District I
1625 N French Dr , Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office

8864

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action:
- ☐ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
- ☒ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method
- ☐ Modification to an existing permit
- ☐ Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: SG Interests I, Ltd. OGRID #: 20572
Address: PO Box 2677, Durango, Colorado 81301
Facility or well name: Federal 21-7-25 #2
API Number: 30-043-21072 OCD Permit Number:
U/L or Qtr/Qtr C NENW Section 25 Township 21N Range 07W County: Sandoval, NM
Center of Proposed Design: Latitude 36.02742° N Longitude -107.52969° W NAD: ☐ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other
☐ String-Reinforced
Liner Seams: ☐ Welded ☒ Factory ☐ Other Volume: 1675 Bbls Dimensions. L 65' x W 40' x D 8'

3.
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation: ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other
☐ Lined ☐ Unlined Liner type: Thickness mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other
Liner Seams: ☐ Welded ☐ Factory ☐ Other

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AUG 2011
OIL CONS. DIV. DIST.

4.
☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: Type of fluid:
Tank Construction material:
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other
Liner type: Thickness ☐ HDPE ☐ PVC ☐ Other

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

6.

Fencing: Subsection D of 19.15.17.11 NMAC *(Applies to permanent pits, temporary pits, and below-grade tanks)*

☐ Chain link, six feet in height, two strands of barbed wire at top *(Required if located within 1000 feet of a permanent residence, school, hospital, institution or church)*

☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet

☐ Alternate. Please specify_____

7.

Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☐ Other_____

☐ Monthly inspections (If netting or screening is not physically feasible)

8.

Signs: Subsection C of 19 15.17.11 NMAC

☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

☒ Signed in compliance with 19.15.3.103 NMAC

9.

Administrative Approvals and Exceptions:

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

☐ Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.

☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

10.

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. **Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.**

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design, NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☐ No

11.
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19 15.17.9 NMAC
- ☐ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15 17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9
- ☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15 17 9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____

☐ Previously Approved Operating and Maintenance Plan API Number: _____ *(Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

13.
Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

14.
Proposed Closure: 19 15.17.13 NMAC
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

Type: ☐ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System ☐ Alternative

Proposed Closure Method:
- ☐ Waste Excavation and Removal
- ☐ Waste Removal (Closed-loop systems only)
- ☐ On-site Closure Method (Only for temporary pits and closed-loop systems)
  - ☐ In-place Burial ☐ On-site Trench Burial
- ☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15.
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15 17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17 13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

16.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19 15.17.13.D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please provide the information below) ☐ No

Required for impacted areas which will not be used for future service and operations

☐ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15 17.13 NMAC

☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

17.

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS, NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☐ No

18.

On-Site Closure Plan Checklist: (19.15.17 13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC

☐ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC

☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC

☐ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 NMAC

☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC

☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15 17.13 NMAC

☐ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC

☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)

☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19.
Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

20.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure ~~Plan (only)~~ ☐ OCD Conditions (see attachment)

OCD Representative Signature: Jonathan D. Kelly **Approval Date:** 10/07/2011

Title: Compliance Officer **OCD Permit Number:** _____

21.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15 17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☒ **Closure Completion Date:** 7/14/2011

22.
Closure Method:

☐ Waste Excavation and Removal ☒ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)

☐ If different from approved plan, please explain.

23.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

24.
Closure Report Attachment Checklist: ***Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.***

☒ Proof of Closure Notice (surface owner and division)

☐ Proof of Deed Notice (required for on-site closure)

☒ Plot Plan (for on-site closures and temporary pits)

☐ Confirmation Sampling Analytical Results (if applicable)

☒ Waste Material Sampling Analytical Results (required for on-site closure)

☐ Disposal Facility Name and Permit Number

☒ Soil Backfilling and Cover Installation

☒ Re-vegetation Application Rates and Seeding Technique

☒ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude 36.02742° N Longitude -107.52969° W NAD: ☐1927 ☐ 1983

25.
Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): William Schwab III Title: Agent for SG Interests

Signature: _____ Date: 8/15/2011

e-mail address: tripp@nikaenergy.com Telephone: 970-259-2701

SG Interests I, Ltd.

Federal 21-7-27 #2
NW1/4 Sec 25, T21N-R7W
API # 30-043-21072
Sandoval County, New Mexico

Interim Pit & Location Reclamation
Seed Type & Seeding Technique

1. Seed Type

All disturbed areas will be seeded, except for the access road driving surface, shoulders and wellpad inside of the anchors. *The seeding will take place as soon as the pipeline is complete.*

Type	Variety or Cultivator	PLS/A
Western Wheatgrass	Arriba	3.0
Indian Ricegrass	Paloma or Rimrock	3.0
Slender Wheatgrass	San Luis	2.0
Crested Wheatgrass	Hy-Crest	3.0
Bottlebrush Squirreltail	Unknown	2.0
Four-wing Saltbrush	Delar	0.25

Purity	80%
Germination	63%
Percent PLS	50%

Seed was free of primary and secondary noxious weeds.

2. Seeding Technique

As approved by the BLM AO, a staple type of seeder will be used with a roller. The slope is gentle enough to allow for all areas to be seeded mechanically. No hand seeding is planned. The staple type seeder is superior to the disc drill in the type of soils encountered in this area.

8/15/2011
Date

William Schwab III
President
Nika Energy Operating, LLC
(Agent for SG Interests I, Ltd.)

Tripp Schwab

From: Mail Delivery System [MAILER-DAEMON@mail.brainstorminternet.net]
Sent: Tuesday, July 12, 2011 10:03 AM
To: tripp@nikaenergy.com
Subject: Successful Mail Delivery Report

Attachments: details.txt; Message Headers.txt


details.txt (520 B)


Message Headers.txt (1 KB)

This is the mail system at host mail.brainstorminternet.net.

Your message was successfully delivered to the destination(s) listed below. If the message was delivered to mailbox you will receive no further notifications. Otherwise you may still receive notifications of mail delivery errors from other systems.

The mail system

<Brandon.Powell@state.nm.us>: delivery via relay[68.168.100.63]:25: 250 Ok:
queued as 6136ED7F438E

_____ Information from ESET NOD32 Antivirus, version of virus signature database 6287 (20110712) _____

The message was checked by ESET NOD32 Antivirus.

http://www.eset.com

Mark Kelly
Bureau Of Land Management, DOI
Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, NM 87401

RE: Federal 21-7-25 #2, API # 30-043-21072

Mark,
This is a follow up certified letter as per the requirements of the new OCD pit rule 17 requiring notification to the surface owner that we are planning to open a temporary drilling pit on the subject location. After drilling operations cease, SGI plans to close the temporary pit per the approved APD and the new NMOCD rules.

Please let me know if you have any questions or if this notification needs to be directed to someone else.

Thank you for your time.

Tripp Schwab
President
Nika Energy Operating, LLC
Agent for SG Interests.

Tripp Schwab

From: Tripp Schwab [tripp@nikaenergy.com]
Sent: Tuesday, March 09, 2010 5:19 PM
To: Mark Kelly (mark_kelly@nm.blm.gov)
Subject: FW: Pit Notification
Re: Federal 21-7-25 #2, API 30-043-21072

Mark,

The requirements of the new OCD pit rule 17 requires notification to the surface owner that we are planning to open a temporary drilling pit on the subject location. After drilling operations cease, the pit will then be closed. SGI plans to close the temporary pit per approved Federal APD and NMOCD rules.

Please let me know if you have any questions or if this e-mail notification needs to be directed to someone else.

Thank you for your time.

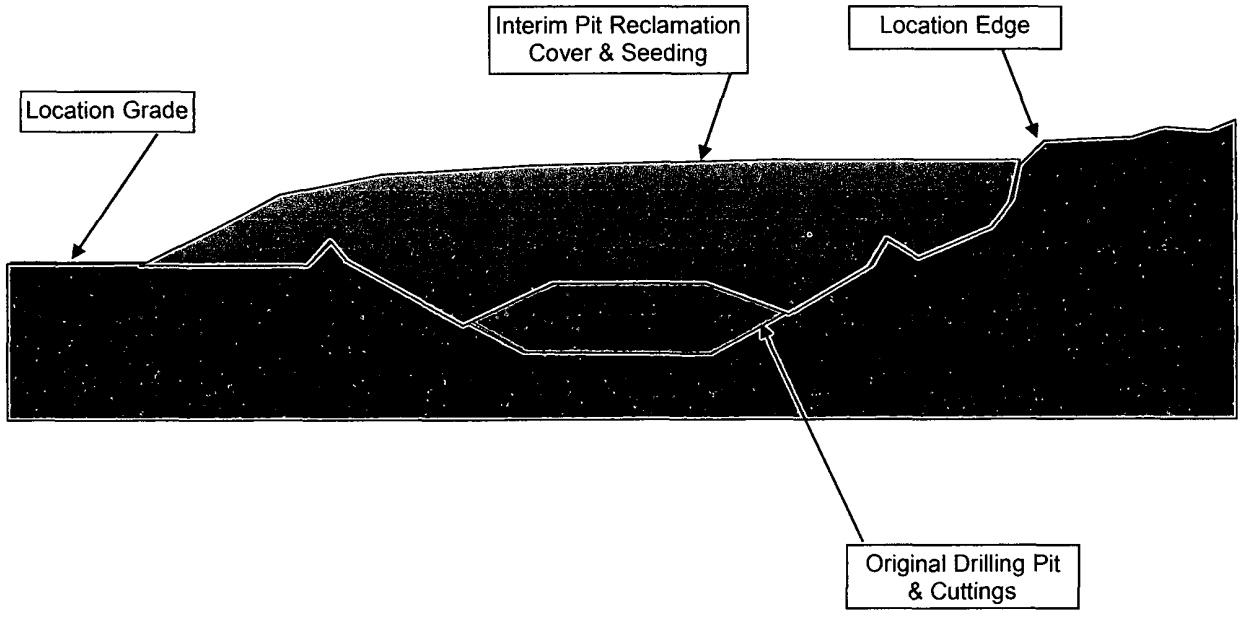
Tripp Schwab
Nika Energy - Agent for SG Interests
970-259-2701 office
970-385-1598 fax

_____ Information from ESET NOD32 Antivirus, version of virus signature database 4930 (20100309) _____

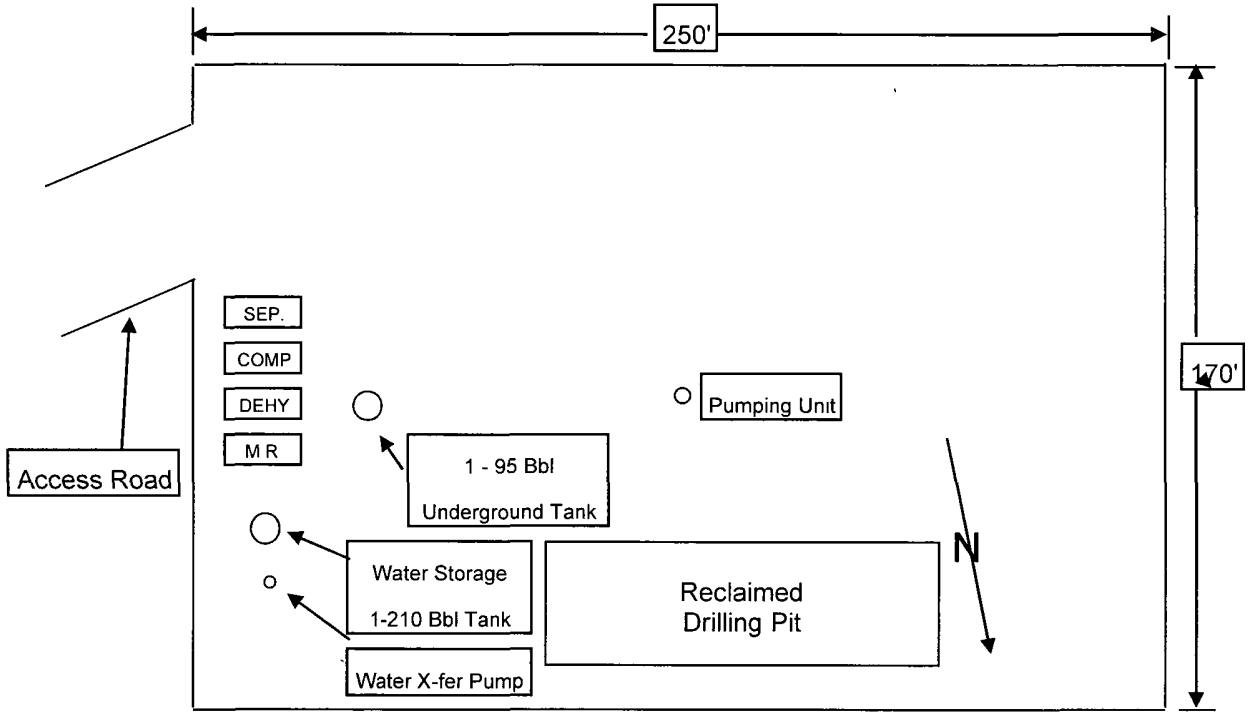
The message was checked by ESET NOD32 Antivirus.

http://www.eset.com

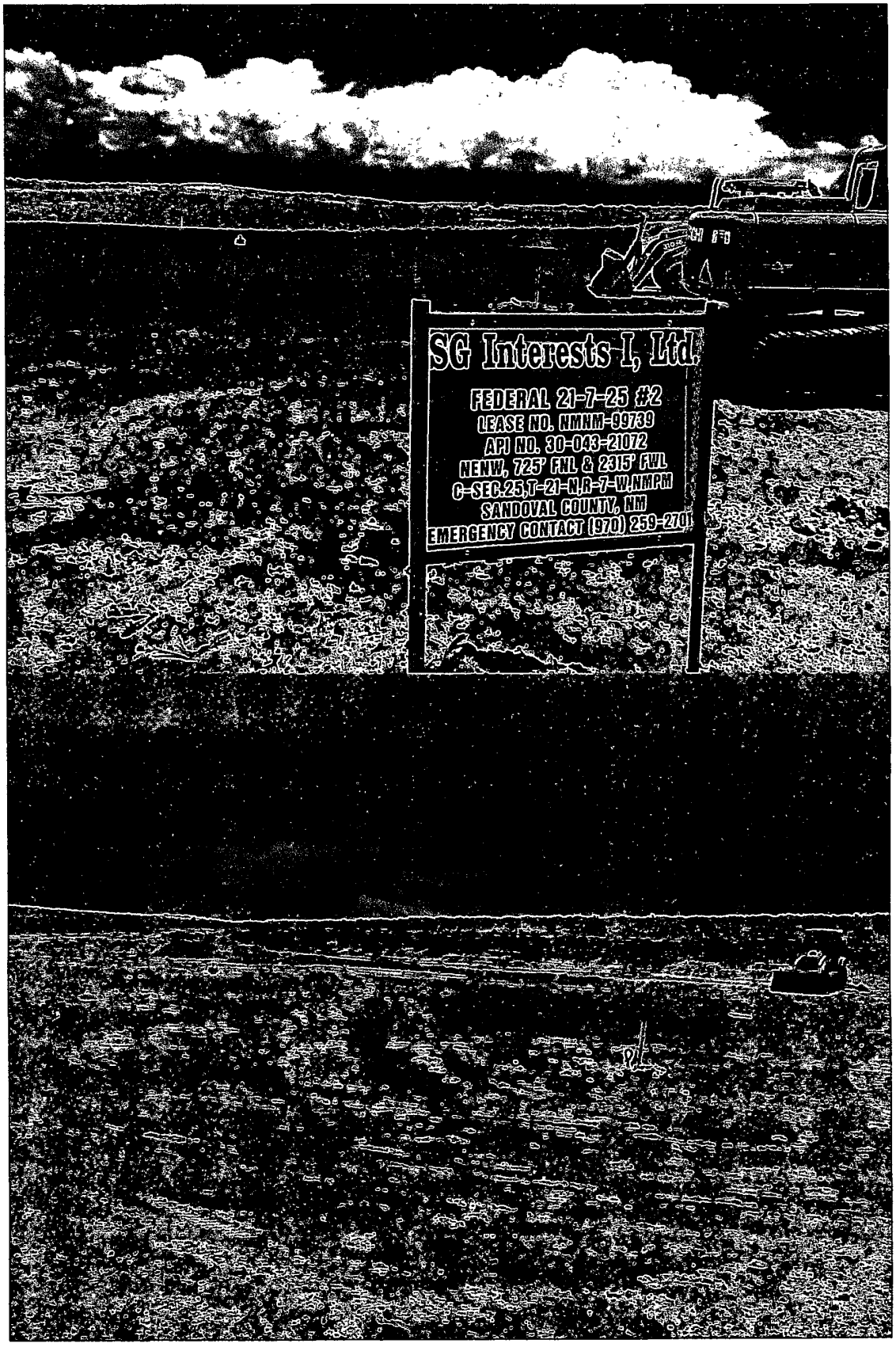
Federal 21-7-25 #2
Interim Reclamation
Backfill Installation



Federal 21-7-25 #2
Interim Reclamation
Plot Plan



Federal 21-7-25 #2 Interim Reclamation



envirotech

July 5, 2011 Project No. 98049-0014

Mr. Tripp Schwab
SG Interests
Post Office Box 2677
Durango, Colorado 81302 Phone (970) 259-2701

RE: RESERVE PIT SAMPLING DOCUMENTATION FOR THE FEDERAL 21-7-25 #2 WELL SITE, SANDOVAL COUNTY, NEW MEXICO

Dear Mr. Schwab:

Enclosed please find the analytical results for reserve pit sampling activities conducted at the Federal 21-7-25 #2 well site located in Section 25, Township 21N, Range 7W, Sandoval County, New Mexico. Groundwater was estimated at 205 feet based on the information obtained from the C144 permit on the New Mexico Oil Conservation Division website. The closure standard was determined to be greater than 100 feet to Groundwater; see enclosed ***Field Notes.***

On June 6, 2011, Envirotech, Inc. arrived on site to collect a five (5)-point composite sample from a reserve pit. The sample was placed into a four (4)-ounce glass jar, capped headspace free, and transported on ice, under chain of custody to Envirotech's Analytical Laboratory to be analyzed for GRO/DRO using USEPA Method 8015, for total petroleum hydrocarbons (TPH) using USEPA Method 418.1, for benzene and total BTEX using USEPA Method 8021, and for total chlorides using USEPA Method 4500. The samples returned results below the New Mexico Oil Conservation Division (NMOCD) Pit Rule limits for GRO/DRO, TPH, and for benzene and total BTEX; see enclosed ***Analytical Results.*** The sample returned results above for total chlorides. Therefore, on June 21, 2011, Envirotech, Inc. returned on site to collect an additional five (5)-point composite sample. The sample was then placed into a four (4)-ounce glass jar, capped headspace free, and transported on ice, under chain of custody to Envirotech's Analytical Laboratory to be analyzed for total chlorides using USEPA Method 4500. The sample returned results for total Chlorides; see enclosed ***Analytical Results.*** Envirotech, Inc. recommends no further action regarding this incident.

SG Interests
Project Number 98049-0014
Federal 21-7-25 #2
Reserve Pit Sampling
June 2011

We appreciate the opportunity to be of service. If you have any questions or require additional information, please contact our office at (505) 632-0615.

Respectfully submitted,
ENVIROTECH, INC.

Greg Crabtree
Environmental Manager
gcrabtree@envirotech-inc.com

Enclosure: Field Notes
Analytical Results

Cc: Client File No. 98049

PAGE NO: 1 OF 1	**ENVIROTECH INC** ENVIRONMENTAL SCIENTISTS & ENGINEERS 5796 U.S. HIGHWAY 64 FARMINGTON, NEW MEXICO 87401 PHONE: (505) 632-0615	ENVIRONMENTAL SPECIALIST: Jammal S.
DATE STARTED: 6-6-11		LAT: 36.02735766
DATE FINISHED: 6-21-11		LONG: -107.5296252

FIELD REPORT: BGT / PIT CLOSURE VERIFICATION

LOCATION:	NAME: Federal 21-7-25	WELL #: 2	TEMP PIT: ✓	PERMANENT PIT:	BGT:	
LEGAL ADD:	UNIT: L	SEC: 25	TWP: 21N	RNG: 7W	PM:	
QTR/FOOTAGE:		CNTY: Sandoval		ST: New Mexico		

EXCAVATION APPROX:	~~70~~ FT. X	FT. X	FT. DEEP CUBIC YARDAGE:
DISPOSAL FACILITY:		REMEDIATION METHOD:	
LAND OWNER:		API:	BGT / PIT VOLUME:
CONSTRUCTION MATERIAL:		DOUBLE-WALLED, WITH LEAK DETECTION:	

LOCATION APPROXIMATELY: 10 FT. → FROM WELLHEAD

DEPTH TO GROUNDWATER:

___ TEMPORARY PIT - GROUNDWATER 50-100 FEET DEEP

BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, GRO & DRO FRACTION (8015) ≤ 500 mg/kg, TPH (418.1) ≤ 2500 mg/kg, CHLORIDES ≤ 500 mg/kg

X TEMPORARY PIT - GROUNDWATER ≥100 FEET DEEP

BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, GRO & DRO FRACTION (8015) ≤ 500 mg/kg, TPH (418.1) ≤ 2500 mg/kg, CHLORIDES ≤ 1000 mg/kg

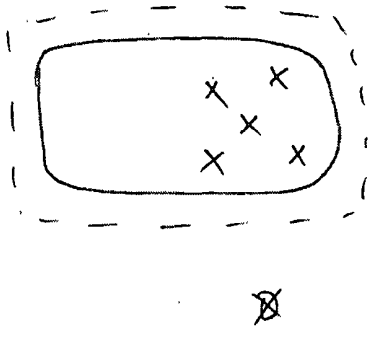
___ PERMANENT PIT OR BGT

BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, TPH (418.1) ≤ 100 mg/kg, CHLORIDES ≤ 250 mg/kg

FIELD 418.1 ANALYSIS

TIME	SAMPLE I.D.	LAB NO.	WEIGHT (g)	mL FREON	DILUTION	READING	CALC. (mg/kg)
	STD		-	-	-		
		1					
		2					
		3					
		4					
		5					
		6					

PERIMETER



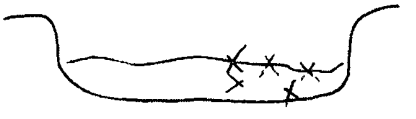
FIELD CHLORIDES RESULTS

SAMPLE ID	READING	CALC. (mg/kg)

PID RESULTS

SAMPLE ID	RESULTS (mg/kg)

PROFILE



LAB SAMPLES

SAMPLE ID	ANALYSIS	RESULTS
	BENZENE	
	BTEX	
	GRO & DRO	
	CHLORIDES	

NOTES: turned sample in for 8015, 8021, 418.1, + Chloride

WORKORDER #

WHO ORDERED

envirotech
Analytical Laboratory

EPA METHOD 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Client:	SG Interests	Project #:	98049-0014
Sample ID:	Reserve Pit	Date Reported:	06-07-11
Laboratory Number:	58394	Sampled:	06-06-11
Chain of Custody No:	11869	Date Received:	06-07-11
Sample Matrix:	Sludge	Date Extracted:	06-07-11
Preservative:	Cool	Date Analyzed:	06-07-11
Condition:	Intact	Analysis Requested:	8015 TPH

Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	**ND**	**0.2**
Diesel Range (C10 - C28)	**40.5**	**0.1**
Total Petroleum Hydrocarbons	**40.5**	

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **Fed 21-7-25 #2**

Analyst

Review

5796 US Highway 64 Farmington NM 87401 Ph (505) 632-0615 Fx (800) 362-1879 Fx (505) 632-1865 lab@envirotech-inc.com envirotech-inc.com

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Analytical Laboratory

EPA Method 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	06-07-11 QA/QC	Date Reported:	06-07-11
Laboratory Number:	58385	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	06-07-11
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF	C-Cal RF	% Difference	Accept. Range
Gasoline Range C5 - C10	06/07/11	9.996E+02	1.000E+03	**0.04%**	**0 - 15%**
Diesel Range C10 - C28	06/07/11	9.996E+02	1.000E+03	**0.04%**	**0 - 15%**

Blank Conc. (mg/L - mg/Kg)	Concentration	Detection Limit
Gasoline Range C5 - C10	**14.8**	**0.2**
Diesel Range C10 - C28	**4.1**	**0.1**

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Range
Gasoline Range C5 - C10	**ND**	**ND**	**0.00%**	**0 - 30%**
Diesel Range C10 - C28	**36.6**	**35.9**	**1.80%**	**0 - 30%**

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	**ND**	**250**	**256**	**102%**	**75 - 125%**
Diesel Range C10 - C28	**36.6**	**250**	**255**	**89.1%**	**75 - 125%**

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste,

SW-846, USEPA, December 1996.

Comments: **QA/QC for Samples 58385-58387, 58392-58400**

Analyst

Review

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EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	SG Interests	Project #:	98049-0014
Sample ID:	Reserve Pit	Date Reported:	06-07-11
Laboratory Number:	58394	Date Sampled:	06-06-11
Chain of Custody:	11869	Date Received:	06-07-11
Sample Matrix:	Sludge	Date Analyzed:	06-07-11
Preservative:	Cool	Date Extracted:	06-07-11
Condition:	Intact	Analysis Requested:	BTEX
		Dilution:	10

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	**ND**	**0.9**
Toluene	**ND**	**1.0**
Ethylbenzene	**ND**	**1.0**
p,m-Xylene	**1.4**	**1.2**
o-Xylene	**1.5**	**0.9**
Total BTEX	**2.9**	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	**95.4 %**
	1,4-difluorobenzene	**102 %**
	Bromochlorobenzene	**97.0 %**

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Method 8021B, Aromatic Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **Fed 21-7-25 #2**

Analyst

Review

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envirotech
Analytical Laboratory

EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	N/A	Project #:	N/A
Sample ID:	0607BBLK QA/QC	Date Reported:	06-07-11
Laboratory Number:	58384	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	06-07-11
Condition:	N/A	Analysis:	BTEX
		Dilution:	10

Calibration and Detection Limits (ug/L)	I-Cal RF:	C-Cal RF:	%Diff Accept. Range 0 - 15%	Blank Conc	Detect. Limit
Benzene	3.4665E+006	3.4734E+006	0.2%	ND	0.1
Toluene	3.7344E+006	3.7419E+006	0.2%	ND	0.1
Ethylbenzene	3.3486E+006	3.3553E+006	0.2%	ND	0.1
p,m-Xylene	9.2284E+006	9.2469E+006	0.2%	ND	0.1
o-Xylene	3.1921E+006	3.1985E+006	0.2%	ND	0.1

Duplicate Conc. (ug/Kg)	Sample	Duplicate	%Diff.	Accept Range	Detect. Limit
Benzene	ND	ND	0.0%	0 - 30%	0.9
Toluene	ND	ND	0.0%	0 - 30%	1.0
Ethylbenzene	ND	ND	0.0%	0 - 30%	1.0
p,m-Xylene	ND	ND	0.0%	0 - 30%	1.2
o-Xylene	ND	ND	0.0%	0 - 30%	0.9

Spike Conc. (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept Range
Benzene	ND	500	480	96.1%	39 - 150
Toluene	ND	500	486	97.2%	46 - 148
Ethylbenzene	ND	500	481	96.3%	32 - 160
p,m-Xylene	ND	1000	961	96.1%	46 - 148
o-Xylene	ND	500	483	96.6%	46 - 148

ND - Parameter not detected at the stated detection limit.

Dilution: Spike and spiked sample concentration represent a dilution proportional to sample dilution.

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846 USEPA, December 1996
Method 8021B, Aromatic and Halogenated Volatiles by Gas Chromatography Using Photolonization and/or Electrolytic Conductivity Detectors, SW-846, USEPA December 1996

Comments: **QA/QC for Samples 58384, 58392-58395, 58397-58400**

Analyst

Review

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Analytical Laboratory

EPA METHOD 418.1
TOTAL PETROLEUM HYDROCARBONS

Client:	SG Interests	Project #:	98049-0014
Sample ID:	Reserve Pit	Date Reported:	06/07/11
Laboratory Number:	58394	Date Sampled:	06/06/11
Chain of Custody No:	11869	Date Received:	06/07/11
Sample Matrix:	Sludge	Date Extracted:	06/07/11
Preservative:	Cool	Date Analyzed:	06/07/11
Condition:	Intact	Analysis Needed:	TPH-418.1

Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	**903**	**7.7**

ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: **Fed 21-7-25 #2**

Analyst

Review

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Analytical Laboratory

EPA METHOD 418.1
TOTAL PETROLEUM HYDROCARBONS
QUALITY ASSURANCE REPORT

Client:	QA/QC	Project #:	N/A
Sample ID:	QA/QC	Date Reported:	06/07/11
Laboratory Number:	6-07-TPH.QA/QC 58397	Date Sampled:	N/A
Sample Matrix:	Freon-113	Date Analyzed:	06/07/11
Preservative:	N/A	Date Extracted:	06/07/11
Condition:	N/A	Analysis Needed:	TPH

Calibration	I-Cal Date	C-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
	05/09/11	06/07/11	1,610	1,720	6.8%	+/- 10%

Blank Conc. (mg/Kg)	Concentration	Detection Limit
TPH	ND	7.7

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	710	774	9.1%	+/- 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	710	2,000	3,230	119%	80 - 120%

ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: **QA/QC for Samples 58392-58395, 58397-58400**

Analyst

Review

5796 US Highway 64, Farmington, NM 87401 Ph (505) 632-0615 Fr (800) 362-1879 Fx (505) 632-1865 lab@envirotech-inc.com envirotech-inc.com

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Chloride

Client:	SG Interests	Project #:	98049-0014
Sample ID:	Reserve Pit	Date Reported:	06/08/11
Lab ID#:	58394	Date Sampled:	06/06/11
Sample Matrix:	Sludge	Date Received:	06/07/11
Preservative:	Cool	Date Analyzed:	06/08/11
Condition:	Intact	Chain of Custody:	11869

Parameter	Concentration (mg/Kg)
Total Chloride	**1,260**

Reference: U.S.E.P.A., 4500B, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: **Fed 21-7-25 #2**

Analyst

Review

5796 US Highway 64, Farmington, NM 87401 | Ph (505) 632-0615 Fr (800) 362-1879 Fx (505) 632-1865 lab@envirotech-inc.com envirotech-inc.com

CHAIN OF CUSTODY RECORD

11869

Client: SG-Interests	Project Name / Location: fed 21-7-25 #2
Client Address:	Sampler Name: J Detterrera
Client Phone No.:	Client No.: 98049-0014

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative $HgCl_2$	Preservative HCl		TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
Reserve Pit	6/6/11	12:45	58394	Soil Solid (Sludge) Aqueous	1-4oz				X	X							X	X				Y	Y
				Soil Sludge Solid Aqueous																			
				Soil Sludge Solid Aqueous																			
				Soil Sludge Solid Aqueous																			
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				Soil Sludge Solid Aqueous																			
				Soil Sludge Solid Aqueous																			

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Jammae Detterra	6/6/11	15:15	[signature]	6/7/11	7:04
Relinquished by: (Signature)			Received by: (Signature)		
Relinquished by: (Signature)			Received by: (Signature)		

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Chloride

Client:	SG Interests	Project #:	98049-0014
Sample ID:	Reserve Pit	Date Reported:	06/22/11
Lab ID#:	58601	Date Sampled:	06/21/11
Sample Matrix:	Soil	Date Received:	06/21/11
Preservative:	Cool	Date Analyzed:	06/22/11
Condition:	Intact	Chain of Custody:	11983

Parameter	Concentration (mg/Kg)
Total Chloride	**840**

Reference: U.S.E.P.A., 4500B, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: **Federal 21-7-25 #2**

Analyst

Review

5796 US Highway 64, Farmington, NM 87401 Ph (505)632-0615 Fr (800)362-1879 Fx (505)632-1865 lab@envirotech-inc.com envirotech-inc.com

CHAIN OF CUSTODY RECORD

11983

Client: SG Interests	Project Name / Location: Federal 21-7-25 #2
Client Address:	Sampler Name: Jammae DeHerrera
Client Phone No.:	Client No.: 98049-0014

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative H_2SO_4	Preservative HCl	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
Reserve Pit	6/21/11	11:32	58601	Soil (circled) Sludge Solid Aqueous	1-4oz												X				Y	Y
				Soil Sludge Solid Aqueous																		
				Soil Sludge Solid Aqueous																		
				Soil Sludge Solid Aqueous																		
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Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Jammae DeHerrera	6/21/11	2:10pm	[signature]	6/21/11	2:10pm
Relinquished by: (Signature)			Received by: (Signature)		
Relinquished by: (Signature)			Received by: (Signature)		

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SG Interests I, Ltd.

Temporary Pit - Closure Report

Re: Federal 21-7-25 #2

All closure activities will include proper documentation and be available for review upon request and will be submitted to the NMOCD Aztec Division office within 60 days of pit closure. Closure report will be filed on form C-144 and incorporate the following:

Details on capping and covering (where applicable)
Plot Plan (Pit Diagram)
Inspection Reports
Sampling Results
C-105

1 – All freestanding liquids will be removed at the start of the pit closure process from the pit and disposed of in a division approved facility or recycle, re-use or reclaim the liquids in a manner that the appropriate division district office approves. SGI plans to dispose of drilling fluids at Basin Disposal Inc., Permit # NM-01-005, unless otherwise noted.

All recovered liquids were removed and disposed of at Basin Disposal.

2 - The method of closure for all temporary pits will be on-site burial as long as all the criteria listed in sub-section B of 19.15.17.13 NMAC are met.

The pit was closed using onsite burial.

3 - The surface owner shall be notified of SGI closure plan using a means that provides proof of notice i.e., certified mail, return receipt requested or electronic mail with read receipt.

The closure process notification was submitted to the landowner by certified mail and by e-mail. Both copies were submitted to the NMOCD with the permit application.

4 - Temporary pits will be closed, re-contoured, and re-seeded 6 months after drilling rig is released.

The pit was closed and re-contoured July, 15 2011. Reseeding will take place after the pipeline and final interim reclamation is completed. This will be to the BLM APD specifications.

5 - "Notice of Closure" will be given to the NMOCD Aztec Division office within 72 hours of closure via electronic mail or verbally. The "Notification of Closure" will include:

i. Operators Name
ii. Location by Unit Letter, Section, Township, and Range
iii. Well Name and API number.

Notification is attached to the C144 Closure Report.

6 - A five point composite sample will be taken of the pit using sampling tools and tested per 19.15.17.13.B.1.b. NMAC. Maximum limits for on-site burial are listed below:

Components	Test Method	Limit (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0.2
BTEX	EPA SW 846 8021B or 8260B	50
TPH	EPA SW 846 418.1	2500
GRO/DRO	EPA SW 846 8015M	500
Chlorides	EPA 300.1	1000

In the event the criteria are not met all contents and remediation will be handled per 19.15.17.13.B.1 NMAC. If ground water is 50'-100' below the bottom of the buried waste all limits are the same except the chloride limit is reduced to 500 mg/kg. The sampling can be taken prior to mixing but if the contents exceed the parameters then contents must be sampled after mixing and meet the criteria before closure.

See Attached Envirotech Report.

7 - Pit contents shall be mixed with non waste containing earth material in order to achieve the solidification process. The solidification process will be accomplished using a combination of natural drying and mechanical mixing. Pit contents will be mixed with non waste, earth material to a consistency that is deemed safe and stable. The mixing ratio shall not exceed 3 parts clean soil to 1 part pit contents.

Non waste containing earth was mixed to help solidify the pit. The ratio did not exceed the 3 to 1 limit.

8 - Liner of temporary pit will be removed above "mud level" after stabilization. Liner will be cut and all excessive liner will be removed and taken to a licensed disposal facility.

The liner was cut above the mud level and disposed of in the San Juan County Landfill.

9 - Upon completion of solidification and satisfactory test results the pit area will be backfilled and compacted with non-waste earth material. A minimum of four feet of cover with the top foot (or background thickness of topsoil whichever is greater) suitable to establish vegetation at the site.

The pit was backfilled and covered with non waste containing earth from the location. More than four feet of cover was achieved and the cover included 1 foot of topsoil collected and stockpiled for the purpose of covering the pit.

10 - The pit cover will be re-contoured and re-vegetated complying with subsections G, H, & I of 19.15.17.13 NMAC.

The pit was re-contoured to comply with the BLM interim reclamation. Seeding will take place when the pipeline is finished and will be to the BLM APD specifications.

11 - Notification will be sent to NMOCD Aztec Division office when reseeding is completed.

Yes.

12 - SGI will seed the disturbed areas the first growing season after the operator closes the pit. Seeding will be accomplished by drilling on the contour whenever practical or by other division approved methods. APD stipulated seed mixes will be used on Federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds. Seed cover will be maintained thru two consecutive growing seasons. Repeat seeding or planting will be continued until successive vegetative growth occurs.

Seeding will be to the BLM APD specifications.

13 - The closed temporary pit will have a steel marker no less than four inches in diameter, extending four feet above mean ground level, extending and cemented in a hole three feet deep, in the center of the onsite burial upon completion of the closing. The marker will be permanently welded, stamped or engraved to include the operator name, lease name, well name and number, unit number, section, township, range, and indicator that the marker is an onsite burial location. SGI reserves the right to install a temporary flat plate marker, one foot by two feet, with the same information if it is deemed necessary for safe operation on the wellsite during the productive life of the well. A full size marker will then be installed upon final abandonment.

SG has elected to install a temporary plate flat marker for the interim reclamation. See photo.

District I
1625 N. French Dr, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
Bureau of Land Management
Farmington Field Office

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

224

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	71629	Basin Fruitland Coal

4 Property Code	5 Property Name	6 Well Number
	FEDERAL 21-7-25	2

7 OGRID No.	8 Operator Name	9 Elevation
20572	SG INTERESTS I, LTD.	6685

10 Surface Location

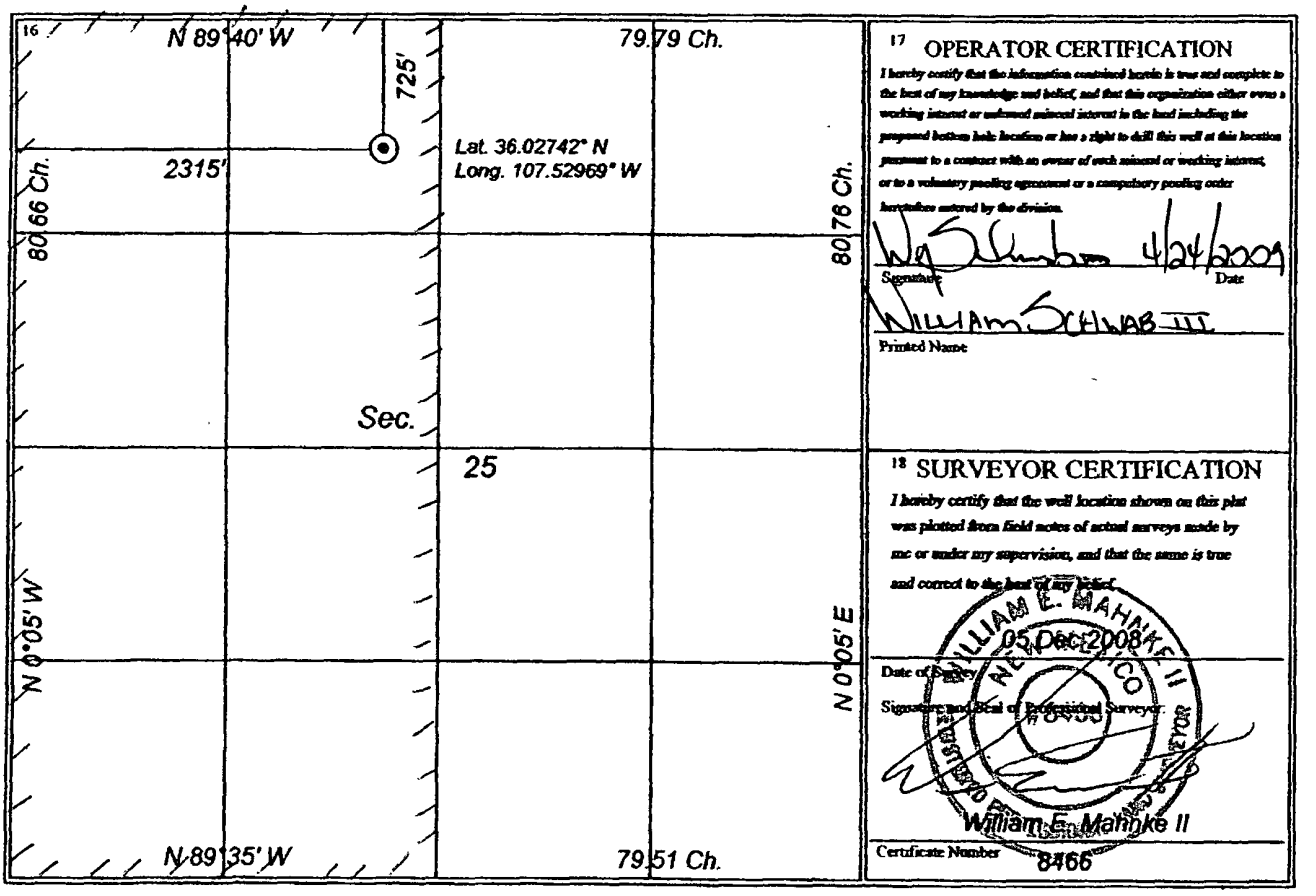
UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
C	25	21 N	7 W		725	North	2315	West	Sandoval

11 Bottom Hole Location If Different From Surface

UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: [signature] Date: 4/24/2009

William Schwab III
Printed Name

18 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 belief.

Date of Survey: 05 Dec 2008

Signature and Seal of Professional Surveyor: [signature]

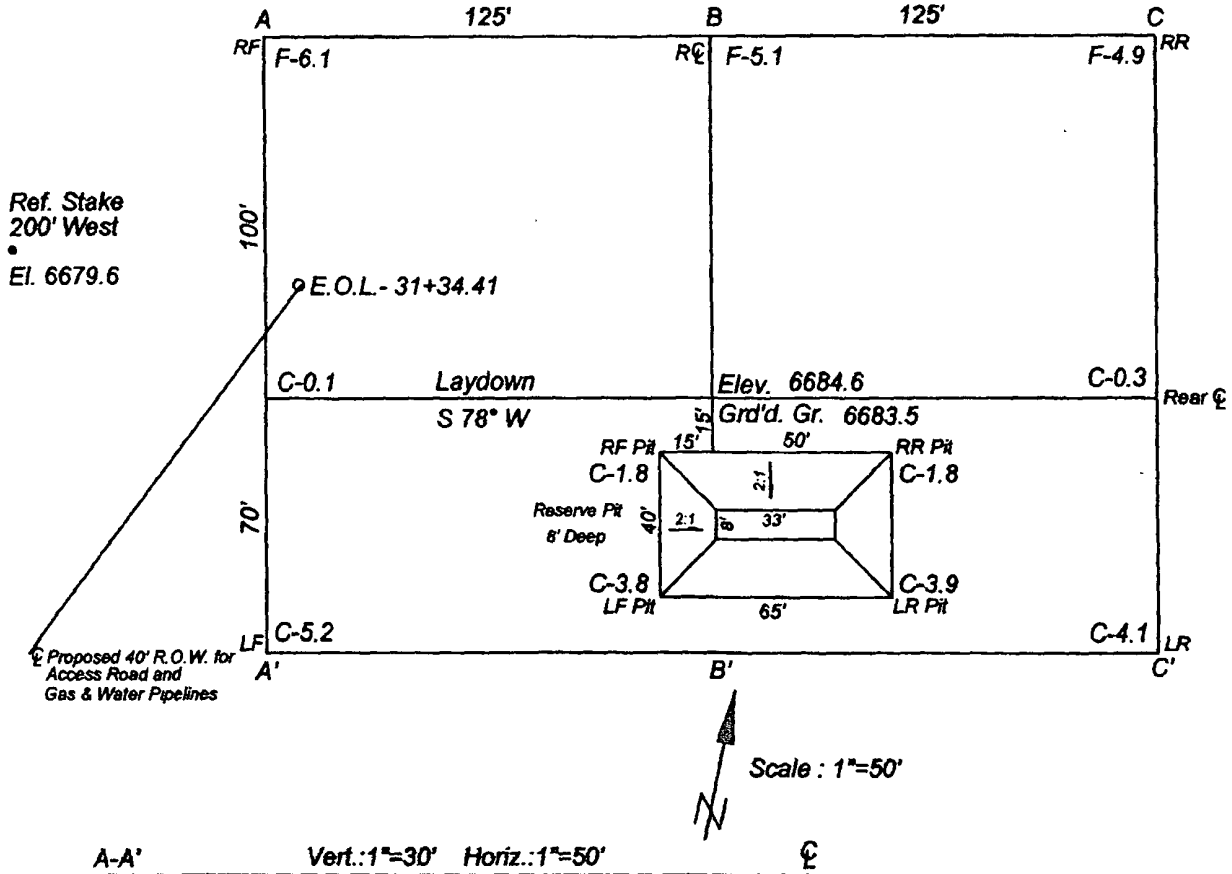
William E. Mahnke II

Certificate Number: 8466

Bearings from GLO Plat

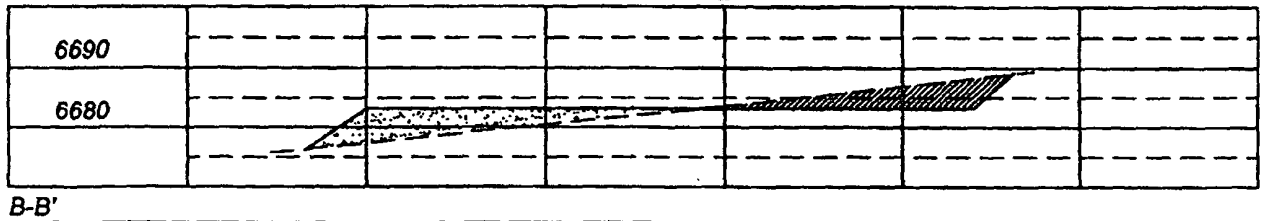
• Ref. Stake
200' North
El. 6674.7

SG INTERESTS I, LTD.
FEDERAL 21-7-25 #2
725' FNL & 2315' FWL
Sec.25, T21N, R7W, NMPM
Sandoval Co., NM

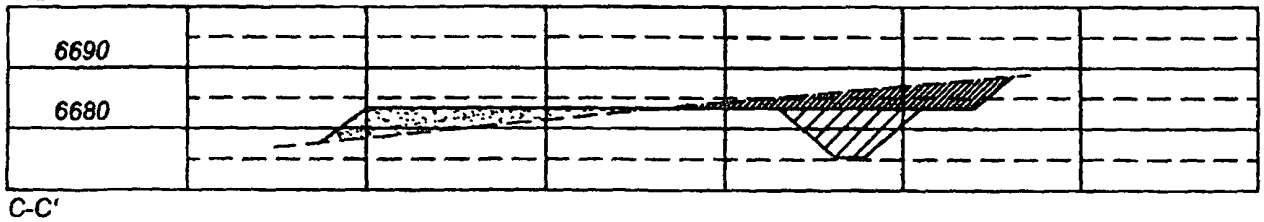


Scale : 1"=50'

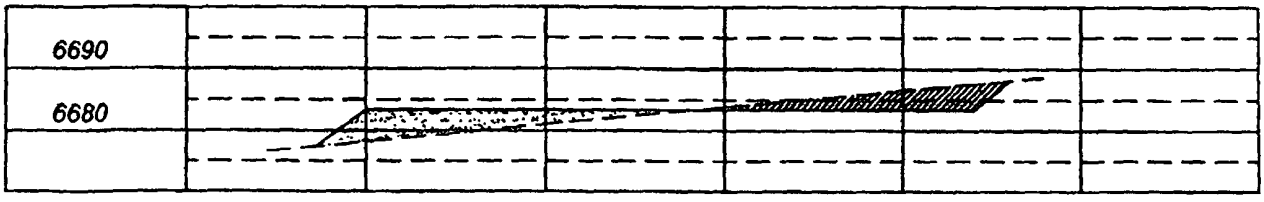
A-A' Vert.:1"=30' Horiz.:1"=50'



B-B'



C-C'



Submit To Appropriate District Office
Two Copies
District I
1625 N French Dr , Hobbs, NM 88240
District II
811 S First St , Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 S St Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-105
Revised August 1, 2011

1. WELL API NO. 30-043-21072
2. Type of Lease ☐ STATE ☐ FEE ☒ FED/INDIAN
3. State Oil & Gas Lease No NMNM99739

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4 Reason for filing

☐ **COMPLETION REPORT** (Fill in boxes #1 through #31 for State and Fee wells only)

☒ **C-144 CLOSURE ATTACHMENT** (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19 15 17 13 K NMAC)

5 Lease Name or Unit Agreement Name: Federal 21-7-25

6. Well Number #2

7 Type of Completion
☒ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8 Name of Operator: SG Interests I, Ltd c/o Nika Energy Operating

9. OGRID 020572

10. Address of Operator: PO Box 2677, Durango, Colorado 81302

11 Pool name or Wildcat: Basin Fruitland Coal

12.Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:										
BH:										

13 Date Spudded	14 Date T.D Reached	15 Date Rig Released	16. Date Completed (Ready to Produce)	17 Elevations (DF and RKB, RT, GR, etc)
		05/03/2011		

18 Total Measured Depth of Well	19 Plug Back Measured Depth	20. Was Directional Survey Made?	21. Type Electric and Other Logs Run

22 Producing Interval(s), of this completion - Top, Bottom, Name

23 **CASING RECORD** (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25 TUBING RECORD

SIZE	DEPTH SET	PACKER SET

26. Perforation record (interval, size, and number)

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

28. **PRODUCTION**

Date First Production	Production Method *(Flowing, gas lift, pumping - Size and type pump)*	Well Status *(Prod or Shut-in)*

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl.	Oil Gravity - API - *(Corr.)*

29. Disposition of Gas *(Sold, used for fuel, vented, etc)*

30 Test Witnessed By

31 List Attachments

32 If a temporary pit was used at the well, attach a plat with the location of the temporary pit. Attached

33 If an on-site burial was used at the well, report the exact location of the on-site burial

Latitude 36° 01 640' N Longitude 107° 31 780' W By GPS NAD 1927 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature [signature] Printed Name William Schwab Title Agent for SG Interests Date 10/04/2011

E-mail Address tripp@nikaenergy.com

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn A"
T. Salt	T. Strawn	T. Kirtland	T. Penn. "B"
B. Salt	T. Atoka	T. Fruitland	T. Penn. "C"
T. Yates	T. Miss	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers	T. Devonian	T. Cliff House	T. Leadville
T. Queen	T. Silurian	T. Menefee	T. Madison
T. Grayburg	T. Montoya	T. Point Lookout	T. Elbert
T. San Andres	T. Simpson	T. Mancos	T. McCracken
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzte
T. Paddock	T. Ellenburger	Base Greenhorn	T.Granite
T. Blinebry	T. Gr. Wash	T. Dakota	
T.Tubb	T. Delaware Sand	T. Morrison	
T. Drinkard	T. Bone Springs	T.Todilto	
T. Abo	T.	T. Entrada	
T. Wolfcamp	T.	T. Wingate	
T. Penn	T.	T. Chinle	
T. Cisco (Bough C)	T.	T. Permian	

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....

No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

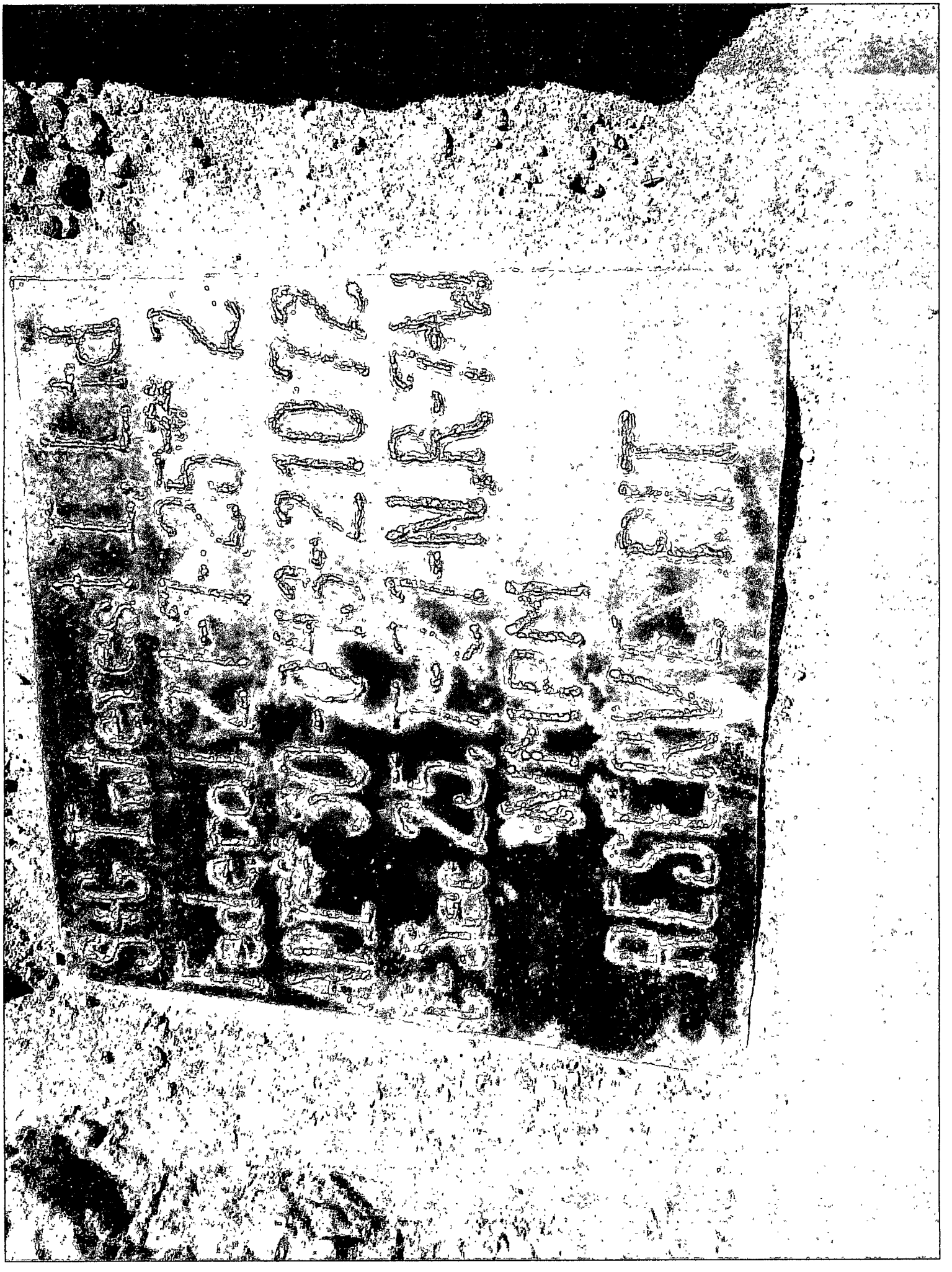
No. 1, from.....to.....feet.....

No. 2, from.....to.....feet.....

No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology	From	To	Thickness In Feet	Lithology



NIKA ENERGY OPERATING
LLC

Reserve Pit Inspection Logs Federal 21-7-26 #2

Date and Activity	Comments	Date and Activity	Comments
4/25/2011	Location built - Pit started		
5/2/2011	Filled Pit with Fresh Water		
5/3/2011	Drilling Operations started - Pit OK - Drlg Report		
5/4/2011	Drilling Pit OK - Drlg Report		
5/5/2011	Drilling Pit OK - Drlg Report		
5/6/2011	Drilling Pit OK - Drlg Report		
5/7/2011	Drilling Pit OK - Drlg Report		
5/8/2011	Drilling Pit OK - Drlg Report		
5/9/2011	Drilling Complete - Pit OK Verbal Kevin H - RDMODR		
5/10/2011	Pulled water from Pit - Liner & Fence OK - Verbal Ricky T		
5/18/2011	Pit liner & Fence OK & dry - Verbal Rpt Brad M		
5/25/2011	Pit fence & liner OK - Verbal Rpt - Ricky T		
6/1/2011	Pit dry and Fence OK - Ricky T Verbal		
6/6/2011	Envirotech Took Samples for testing - Pit OK - Brad		
6/8/2011	Pit fence & liner in good shape - Ricky T		
6/15/2011	Pit OK - Fence OK - Visual Tnpp		
6/22/2011	Pit & fence OK - verbal Rpt from Ricky T		
6/29/2011	Pit liner & fence is still OK - Ricky verbal Rpt		
7/6/2011	Pit still dry - Liner & Fence OK - Verbal Ricky T		
7/13/2011	Pit liner & Fence OK & dry - Verbal Rpt Brad M		
7/15/2011	Pit Closed		

Signature

mgs