



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd., Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



In Reply Refer To: NMNM99739
3162.3-1 (211)

March 27, 2013

RCVD APR 2 '13
OIL CONS. DIV.
DIST. 3

SG Interests I LTD
P.O. Box 2677
Durango, CO 81302-2677

Dear Sirs:

Please be advised that the following approved Application for Permit to Drill (APD) has expired effective March 27, 2013. If you wish to drill this well at some later date, you must file another application to permit to drill.

Federal 21-7-27 #2 located 660'FNL & 1960'FWL, Section 27, T.21N., R.7W, Sandoval County, New Mexico, Lease NMNM99739, API Number: 30-043-21064

If any surface disturbance was conducted, you must file your plans for reclamation.

Under 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et. Seq.

If you have any questions, contact Virginia Barber at (505) 564-7754.

Sincerely,

Virginia Barber
Petroleum Management Team

CC: Well File
NMOCD *AV*
AFMSS/vbarber/rtn apd/SGInterests/03/27/2013

Check # 2504
 05/23/08
 Form 3160-3
 (September 2001)

NOS: 02-22-00
 APDP: 0229-08
 MP: BLM
 BMA: SWRS
 BOND: SWRS
 CAIPA: _____

RECEIVED

FORM APPROVED
 OMB No. 1004-0136
 Expires January 31, 2004

MAY 28 2008

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

Bureau of Land Management
 Farmington Field Office

No. 48P
 HBP
 Coal Investment
 et al

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMNM-199739		6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No. Federal 21-7-27		8. Lease Name and Well No. 2	
9. API Well No. 30-04321064		10. Field and Pool, or Exploratory Basin Fruitland Coal	
11. Sec., T., R., M., or Blk. and Survey or Area Section 27, T21N, R7W		12. County or Parish Sandoval	
13. State NM		14. Distance in miles and direction from nearest town or post office* approximately 23.5 miles southwest of Counselor, New Mexico	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		16. No. of acres in lease 1,440.00 ✓	
17. Spacing Unit dedicated to this well N/2 320.00 acres ✓		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. See attached map	
19. Proposed Depth approx. 700' ± 75'		20. BLM/BIA Bond No. on file P#0009277 NM 2559	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,838 GR		22. Approximate date work will start* as soon as permitted	
23. Estimated duration 1 month		24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>William Schwab III</i>	Name (Printed/Typed) William Schwab III	Date 05/23/08
Title President NIKA Energy Operating/ Agent for SG Interests I, LTD		
Approved by (Signature) <i>D. Manduca</i>	Name (Printed/Typed) D. Manduca	Date 8/25/08
Title AEM	Office FFO	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
 Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

SG Interests I, LTD, proposes to drill a well to develop the Basin Fruitland Coal formation at the above described location in accordance with the attached drilling and surface use plans.
 The surface is under jurisdiction of the Bureau of Land Management, Farmington Field Office.
 This location has been archaeologically surveyed by Aztec Archaeological Consultants. Copies of their report have been submitted directly to the BLM.
 A new access road approximately 7,032.67 feet in length would be required for this location.

This APDP is also serving as an application for an on-lease gas and water pipeline, ties of approximately 7,032.67 feet; to parallel the proposed access road.

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

FARMINGTON, NM

ENTERED
 AT 10:30

MAY 30 2008

CM

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED