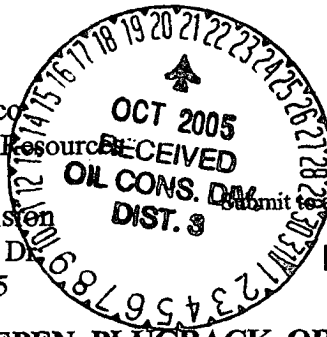


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil 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, PLUGBACK, 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 35191	Property Name State 21-7-16	API Number 30 - 043-20997
Proposed Pool 1 Basin Fruitland Coal		Proposed Pool 2

7 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	16	21N	7W		1980	South	660	East	Sandoval

8 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

11 Work Type Code N	12 Well Type Code G	13 Cable/Rotary R	14 Lease Type Code S	15 Ground Level Elevation 6761'
16 Multiple N	17 Proposed Depth 860'	18 Formation Basin Fruitland Coal	19 Contractor	20 Spud Date as soon as permitted
Depth to Groundwater >100'		Distance from nearest fresh water well >1,000'		Distance from nearest surface water >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"/>				

21 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"		860'		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		Approved by:	
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	Phone: (970)259-2701	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 30-043-20997	Pool Code 71629	Pool Name FRUITLAND COAL
Property Code 35191	Property Name STATE 21-7-16	Well Number 4
OGRID No. 020572	Operator Name SG INTERESTS I, LTD.	Elevation 6761

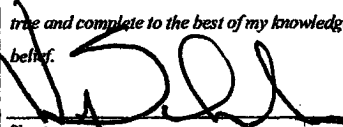
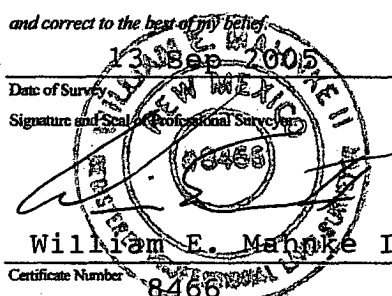
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	16	21N	7W		1980	South	660	East	Sandoval

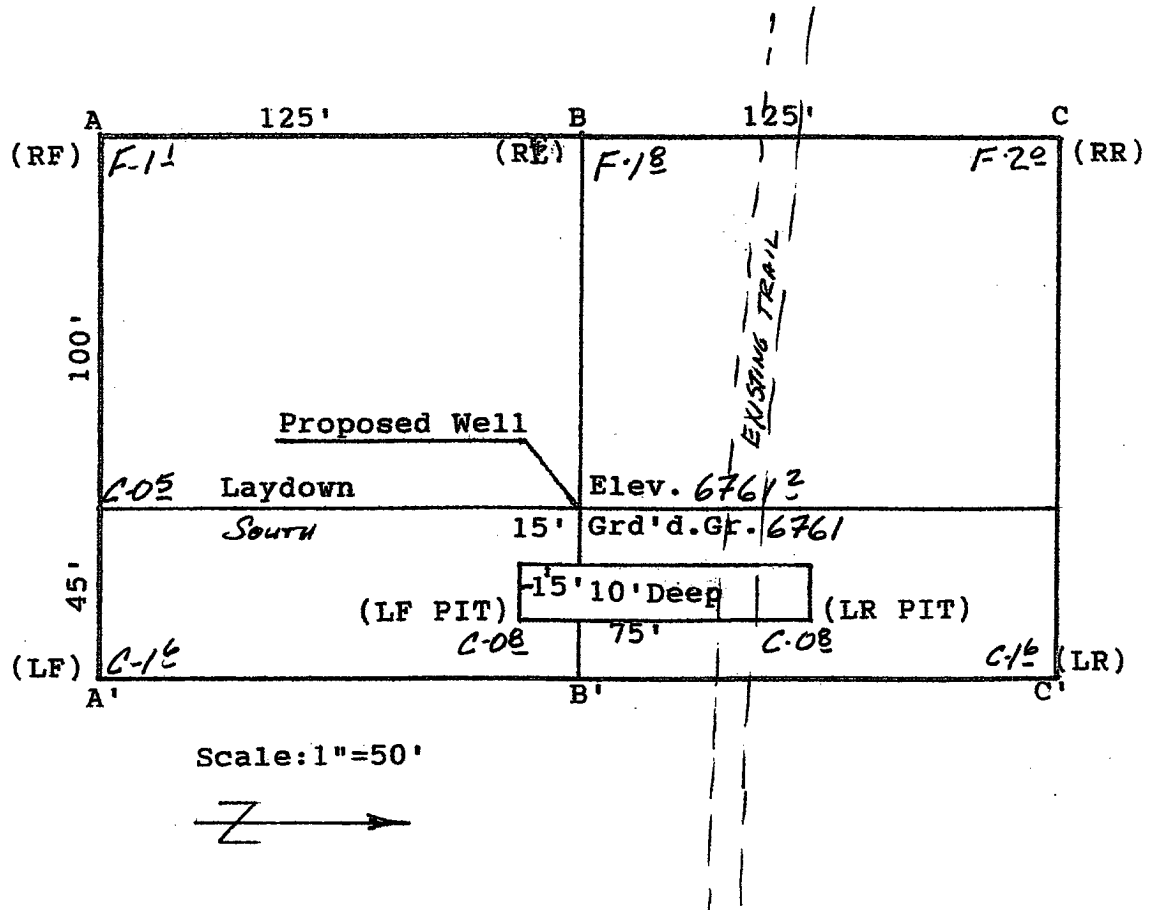
¹¹ Bottom Hole Location If Different From Surface

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 E/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.

16	NB9°49'W	79.75km	80.83km	80.83km	16	LAT. 36.04958°N LONG. 107.57453°W	660'	1980'	NO 05' E	NO 04' E	NB9°52'W	79.81km	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature William Schwab III Printed Name Agent for SG Interests Title and E-mail Address tripp@nikaenergy.com Date Sept 26, 2005 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 Signature and Seal of Professional Surveyor William E. Mancke II Certificate Number 8466

SG INTERESTS I, LTD.
 STATE 21-7-16 #4
 1980' FSL & 660' FEL
 Sec. 16, T21N, R7W, NMPM
 Sandoval Co., NM



A-A'	Vert.: 1" = 30'	Horiz.: 1" = 50'	C/L
6760			
6750			
B-B'			
6760			
6750			
C-C'			
6760			
6750			

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

New Well Permit Information

DATE: September 2005

WELL NAME: State 21-7-16 #4
FIELD NAME: Basin Fruitland Coal
LOCATION: SE Section 16-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"	860

<u>Formation</u>	<u>Depth</u>
Ojo Alamo	196'
Kirtland	310'
Fruitland	485'
Coal Top	685'
PC	710'
Total Depth	860'

DATE: September 2005
WELL NAME: State 21-7-16 #4

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
Production	4-1/2", 10.5#, J-55, ST&C	860'	100 sx (118 cu. ft) Class B. 1/4#/sx celloflake.

*circulate
cement*

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

