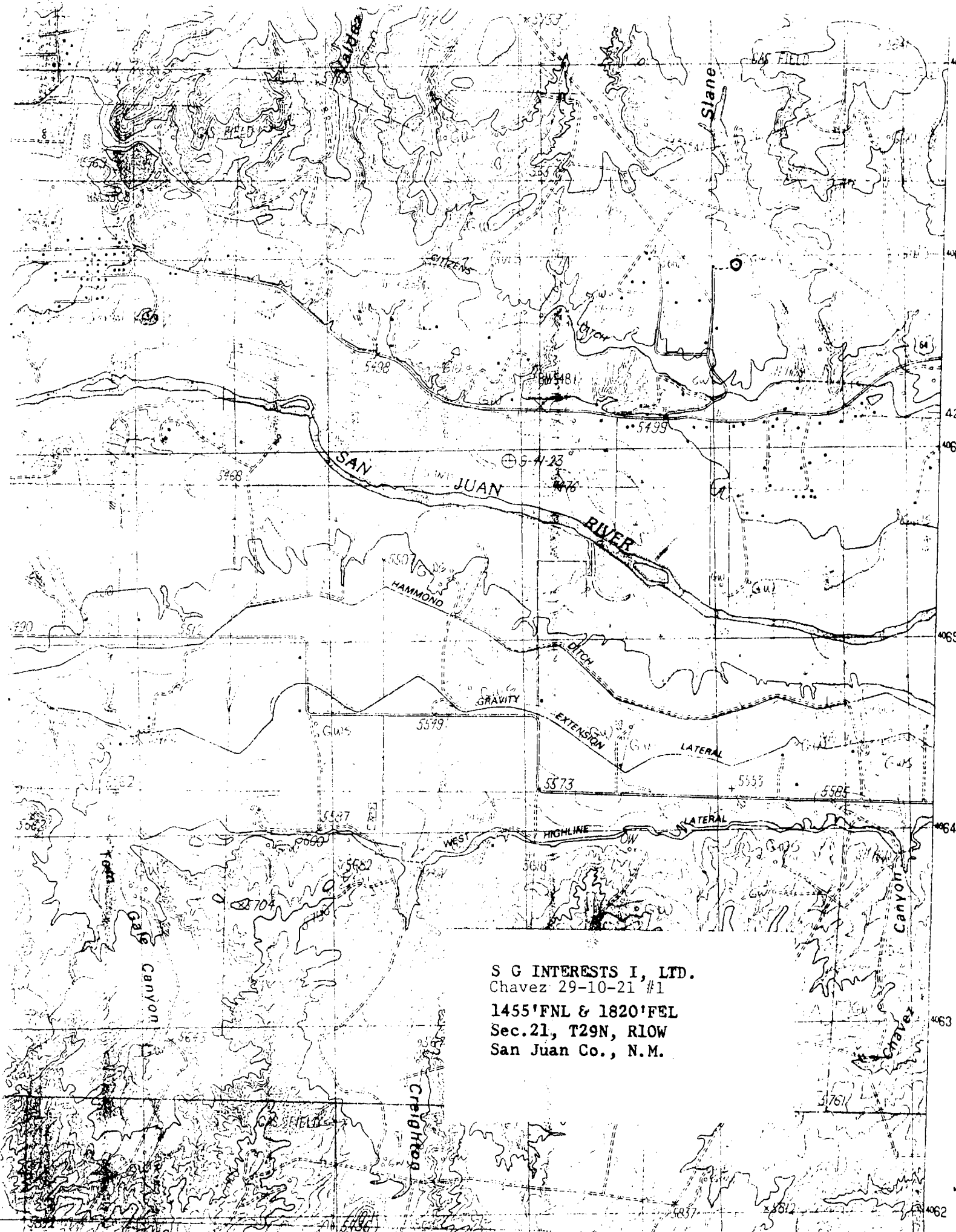
Signature & Seal of Professional Surveyor  
*William E. Mahnke II*

Professional Land Surveyor  
**NEW MEXICO**  
**#8466**  
**8466**  
Certificate No. 8466

S G INTERESTS I, LTD.  
 Chavez 29-10-21 #1  
 1455'FNL & 1820'FEL  
 Sec.21, T29N, R10W  
 San Juan Co., N.M.



A-A'	Vert.: 1"=30'	Horiz.: 1"=100'	C/L
5620			
5610			
B-B'			
5620			
5610			
C-C'			
5620			
5610			



S G INTERESTS I, LTD.  
Chavez 29-10-21 #1  
1455'FNL & 1820'FEL  
Sec.21, T29N, R10W  
San Juan Co., N.M.

Exhibit #1  
*BOP Stack Arrangement*

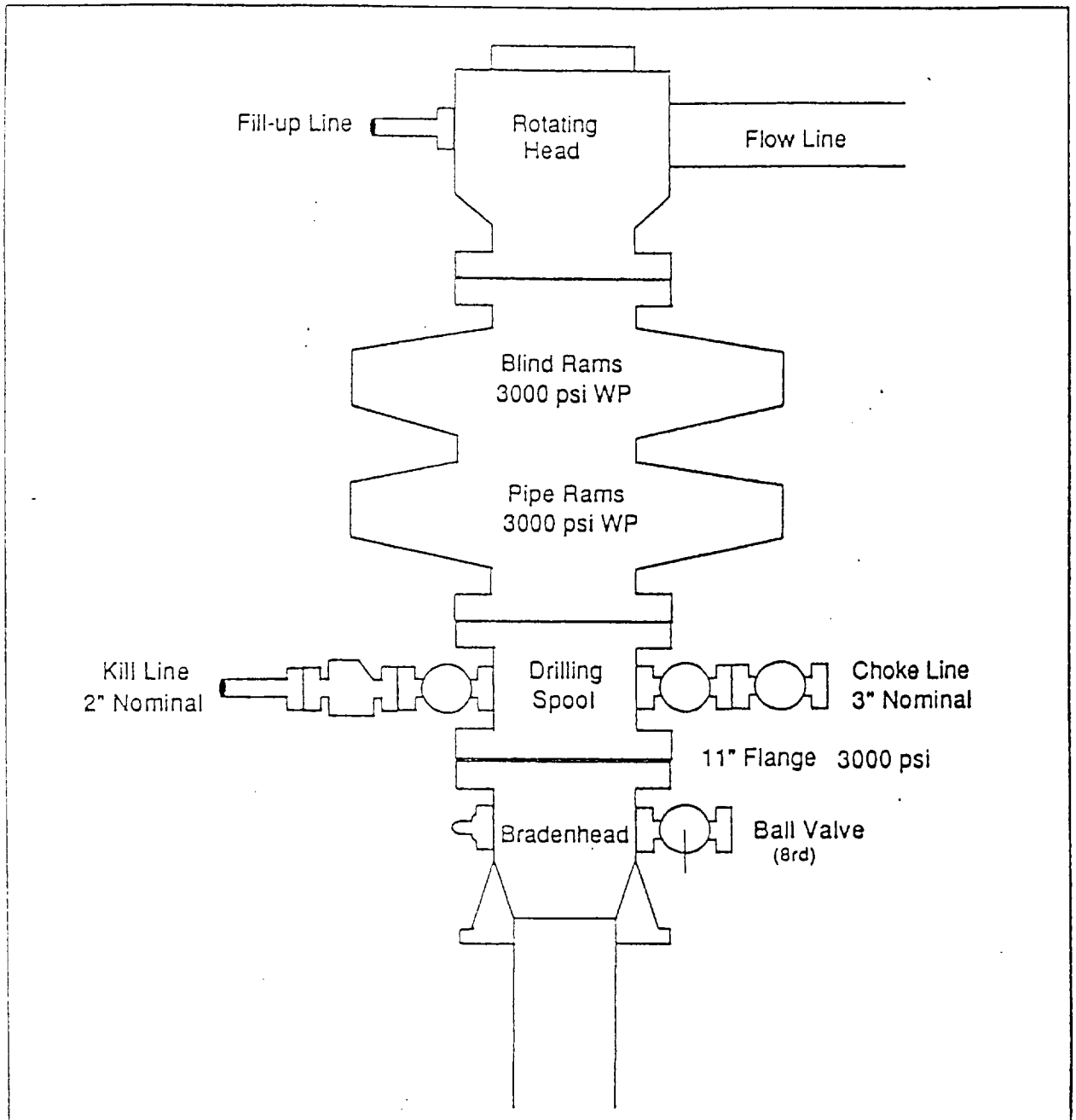




Exhibit #2  
*Choke Manifold & Accumulator Schematic*

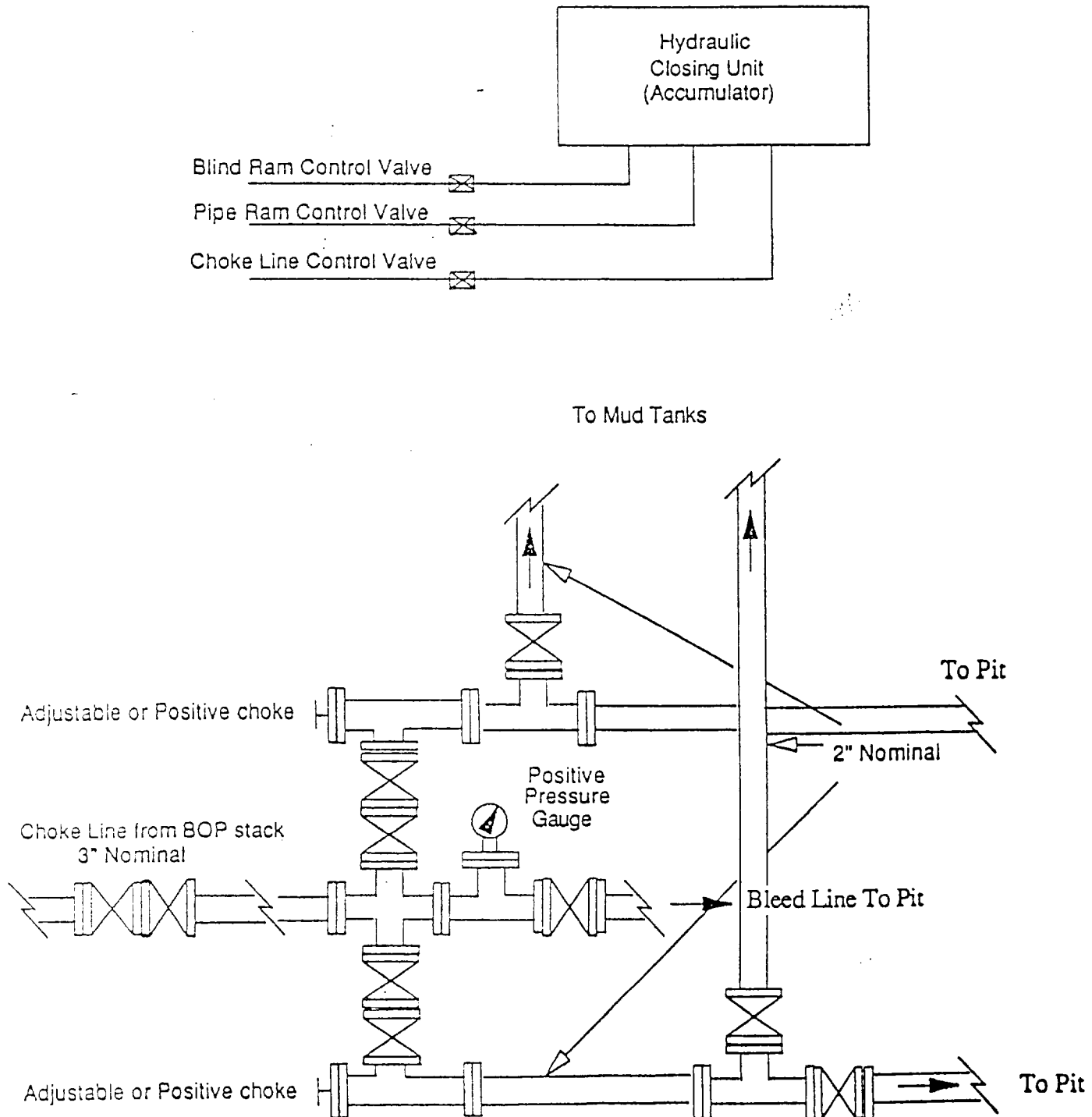


Exhibit #3  
Blowout Prevention Equipment Specifications

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.