

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address SG INTERESTS I, LTD c/o Nika Energy Operating, LLC PO Box 2677 Durango, CO 81302		² OGRID Number 020572
		³ Reason for Filing Code/ Effective Date NW
⁴ API Number 30 - 043-21069	⁵ Pool Name Fruitland Coal	⁶ Pool Code 71629
⁷ Property Code 35511	⁸ Property Name FEDERAL 21-6-32	⁹ Well Number 1

II. ¹⁰ Surface Location

Ul or lot no.	Section	Township	Range	Lot.Idn	Feet from the	No/So Line	Feet from the	East/West line	County
G	32	21N	6W		2150'	NORTH	1920'	EAST	Sandoval

¹¹ Bottom Hole Location

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				
¹² Lse Code F	¹³ Producing Method Code P	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
8503	PNM Gas Services Alvarado Square 2608 Albuquerque, NM 87208		G	G-Sec 32-T21N-6W RCUD AUG 9 '10 OIL CONS. DIV. DIST. 3

IV. Produced Water

²³ POD	²⁴ POD ULSTR Location and Description G-Sec 32-T21N-6W
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V. Well Completion Data

²⁵ Spud Date	²⁶ Ready Date	²⁷ TD	²⁸ PBTB	²⁹ Perforations	³⁰ DHC, MC
5/21/10	7/10/10	896'	816'	709'-725'	
³¹ Hole Size	³² Casing & Tubing Size	³³ Depth Set	³⁴ Sacks Cement		
12-1/4"	8-5/8" 24# J-55	751' KB	125 sx cem; 6 B/cem circ to surf		
7-7/8"	4-1/2" 10.5# J-55	891' KB	260 sx; 10 B/cem circ to surf		
	2-3/8"	754'			

VI. Well Test Data

³⁵ Date New Oil	³⁶ Gas Delivery Date	³⁷ Test Date	³⁸ Test Length	³⁹ Tbg. Pressure	⁴⁰ Csg. Pressure
n/a	WO Pipeline Hookup				
⁴¹ Choke Size	⁴² Oil	⁴³ Water	⁴⁴ Gas	⁴⁵ AOF	⁴⁶ Test Method

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Marcia Stewart</i>	8-10-10 OIL CONSERVATION DIVISION Approved by: <i>Chris P</i> 8-10-10
Printed name: Marcia Stewart	Title: SUPERVISOR DISTRICT # 3
Title: Agent for SG Interests	Approval Date: AUG 10 2010
E-mail Address: marcia@nikaenergy.com	
Date: 7/28/10	Phone: (970) 259-2701

Handwritten mark