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

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.

Pit, Closed-Loop System	, Below-Grade Tank, or
Proposed Alternative Method Per	mit 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 theoperator 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 RCVD AUG 4 'OB
Address: PO Box 2677, Durango, Colorado 81302
Facility or well name: Federal 21-6-30 #2
API Number: <u>30-043-21059</u> OCD Permit Number: <u>N/A</u> .
U/L or Qtr/Qtr Lot 2, SWNW Section 30 Township 21N Range 6W County: Sandoval .
Center of Proposed Design: Latitude <u>36.02386*N</u> Longitude <u>107.51750*W</u> NAD: X1927 [] 1983
Surface Owner: X Federal State Private Tribal Trust or Indian Allotment
□ Permanent □ Emergency □ Cavitation □ P&A □ Lined □ Unlined Liner type: Thicknessmil □ LLDPE □ HDPE □ PVC □ Other □ String-Reinforced
Below-grade tank: Subsection I of 19.15.17.11 NMAC Volume:
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.

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 48" Hog wire with 1 strand Barbed wire on top							
7.							
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)							
Screen Netting Other Monthly in restriction (16 per line and a horizolla facility)							
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 consideration of approval.	office for						
Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.							
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 accept material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the approoffice or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to dry above-grade tanks associated with a closed-loop system.	priate district pproval. ing pads or						
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)	☐ Yes ☐ No ☐ NA						
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image							
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							
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						

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 Cliner 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 ₂ S, 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									
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: \[Waste Excavation and Removal \] \[Waste Removal (Closed-loop systems only) \] \[On-site Closure Method (Only for temporary pits and closed-loop systems) \] \[X \] In-place Burial \[On-site Trench Burial \] \[Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration) \]									
15. Wester Franchisch and Deutsch (10.15.17.12.) MACO Instructions Franchisch (11.15.17.12.) MACO Instructions Franchisch (11.15.17.12.)									
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 G of 19.15.17.13 NMAC									

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground St. Instructions: Please indentify the facility or facilities for the disposal of liquids, dri facilities are required.	eel Tanks or Haul-off Bins Only: (19.15.17.13.I lling fluids and drill cuttings. Use attachment if t	O NMAC) more than two			
	isposal Facility Permit Number:				
Disposal Facility Name: Disposal Facility Permit Number:					
Will any of the proposed closed-loop system operations and associated activities occur Yes (If yes, please provide the information below) No	r on or in areas that will not be used for future serv	vice and operations			
Required for impacted areas which will not be used for future service and operations: Soil Backfill and Cover Design Specifications based upon the appropriate re Re-vegetation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection	quirements of Subsection H of 19.15.17.13 NMAO of 19.15.17.13 NMAC	c			
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the cloprovided below. Requests regarding changes to certain siting criteria may require a considered an exception which must be submitted to the Santa Fe Environmental B demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for	dministrative approval from the appropriate disti ureau office for consideration of approval. Justi,	rict office or may b			
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 of	btained from nearby wells	☐ Yes X 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 of	btained from nearby wells	Yes X No			
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 of	btained from nearby wells	X Yes No			
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	icant watercourse or lakebed, sinkhole, or playa	☐ Yes X No			
Within 300 feet from a permanent residence, school, hospital, institution, or church in Visual inspection (certification) of the proposed site; Aerial photo; Satellite in		☐ Yes X No			
Within 500 horizontal feet of a private, domestic fresh water well or spring that less th watering purposes, or within 1000 horizontal feet of any other fresh water well or spring - NM Office of the State Engineer - iWATERS database; Visual inspection (certain content of the state in the state of the state in the state in the state of the st	ng, in existence at the time of initial application.	☐ Yes X No			
Within incorporated municipal boundaries or within a defined municipal fresh water valopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval		☐ Yes X No			
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Visual i	nspection (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 at	nd Mineral Division	☐ Yes X No			
 Within an unstable area. Engineering measures incorporated into the design; NM Bureau of Geology & Society; Topographic map 	t Mineral Resources; USGS; NM Geological	☐ Yes X No			
Within a 100-year floodplain FEMA map		☐ Yes X No			
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the faby a check mark in the box, that the documents are attached. X Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of Surface Owner Notice - based upon the appropriate requirements of Surface Owner Notice - based upon the appropriate requirements of Surface Owner Notice - based upon the appropriate of a drying pad Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17 Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad Protocols and Procedures - based upon the appropriate requirements of 19.15.17 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Sub Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill Soil Cover Design - based upon the appropriate requirements of Subsection I of Re-vegetation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I	ments of 19.15.17.10 NMAC bsection F of 19.15.17.13 NMAC opriate requirements of 19.15.17.11 NMAC) - based upon the appropriate requirements of 1913 NMAC ments of Subsection F of 19.15.17.13 NMAC osection F of 19.15.17.13 NMAC cuttings or in case on-site closure standards canno f 19.15.17.13 NMAC	15.17.11 NMAC			

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): William Schwab III Title: Registered Agent for SG Interests I, Ltd.
Signature: Date: 1/24/2008.
e-mail address: tripp@nikaenergy.com Telephone: 970-259-2701 .
20. OCD Approval: ☐ Permit Application (including closure plan) ☐ Closure Plan (only) ☐ OCD Conditions (see attachment)
OCD Representative Signature: 8/19/08
Title: En Jiro/spec OCD Permit Number:
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:
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
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 Longitude NAD: ☐ 1927 ☐ 1983
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): Title:
Signature: Date:
e-mail address: Telephone:

Hydrogeology Report for the Federal 21-6-30 #2

The Federal 21-6-30 #2 located in Sandoval County, is in the upper southeastern reaches of the San Juan River drainage basin. The surface is covered by Quaternary alluvium consisting of unconsolidated sand, gravel, silt, clay, terrace gravel and boulder deposits. The alluvium itself is not a source for ground water. The consolidated rock outcrops along the drainage are the Tertiary Age Paleocene Nacimiento Formation which underlies the alluvium. The Nacimiento Formation is a stratified fluvial sand and shale sequence less than 200 feet thick.

The aquifer in this area of the San Juan Basin primarily consists of the Ojo Alamo Sandstone. The top of the Ojo Alamo at this drill site is estimated to be approximately 250 feet below the surface. The Ojo Alamo is a permeable conglomerate and medium to very coarse sandstone interlayered with relatively impermeable shale. This aquifer contains fresh to moderately saline water. Dissolved-solids concentrations generally increase along the groundwater flow path from less than 1,000 milligrams per liter near recharge areas to about 4,000 as the formation is deeper into the basin.

The proposed well, Federal 21-6-30 #2, is located in the SWNW quarter-quarter of section 30 T21N- R6W. No groundwater wells were identified using the iWaters Database from the Office of the State Engineers.

Reference:

GROUND WATER ATLAS of the UNITED STATES Arizona, Colorado, New Mexico, Utah, HA 730-C, USGS, S.G. Robson and E.R. Banta, 1995

iWaters (Waters Database), New Mexico Office of the State Engineer, 2007

Tov	vnship: 21	N Range: 06W	V Sections:	The second section of the second seco	and the second s	
NAD27	' X:	Y:	Zone:	Search Radius:		
County:		Basin:		Number:	Suffix:	
Owner Name:	(First)	((Last) • All	○Non-Domesti	ic ODomestic	
POD / Surface Data Report Avg Depth to Water Report Water Column Report Clear Form iWATERS Menu Help						

AVERAGE DEPTH OF WATER REPORT 07/21/2008

Bsn Tws Rng Sec Zone X Y Wells Min Max Avg

No Records found, try again

Township	20N	Range: 06	W Sections:	:	,	
NAD27 X:		Y:	Zone:	Search Radius:		
County:		Basin:		Number:	Suffix:	
Owner Name: (Firs	t)		(Last)	○Non-Domestic	①Domestic	
F	OD / Su	face Data Re	port Mater Column R	Avg Depth to Water Report	1	
Clear Form iWATERS Menu Help						

AVERAGE DEPTH OF WATER REPORT 07/21/2008

								(Depth	Water in	Feet)
Bsn	Tws	Rng	Sec	Zone	x	Y	Wells	Min	Max	Avg
SJ	20N	06W	11				1	229	229	229
SJ	20N	06W	32				2	180	255	218

Record Count: 3

Tws Rng Sec q q q 21N 05W 32 4 2

New Mexico Office of the State Engineer POD Reports and Downloads

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County:	Basi	n:	(-: 4 -: 1	Number:	Su	ffix:	
Owner Name: (Fire	st)	(Last)		○ Non-I	Domestic (Domestic	⊕ All
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		WATER COLU	MN REPORT 07	/21/2008			
• •		NW 2=NE 3=SW		Dept	h Depth	Water (i:	n feet)

Zone

Well

2238

Water

769

Column 1469

Record Count: 1

POD Number

RG 29678

Town	ıship: 22	N Range: 06W	Sections:	A Committee of the Comm	A WARRION AND THE STATE OF THE	
NAD27	X:	Y:	Zone:	Search Radius:		
County:		Basin:		Number:	Suffix:	
Owner Name: (First)	I)	∟ast) ∳ All	○Non-Domestic	Domestic	
	POD /	Surface Data Repo	rt A	ort Depth to Water Report)	
Clear Form iWATERS Menu Help						

AVERAGE DEPTH OF WATER REPORT 07/21/2008

No Records found, try again

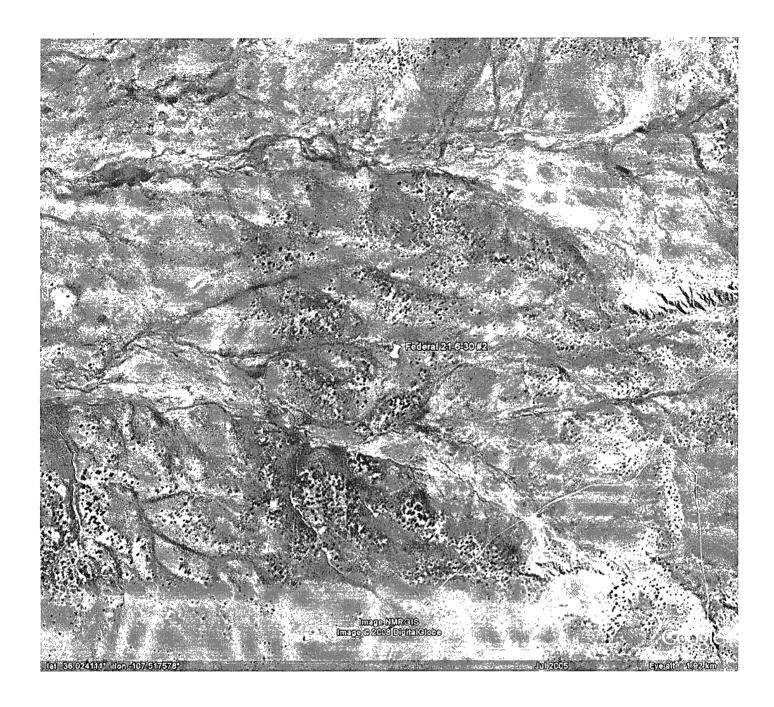
Township: 2	1N Range: 07W	Sections:				
NAD27 X:	Y:	Zone:	Search Radius:			
County:	Basin:		Number:	Suffix:		
Owner Name: (First)	(L:	ast) • All	○Non-Domestic	e () Domestic		
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AVERAGE DEPTH OF WATER REPORT 07/21/2008

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Record Count: 1





AERIAL PHOTO SHOWING NO STELLTWEES WITHIN A 300'RADILIS
NEAREST DRY WATER COURSE IS MORE THAN ZOO' FROM WELL PAID



Wetlands Certification

RE: Federal 21-6-30 #2

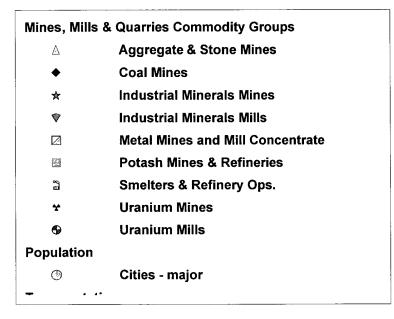
I <u>William Schwab III</u> certify that I have visually inspected the above well and that there are no wetlands with in a 500 foot radius.\

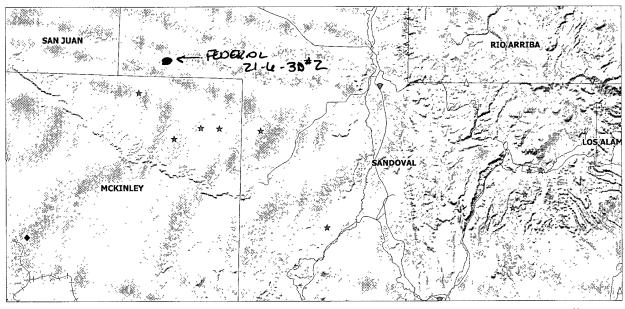
There is no data available from the US Fish and Wildlife identification map (attached) as to the existence of a wetland.

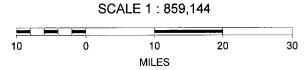
Signature:

Date: 1/21/1/208

MMQonline Public Version









Unstable Area

RE: Federal 21-6-30 #2

The well pad is not located near any surface mines or over any subsurface mines. The Soil consists of a clay sand mixture. The location has a 2' cut and a 1.5' fill. The temporary drilling pit will be located in the cut of the cut side of the location.

Nika Energy Operating

Bill Liess Bureau of Land Management, DOI Farmington Field Office 1235 La Plata Highway, Suite A Farmington, NM 87401

RE: Federal 21-6-30 #2, API # 30-043-21059

Bill,

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 close 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: Wednesday, July 23, 2008 2:44 PM
To: Bill Liess (bill_liess@nm.blm.gov)

Subject: Pit Notifications

Subject(s): Federal 21-6-29 #1 API 30-043-21056

Federal 21-6-29 #2 API 30-043-21057 Federal 21-6-30 #1 API 30-043-21058 Federal 21-6-30 #2 API 30-043-21059 Federal 21-7-35 #1 API 30-043-21060

Bill,

The requirements of the new OCD pit rule 17 requires notification to the surface owner that we are planning to close a temporary drilling pit on the subject location(s) after drilling operations cease. SGI plans to close the temporary pit(s) per approved BLM 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 Operating Agent for SG Interests I, Ltd. 970-259-2701 off 970-385-1598 fax

SG Interests I, Ltd.

Temporary Pit - Closure Plan

Re: Federal 21-6-30 #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
Copy of Deed Notice filed with County Clerk

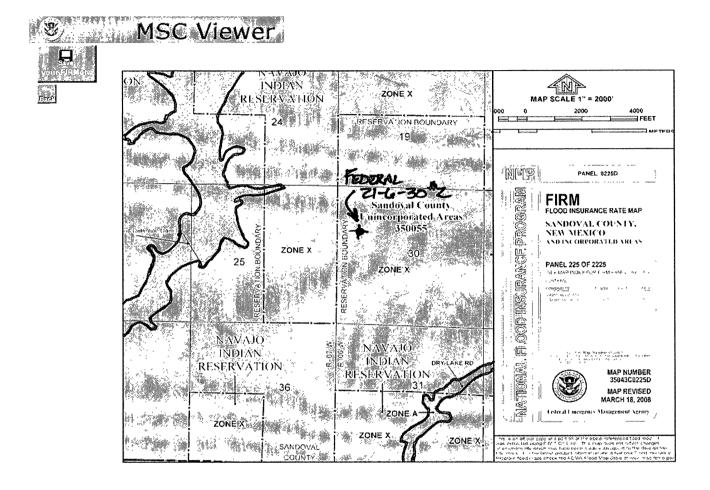
- 1 All freestanding liquids will be removed at the start of the pit closure process from the pit and disposed of in a division approved facility or recycle, re-use or reclaim the liquids in a manner that the appropriate division district office approves. SGI plans to dispose of drilling fluids at Basin Disposal Inc., Permit # NM-01-005, unless otherwise noted.
- 2 The method of closure for all temporary pits will be on-site burial as long as all the criteria listed in subsection B of 19.15.17.13 NMAC are met.
- 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.
- 4 Temporary pits will be closed, re-contoured, and re-seeded 6 months after drilling rig is released.
- 5 "Notice of Closure" will be given to the NMOCD Aztec Division office, not less than seventy two (72) hours or more than one (1) week, of the 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.
- 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 BTEX	EPA SW-846 8021B or 8260B EPA SW 846 8021B or 8260B	0.2 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.

- 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.
- 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.
- 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.
- 10 The pit cover will be re-contoured and re-vegetated complying with subsections G,H,&I of 19.15.17.13 NMAC.
- 11 Notification will be sent to NMOCD Aztec Division office when reseeding is completed.
- 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 (unimpacted) 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.
- 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.



... Hobbs, NM 88240

Joint or Infill

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State of New Mexico Energy, Minerals & Natural Resources Department OH CONSERVATION DIVISION

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

... Grand Avenue, Artesia, NM 88210

<u>astrict III</u>

1000 Rio Brozos Rd., Aztec, NM 07410

District IV

Dedicated Acres

1220 S. St. Francis Dr., Santa Fe, NM 87505

		V	VELL LO	CATIO	N AND ACR	EAGE DEDIC	ATION PLA	Т	
1,	API Number	•		² Pool Code			³ Pool Na	mė	
Property (Code				Property P		······································	2	Well Number
•				*Operator S INTEREST	erator Name 'Elevation ESTS 1. LTD. 6752				
					10 Surface				
UL or lot no.	Section	Township	Renge	Let Edn	Feet from the	North/South line	Feet from the	East/West line	County
2	30	21N	6W		1980	North	660	West	Sandoval
			¹¹ Be	ottom Ho	le Location I	Different Fron	n Surface		
UL or lot no-	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

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.

Order No.

	19.97 Ch. N 89°07 t.36.02386° N ng.107.51750° W	W 39.9.	s Ch.	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 hale location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereighere enterned by the district. Signature Date
660' Lot 2	Sec.		·	Printed Name 18 SURVEYOR CERTIFICATION
057 <u>年</u> 8 197		30	0°10′E	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.
CO Lot 4			,0 N	Date of Survey Signature and Seaf of Professional Surveyor.
20.11 Ch.	19.96 Ch. N 89°1	'W 39.9	1 Ch.	William E. Mahrike II Certificate Number 8466

SG INTERESTS I, LTD. FEDERAL 21-6-30 #2 1980' FNL & 660' FWL Sec.30, T21N, R6W, NMPM Sandoval Co., NM

