

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

Form C-101

May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUG BACK, OR ADD A ZONE**

Operator Name and Address SG Interests I, Ltd c/o Nika Energy Operating, LLC PO Box 2677 Durango, CO 81302		OGRID Number 20572
Property Code 35190	Property Name State 21-7-36	API Number 30-043-20996
Proposed Pool 1 Basin Fruitland Coal		Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	36	21N	7W		2510	North	1910	West	Sandoval

Proposed 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
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Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 6787'
Multiple N	Proposed Depth 815'	Formation Basin Fruitland Coal	Contractor	Spud Date as soon as permitted
Depth to Groundwater >100'		Distance from nearest fresh water well >1,000'		Distance from nearest surface water 200' > 1,000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 1000_bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
Surface 12 1/4"	7"		150'		Surface
Production 6 1/4"	4 1/2"		815'		Surface

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See attached Drilling Program and BOP

Drilling/Completion pit to be located approximately 15 feet from wellhead. Pit multi-use drilling and completion to avoid additional site disturbance and pit will be considered out of service once production tubing set. Pit to be 75 feet long by 15 feet wide by 10 feet deep. Pit to be constructed, operated and closed in accordance with NMOCD guidelines and SGI procedures.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Tripp Schwab <i>Tripp Schwab</i>		Approved by: <i>[Signature]</i>	
Title: agent for SG Interests I, Ltd		Title: DEPUTY OIL & GAS INSPECTOR, DIST. 3	
E-mail Address: tripp@nikaenergy.com		Approval Date: OCT 21 2005 Expiration Date: OCT 21 2006	
Date: 26 September 2005		Conditions of Approval Attached <input type="checkbox"/>	

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

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number 30-043-20976	'Pool Code 71629	'Pool Name FRUITLAND COAL
'Property Code 35190	'Property Name STATE 21-7-36	'Well Number 2
'OGRID No. 020572	'Operator Name SG INTERESTS I, LTD.	'Elevation 6787

10 Surface Location

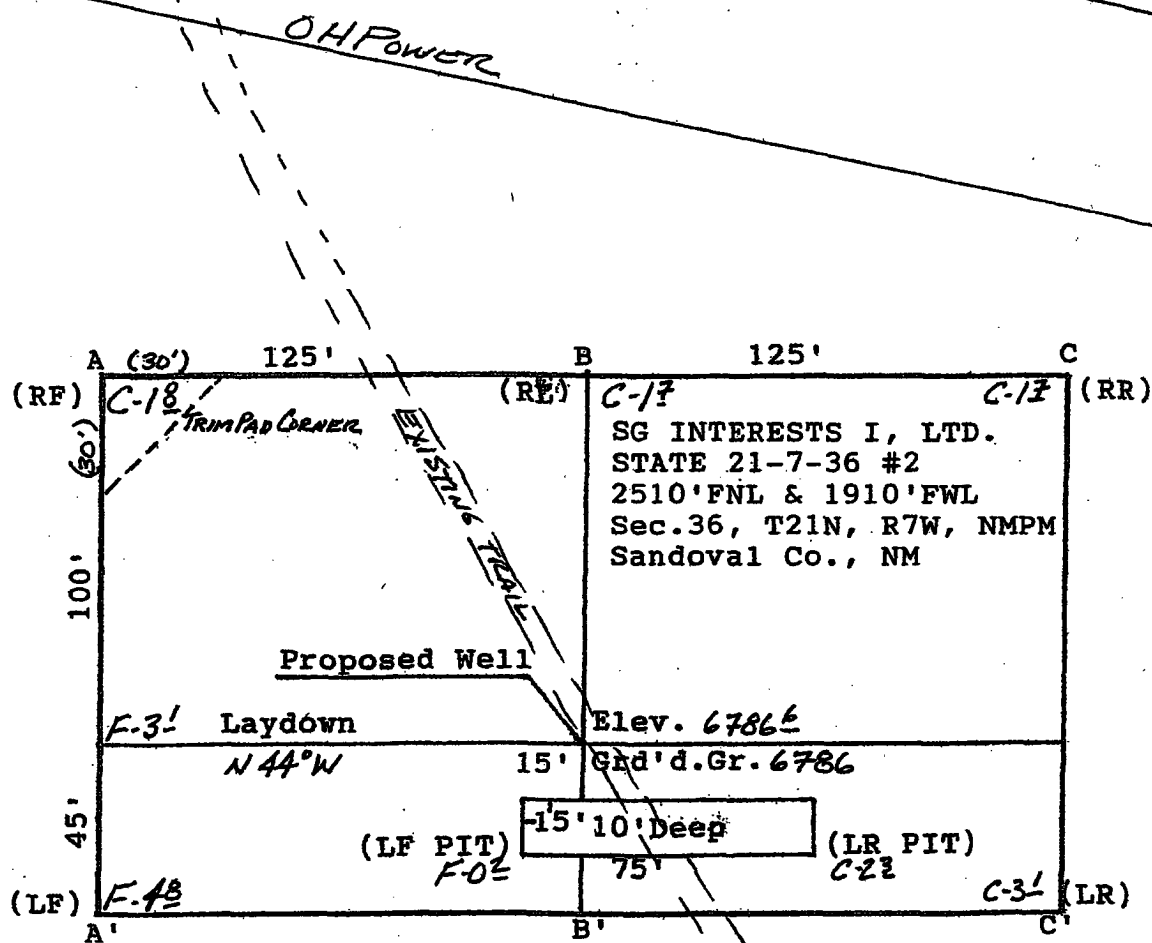
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	36	21N	7W		2510	North	1910	West	Sandoval

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
	Same	as above							
'Dedicated Acres 320 W/2		'Joint or Infill		'Consolidation Code		'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.

<p>16</p> <p>N 89°35'W</p> <p>79.51 ch.</p> <p>80.46 ch.</p> <p>2510'</p> <p>1910'</p> <p>LAT. 36.00792°N LONG. 107.53003°W</p> <p>SEC. 36</p> <p>N 89°29'W</p> <p>79.68 ch.</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i></p> <p>Signature</p> <p>William Schwab III</p> <p>Printed Name</p> <p>Agent for SG Interests</p> <p>Title and E-mail Address</p> <p>tripp@nikaenergy.com</p> <p>Date</p> <p>Sept 26, 2005</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>[Signature]</i></p> <p>Date of Survey</p> <p>17 SEP 2005</p> <p>Signature and Seal of Professional Surveyor</p> <p>William E. Mahrke II</p> <p>Certificate Number</p> <p>8466</p>



Scale: 1" = 50'

A-A'	Vert.: 1" = 30'	Horiz.: 1" = 50'	C/L
6790			
6780			
B-B'			
6790			
6780			
C-C'			
6790			
6780			

NIKA ENERGY OPERATING, LLC
SG INTERESTS I, INC.
FRUITLAND DRILLING PROGRAM

New Well Permit Information

DATE: September 2005

WELL NAME: State 21-7-36 #2
FIELD NAME: Basin Fruitland Coal
LOCATION: NW Section 36-T21N-R7W
Sandoval County, New Mexico
UNIT Standup

DRILLING SKELETON:

<u>Interval</u>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Depth</u>
Surface	12-1/4"	7"	150'
Production	6-1/4"	4-1/2"	815'

<u>Formation</u>	<u>Depth</u>
Ojo Alamo	105'
Kirtland	265'
Fruitland	440'
Coal Top	640'
PC	665'
Total Depth	815'

DATE: September 2005
WELL NAME: State 21-7-36 #2

CASING AND CEMENTING PROGRAM:

<u>Interval</u>	<u>Size, Wt, Grade, Thread</u>	<u>Depth</u>	<u>Cement</u>	
Surface	7", 20#, J-55, ST&C	150'	140 sx (165 cu. ft) Class B w/2% CaCl 1/4#/sx celloflake	} circulate cement
Production	4-1/2", 10.5#, J-55, ST&C	815'	100 sx (118 cu. ft) Class B. 1/4#/sx celloflake.	

Cement Slurry Designs and Notes

<u>Slurry</u>	<u>Water Requirements</u>	<u>Weight</u>	<u>Yield</u>
Surface	5.2 gals/sx	15.6 ppg	1.18 cu. ft/sk
Production	5.2 gals/sx	15.6 ppg	1.18 cu. ft/sk

2-M SYSTEM

