

May 27, 2004

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

87505

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-045-29076

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

E9707

7. Lease Name or Unit Agreement Name

WEST BISTI STATE 26-13-36

8. Well Number

2

9. OGRID Number

020572

10. Pool name or Wildcat

Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

SG INTERESTS I, LTD c/o Nika Energy Operating, LLC

3. Address of Operator

PO Box 2677, Durango, CO 81302

4. Well Location

Unit Letter M : 1192 feet from the South line and 819 feet from the West line
Section 36 Township 26N Range 13W NMPM 6 County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

6199' GR

Pit or Below-grade Tank Application ☒ or Closure ☐Pit type _____ Depth to Groundwater 50-100' Distance from nearest fresh water well unknown Distance from nearest surface water 100'-200'Pit Liner Thickness: None mil Below-Grade Tank: Volume 95 bbls; Construction Material Fiberglass

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐OTHER: Permit & Scheduled Replacement ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This Sundry will serve as a Permit Application for a Below-Grade Tank. The Below-Grade Tank pertaining to the subject well is for production water.

Plans are in place to replace all fiberglass pit tanks with a 95-bbl steel, double wall, double bottom tank with leak detection. Tanks will have an expanded metal screen covering the entire diameter of the tank. The new tanks will be installed by the end of July, 2005

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Marcia Stewart

Marcia Stewart

TITLE Agent for SG Interests

gas men@frontier.net

DATE Febr 8, 2005

(970) 259-2701

Type or print name

E-mail address:

Telephone No.

For State Use Only

APPROVED BY: Denny Fent

TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. 3

DATE FEB 14 2005

Conditions of Approval (if any):