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

Form C-144
July 21, 2008

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.

3155

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit 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 the operator 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 #: **020572**
Address: **PO Box 2677, Durango, CO 81302**
Facility or well name: **Federal 21-6-29 #2**
API Number: **30-043-21057** OCD Permit Number:
U/L or Qtr/Qtr **C** Section **29** Township **21N** Range **6W** County: **Sandoval**
Center of Proposed Design: Latitude **36.02691*N** Longitude **-107.49519*W** NAD: ☒ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type: Thickness **20 mil** ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other
☐ String-Reinforced
Liner Seams: ☐ Welded ☒ Factory ☐ Other Volume: **2271 Bbls** Dimensions: L **75'** x W **10'** x D **10'**

3.
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation: ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other
☐ Lined ☐ Unlined Liner type: Thickness mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other
Liner Seams: ☐ Welded ☐ Factory ☐ Other

RECEIVED
FEB 2009
OIL CONS. DIV. DIST. 3

4.
☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: bbl Type of fluid:
Tank Construction material:
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other
Liner type: Thickness mil ☐ HDPE ☐ PVC ☐ Other

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

2/17/2009

6.

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_____.

7.

Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☐ Other_____

☐ 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 office for consideration of approval.

☐ Exception(s). Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

10.

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 acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. **Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.**

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)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ NA
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	☐ Yes ☐ No
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

11.
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
- ☐ Liner 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_2S, 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

14.
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)
  - ☐ In-place Burial ☐ On-site Trench Burial
- ☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15.
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 I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

16.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please provide the information below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ 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 I of 19.15.17.13 NMAC

☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

17.

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

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 obtained from nearby wells	☐ Yes ☐ 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 obtained from nearby wells	☐ Yes ☐ No ☐ NA
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 obtained from nearby wells	☐ Yes ☐ No ☐ NA
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. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
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; 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	☐ Yes ☐ No
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

18.

On-Site 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.***

☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15 17.10 NMAC

☐ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC

☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15 17 11 NMAC

☐ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 NMAC

☐ 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

☐ Waste Material Sampling Plan - 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 or in case on-site closure standards cannot be achieved)

☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19.
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): _____ Title: _____.

Signature: _____ Date: _____.

e-mail address: _____ Telephone: _____.

20.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure ~~Plan (only)~~ ☐ OCD Conditions (see attachment)

OCD Representative Signature: Jonathan D. Kelly **Approval Date:** 1/17/2012

Title: Compliance Officer **OCD Permit Number:** _____

21.
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: 11/3/2008**.

22.
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

24.
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 **36.02704* N** Longitude **-107.49519* W** NAD: ☐1927 ☐ 1983

25.
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): **William Schwab III** Title: **Agent for SG Interests I, Ltd.**

Signature: _____ Date: **2/3/2009**.

e-mail address: **tripp@nikaenergy.com** Telephone: **970-259-2701**.

Tripp Schwab

From: Marcia Stewart [marcia@nikaenergy.com]
Sent: Wednesday, November 05, 2008 2:59 PM
To: Brandon.Powell@state.nm.us
Cc: Tripp
Subject: Pit Closure Notification

The following wellsite pit closing was completed Mon, Nov 3, 2008.

Federal 21-6-29 #2 Wellsite
API No. 30-043-21057
Sec 29-T21N-R6W
Sandoval County, NM

Marcia Stewart
Nika Energy Operating,LLC
Agent for SG Interests
(970) 259-2701 Off
(970) 385-1598 Fax

SG Interests I, Ltd.

Temporary Pit - Closure Details

Re: Federal 21-6-29 #2

1 – All freestanding liquids were removed at the start of the pit closure process from the pit and disposed of in a division approved facility at Agua Moss, Permit # Pretty Lady 30-11-34 #1.
2 - The pit cover was re-contoured and re-vegetated complying with subsections G, H, & I of 19.15.17.13 NMAC.
3 - Notification will be sent to NMOCD Aztec Division office when reseeding is completed.
4 - 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.
5 - The closed temporary pit has 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 is permanently welded, and includes the operator name, lease name, well name and number, unit number, section, township, range, and indicator that the marker is an onsite burial location.

ENVIROTECH INC.

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

October 7, 2008 Project No. 98049-0010

Mr. Trip Schwab
SG Interests LTD
Nika Energy Operating
P O Box 2677 Phone (970) 259-2701
Durango, Colorado 81302 Fax (505) 385-1598

RE: DRILL PIT SAMPLING AT THE FEDERAL 21-6-29 #2 WELL SITE, SECTION 29, TOWNSHIP 21N, RANGE 6W, SANDOVAL COUNTY NEW MEXICO

Dear Mr. Schwab;

Envirotech collected samples from the drill pit at the above referenced site. A five (5) point composite sample was collected from inside the pit. The sample was delivered to Envirotech's Laboratory under Chain of Custody. The sample was analyzed via USEPA Method 8015 for Gasoline and Diesel range hydrocarbons (GRO/DRO), USEPA Method 8021 for Benzene and total BTEX, USEPA Method 418.1 for Total Petroleum Hydrocarbons (TPH), and USEPA Method 300.1 for total Chlorides.

The sample results show that all contaminants of concern are below the most stringent NMOCD requirements. Based on these results the following options are available for final disposal:

- In place burial
- Onsite trench burial, or
- Waste excavation and removal

Regardless of the disposal option chosen, notification must be made to the NMOCD at least 72 hours but not more than one week prior to closing the pit. The surface land owner must also be notified at least 24 hours prior to closing the pit. Once the pit is closed a NMOCD C-144 form must be completed and submitted to Mr. Brandon Powell at the NMOCD within 60 days of the closure date.

Attached to this letter is Envirotech's Field Report: Closure Verification, field analysis documentation, and lab analysis documentation.

We appreciate the opportunity to be of service. Should you need any additional help with notifications or completion of the C-144 form, please do not hesitate to contact our office at (505) 632-0615.

Respectfully Submitted,
ENVIROTECH, INC.

Greg Crabtree, EIT
Environmental Project Engineer
gcrabtree@envirotech-inc.com

Enclosure: Pit Closure Documents

PAGE NO: 1 OF 1

DATE STARTED: 9-12-08

DATE FINISHED: 9-12-08

ENVIROTECH INC

ENVIRONMENTAL SCIENTISTS & ENGINEERS
5796 U.S. HIGHWAY 64 - 3014
FARMINGTON, NEW MEXICO 87401
PHONE: (505).632-0615

ENVIRONMENTAL SPECIALIS
J. NELSON

LAT: 36° 7.615'

LONG: -107° 29.711'

FIELD REPORT: BGT / PIT CLOSURE VERIFICATION

LOCATION: NAME: FEDERAL 21-6-29 WELL #: 2 TEMP PIT: PERMANENT PIT: BGT:

LEGAL ADD: UNIT: C SEC: 29 TWP: 21N RNG: 6W PM: NMPM

QTR/FOOTAGE: 730' FNL & 1960' FWL CNTY: SANDOVAL ST: NM

EXCAVATION APPROX: 10 FT. X ~~90°~~ FT. X FT. DEEP CUBIC YARDAGE:

DISPOSAL FACILITY: REMEDIATION METHOD:

LAND OWNER: API: 3004321057 BGT / PIT VOLUME:

CONSTRUCTION MATERIAL: DOUBLE-WALLED, WITH LEAK DETECTION:

LOCATION APPROXIMATELY: 10 FT. 90° FROM WELLHEAD

DEPTH TO GROUNDWATER: 150 ft

TEMPORARY PIT - GROUNDWATER 50-100 FEET DEEP

BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, GRO & DRO FRACTION (8015) ≤ 500 mg/kg, TPH (418.1) ≤ 2500 mg/kg, CHLORIDES ≤ 500 mg/kg

X TEMPORARY PIT - GROUNDWATER ≥100 FEET DEEP

BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, GRO & DRO FRACTION (8015) ≤ 500 mg/kg, TPH (418.1) ≤ 2500 mg/kg, CHLORIDES ≤ 1000 mg/kg

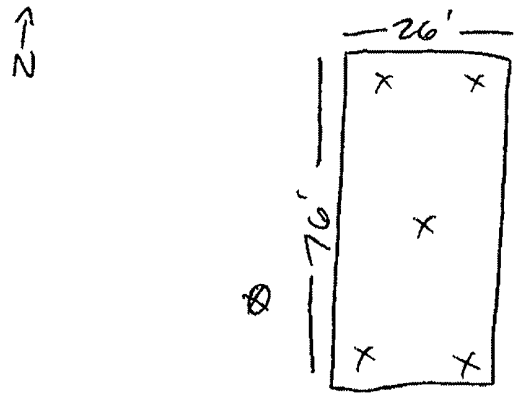
PERMANENT PIT OR BGT

BENZENE ≤ 0.2 mg/kg, BTEX ≤ 50 mg/kg, TPH (418.1) ≤ 100 mg/kg, CHLORIDES ≤ 250 mg/kg

FIELD 418.1 ANALYSIS

TIME	SAMPLE I.D.	LAB NO.	WEIGHT (g)	mL FREON	DILUTION	READING	CALC. (mg/kg)
	200 STD		-	-	-		
		1					
		2					
		3					
		4					
		5					
		6					

PERIMETER



FIELD CHLORIDES RESULTS

SAMPLE ID	READING	CALC. (mg/kg)

PID RESULTS

SAMPLE ID	RESULTS (mg/kg)

PROFILE

LAB SAMPLES

SAMPLE ID	ANALYSIS	RESULTS
Drill Pit	BENZENE	N.D
Drill Pit	BTEX	0.0315
Drill Pit	GRO & DRO	88.2
Drill Pit	CHLORIDES	204
Drill Pit	418.1	1,060

NOTES:

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Client:	SG Interest	Project #:	98049-0010
Sample ID:	Fed. 21-6-29 #2	Date Reported:	09-19-08
Laboratory Number:	47227	Date Sampled:	09-12-08
Chain of Custody No:	5268	Date Received:	09-12-08
Sample Matrix:	Soil	Date Extracted:	09-17-08
Preservative:	Cool	Date Analyzed:	09-18-08
Condition:	Intact	Analysis Requested:	8015 TPH

Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	**ND**	**0.2**
Diesel Range (C10 - C28)	**88.2**	**0.1**
Total Petroleum Hydrocarbons	**88.2**	**0.2**

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **Multiple Pits.**

Analyst

Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	SG Interest	Project #:	98049-0010
Sample ID:	Fed. 21-6-29 #2	Date Reported:	09-19-08
Laboratory Number:	47227	Date Sampled:	09-12-08
Chain of Custody:	5268	Date Received:	09-12-08
Sample Matrix:	Soil	Date Analyzed:	09-18-08
Preservative:	Cool	Date Extracted:	09-17-08
Condition:	Intact	Analysis Requested:	BTEX

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	**ND**	**0.9**
Toluene	**16.8**	**1.0**
Ethylbenzene	**1.7**	**1.0**
p,m-Xylene	**9.4**	**1.2**
o-Xylene	**3.6**	**0.9**
Total BTEX	**31.5**	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	**97.0 %**
	1,4-difluorobenzene	**97.0 %**
	Bromochlorobenzene	**97.0 %**

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Method 8021B, Aromatic Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **Multiple Pits**

Analyst

Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 418.1
TOTAL PETROLEUM HYDROCARBONS

Client:	SJ Interest	Project #:	98049-0010
Sample ID:	Fed. 21-6-29 #2	Date Reported:	09-19-08
Laboratory Number:	47227	Date Sampled:	09-12-08
Chain of Custody No:	5268	Date Received:	09-12-08
Sample Matrix:	Soil	Date Extracted:	09-18-08
Preservative:	Cool	Date Analyzed:	09-18-08
Condition:	Intact	Analysis Needed:	TPH-418.1

Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	**1,060**	**5.0**

ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: **Multiple Pits.**

Analyst

Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

Chloride

Client:	SG Interest	Project #:	98049-0010
Sample ID:	Fed. 21-6-29 #2	Date Reported:	09-19-08
Lab ID#:	47227	Date Sampled:	09-12-08
Sample Matrix:	Soil	Date Received:	09-12-08
Preservative:	Cool	Date Analyzed:	09-16-08
Condition:	Intact	Chain of Custody:	5268

Parameter	Concentration (mg/Kg)
Total Chloride	**204**

Reference: U.S.E.P.A., 4500B, "Methods for Chemical Analysis of Water and Wastes", 1983. Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: **Multiple Pits.**

Analyst

Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR ANY ENVIRONMENT

EPA METHOD 418.1
TOTAL PETROLEUM HYROCARBONS
QUALITY ASSURANCE REPORT

Client:	QA/QC	Project #:	N/A
Sample ID:	QA/QC	Date Reported:	09-18-08
Laboratory Number:	09-18-TPH.QA/QC 47235	Date Sampled:	N/A
Sample Matrix:	Freon-113	Date Analyzed:	09-18-08
Preservative:	N/A	Date Extracted:	09-18-08
Condition:	N/A	Analysis Needed:	TPH

Calibration	I-Cal Date	C-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
	09-18-08	09-18-08	1,660	1,590	4.2%	+/- 10%

Blank Conc. (mg/Kg)	Concentration	Detection Limit
TPH	ND	5.0

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	33.2	27.9	16.0%	+/- 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	33.2	2,000	2,390	118%	80 - 120%

ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: **QA/QC for Samples 47225 - 47230, 47236 - 47237, 47242 and 47235.**

Analyst

Review

ENVIROTECH LABS

EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	N/A	Project #:	N/A
Sample ID:	09-18-BT QA/QC	Date Reported:	09-19-08
Laboratory Number:	47238	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	09-18-08
Condition:	N/A	Analysis:	BTEX

Calibration and Detection Limits (ug/L)	I-Cal RF:	C-Cal RF:	%Diff. Accept. Range 0 - 15%	Blank Conc	Detect. Limit
Benzene	6.6064E+007	6.6196E+007	**0.2%**	**ND**	**0.1**
Toluene	5.0423E+007	5.0524E+007	**0.2%**	**ND**	**0.1**
Ethylbenzene	3.9683E+007	3.9762E+007	**0.2%**	**ND**	**0.1**
p,m-Xylene	8.1407E+007	8.1570E+007	**0.2%**	**ND**	**0.1**
o-Xylene	3.7616E+007	3.7692E+007	**0.2%**	**ND**	**0.1**

Duplicate Conc. (ug/Kg)	Sample	Duplicate	%Diff.	Accept Range	Detect. Limit
Benzene	**2.0**	**2.1**	**5.0%**	**0 - 30%**	**0.9**
Toluene	**8.5**	**8.7**	**2.4%**	**0 - 30%**	**1.0**
Ethylbenzene	**5.0**	**5.3**	**6.0%**	**0 - 30%**	**1.0**
p,m-Xylene	**19.2**	**18.2**	**5.2%**	**0 - 30%**	**1.2**
o-Xylene	**8.9**	**9.7**	**9.0%**	**0 - 30%**	**0.9**

Spike Conc. (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept. Range
Benzene	**2.0**	**50.0**	**51.6**	**99.2%**	**39 - 150**
Toluene	**8.5**	**50.0**	**56.5**	**96.6%**	**46 - 148**
Ethylbenzene	**5.0**	**50.0**	**52.0**	**94.5%**	**32 - 160**
p,m-Xylene	**19.2**	**100**	**114**	**95.8%**	**46 - 148**
o-Xylene	**8.9**	**50.0**	**53.9**	**91.5%**	**46 - 148**

ND - Parameter not detected at the stated detection limit.

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.
Method 8021B, Aromatic and Halogenated Volatiles by Gas Chromatography Using Photoionization and/or Electrolytic Conductivity Detectors, SW-846, USEPA December 1996.

Comments: **QA/QC for Samples 47225 - 47230 and 47238 - 47241.**

Analyst

Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER ENVIRONMENT

EPA Method 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	09-18-08 QA/QC	Date Reported:	09-19-08
Laboratory Number:	47238	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	09-18-08
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
Gasoline Range C5 - C10	05-07-07	1.0031E+003	1.0035E+003	**0.04%**	**0 - 15%**
Diesel Range C10 - C28	05-07-07	9.9395E+002	9.9434E+002	**0.04%**	**0 - 15%**

Blank Conc. (mg/L - mg/Kg)	Concentration	Detection Limit
Gasoline Range C5 - C10	**ND**	**0.2**
Diesel Range C10 - C28	**ND**	**0.1**
Total Petroleum Hydrocarbons	**ND**	**0.2**

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
Gasoline Range C5 - C10	**ND**	**ND**	**0.0%**	**0 - 30%**
Diesel Range C10 - C28	**2.8**	**2.7**	**3.6%**	**0 - 30%**

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	**ND**	**250**	**253**	**101%**	**75 - 125%**
Diesel Range C10 - C28	**2.8**	**250**	**251**	**99.2%**	**75 - 125%**

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **QA/QC for Samples 47225 - 47230 and 47238 - 47241.**

Analyst

Review

CHAIN OF CUSTODY RECORD

5268

Client:	Project Name / Location:	ANALYSIS / PARAMETERS
SG Interest	MULTIPLE Multiple Pits	
Client Address:	Sampler Name: J. Nelson	
Client Phone No.:	Client No.: 98049-0010	

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative: $HgCl_2$	Preservative: HCl	Preservative: Cool	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
d.21-6-29 #1	9-12-08	15:40	47225	(Soil) Solid Sludge Aqueous	1/4oz			Cool	X	X							X	X				✓	✓
d.21-6-30 #2	9-12-08	14:15	47226	(Soil) Solid Sludge Aqueous	1/4oz				X	X							X	X				✓	✓
d.21-6-29 #2	9-12-08	15:14	47227	(Soil) Solid Sludge Aqueous	1/4oz				X	X							X	X				✓	✓
d.21-7-26 #1	9-12-08	13:30	47228	(Soil) Solid Sludge Aqueous	1/4oz				X	X							X	X				✓	✓
d.21-7-35 #1	9-12-08	12:57	47229	(Soil) Solid Sludge Aqueous	1/4oz				X	X							X	X				✓	✓
d.21-6-30 #1	9-12-08	14:44	47230	(Soil) Solid Sludge Aqueous	1/4oz				X	X							X	X				✓	✓
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			

	Date	Time		Date	Time
Relinquished by: (Signature)	9-12-08		Received by: (Signature)	9-12-08	
Relinquished by: (Signature)			Received by: (Signature)		
Relinquished by: (Signature)			Received by: (Signature)		

ENVIROTECH INC.

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-141
Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☒ Final Report

Name of Company ***SG Interests I, Ltd***	Contact ***William Schwab***
Address ***PO Box 2677, Durango, CO 81301***	Telephone No. ***970-259-2701***
Facility Name ***Federal 21-6-29 #2***	Facility Type ***Wellsite***

Surface Owner ***Federal***	Mineral Owner ***Federal***	Lease No. ***NMNM99732***

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
C	***29***	***21N***	***06W***	***730'***	***North***	***1960'***	***West***	***Sandoval***

Latitude ***36.02691*N*** **Longitude** ***-107.49519*W***

NATURE OF RELEASE

Type of Release ***None***	Volume of Release ***N/A***	Volume Recovered ***N/A***
Source of Release ***N/A***	Date and Hour of Occurrence ***N/A***	Date and Hour of Discovery ***N/A***
Was Immediate Notice Given? ☐ Yes ☐ No ☒ Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
There was no release. Drilling pit was closed according to approved closure plan. This form is required for drilling pit closure report.

Describe Area Affected and Cleanup Action Taken.*
None

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature:	OIL CONSERVATION DIVISION	
Printed Name: ***William Schwab III***	Approved by District Supervisor:	
Title: ***Agent for SG Interests***	Approval Date:	Expiration Date:
E-mail Address: ***tripp@nikaenergy.com***	Conditions of Approval:	Attached ☐
Date: ***2/3/2009*** Phone: ***970-259-2701***		

* Attach Additional Sheets If Necessary

Submit To Appropriate District Office
Two Copies
District I
1625 N French Dr , Hobbs, NM 88240
District II
811 S First St , Artesia, NM 88210
District III
1000 Rio Brazos Rd , 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-105
Revised August 1, 2011

1. WELL API NO. **30-043-21057**
2 Type of Lease ☐ STATE ☐ FEE ☒ FED/INDIAN
3 State Oil & Gas Lease No. **NMNM99732**

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4 Reason for filing

☐ **COMPLETION REPORT** (Fill in boxes #1 through #31 for State and Fee wells only)

☒ **C-144 CLOSURE ATTACHMENT** (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19 15 17.13.K NMAC)

5 Lease Name or Unit Agreement Name **Federal 21-6-29**

6 Well Number **#2**

7 Type of Completion
☒ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8 Name of Operator **SG Interests I, Ltd.**

9 OGRID **020572**

10 Address of Operator **PO Box 2677, Durango, CO 81302**

11. Pool name or Wildcat **Basin Fruitland Coal**

12.Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:										
BH:										

13 Date Spudded	14. Date T D. Reached	15 Date Rig Released	16 Date Completed (Ready to Produce)	17 Elevations (DF and RKB, RT, GR, etc)
		10/24/2008		

18 Total Measured Depth of Well	19 Plug Back Measured Depth	20 Was Directional Survey Made?	21. Type Electric and Other Logs Run

22 Producing Interval(s), of this completion - Top, Bottom, Name

23 **CASING RECORD** (Report all strings set in well)

CASING SIZE	WEIGHT LB /FT	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

RCVD DEC 21 '11
OIL CONS. DIV.
DIST. 3

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25 TUBING RECORD

SIZE	DEPTH SET	PACKER SET

26 Perforation record (interval, size, and number)

27 ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

28 **PRODUCTION**

Date First Production	Production Method *(Flowing, gas lift, pumping - Size and type pump)*	Well Status *(Prod or Shut-in)*

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio

Flow Tubing Press	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl	Oil Gravity - API - *(Corr)*

29 Disposition of Gas *(Sold, used for fuel, vented, etc)*

30 Test Witnessed By

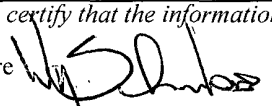
31. List Attachments

32 If a temporary pit was used at the well, attach a plat with the location of the temporary pit. **Attached**

33 If an on-site burial was used at the well, report the exact location of the on-site burial

Latitude **36.02704°N** Longitude **-107.49519°W** NAD **1983**

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature 

Printed Name **William Schwab III** Title **Agent for SGI** Date **12/19/2011**

E-mail Address **tripp@nikaenergy.com**

Submit To Appropriate District Office
Two Copies
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State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-105
Revised August 1, 2011

1. WELL API NO. **30-043-21057**
2. Type of Lease ☐ STATE ☐ FEE ☒ FED/INDIAN
3 State Oil & Gas Lease No **NMNM99732**

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4 Reason for filing:

☐ **COMPLETION REPORT** (Fill in boxes #1 through #31 for State and Fee wells only)

☒ **C-144 CLOSURE ATTACHMENT** (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19.15 17 13.K NMAC)

5. Lease Name or Unit Agreement Name: **Federal 21-6-29**
6. Well Number: **#2**

7. Type of Completion: ☒ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8 Name of Operator: **SG Interests I, Ltd.**
9. OGRID: **020572**
10 Address of Operator: **PO Box 2677, Durango, CO 81302**
11. Pool name or Wildcat: **Basin Fruitland Coal**

12.Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:										
BH:										

13 Date Spudded	14 Date T D Reached	15 Date Rig Released	16 Date Completed (Ready to Produce)	17 Elevations (DF and RKB, RT, GR, etc)
		10/24/2008		

18. Total Measured Depth of Well	19 Plug Back Measured Depth	20 Was Directional Survey Made?	21. Type Electric and Other Logs Run

22. Producing Interval(s), of this completion - Top, Bottom, Name

23 **CASING RECORD** (Report all strings set in well)

CASING SIZE	WEIGHT LB /FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

RCVD DEC 21 '11
OIL CONS. DIV.
DIST. 3

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25 TUBING RECORD

SIZE	DEPTH SET	PACKER SET

26. Perforation record (interval, size, and number)

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

28 **PRODUCTION**

Date First Production	Production Method *(Flowing, gas lift, pumping - Size and type pump)*	Well Status *(Prod or Shut-in)*

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio

Flow Tubing Press	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - *(Corr.)*

29. Disposition of Gas *(Sold, used for fuel, vented, etc)*

30 Test Witnessed By

31 List Attachments

32 If a temporary pit was used at the well, attach a plat with the location of the temporary pit. **Attached**

33 If an on-site burial was used at the well, report the exact location of the on-site burial.

Latitude **36.02704°N** Longitude **-107.49519°W** NAD **1983**

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature [signature] Printed Name **William Schwab III** Title **Agent for SGI** Date **12/19/2011**

E-mail Address **tripp@nikaenergy.com**


SG Interests I, Ltd.
FEDERAL 21-6-29 #2
FED LEASE # NM-99732
API # 30-043-21057
(NENW) 730' FNL & 1960' FWL
UNIT C, SEC.29,T-21-N,R-6-W,NMPM
SANDOVAL COUNTY, NM
EMERGENCY CONTACT (970) 259-2701

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn A"
T. Salt	T. Strawn	T. Kirtland	T. Penn. "B"
B. Salt	T. Atoka	T. Fruitland	T. Penn. "C"
T. Yates	T. Miss	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers	T. Devonian	T. Cliff House	T. Leadville
T. Queen	T. Silurian	T. Menefee	T. Madison
T. Grayburg	T. Montoya	T. Point Lookout	T. Elbert
T. San Andres	T. Simpson	T. Mancos	T. McCracken
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzte
T. Paddock	T. Ellenburger	Base Greenhorn	T.Granite
T. Blinebry	T. Gr. Wash	T. Dakota	
T.Tubb	T. Delaware Sand	T. Morrison	
T. Drinkard	T. Bone Springs	T.Todilto	
T. Abo	T.	T. Entrada	
T. Wolfcamp	T.	T. Wingate	
T. Penn	T.	T. Chinle	
T. Cisco (Bough C)	T.	T. Permian	

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....

No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....

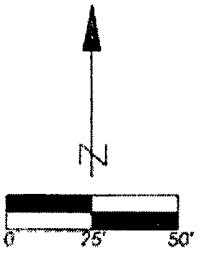
No. 2, from.....to.....feet.....

No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

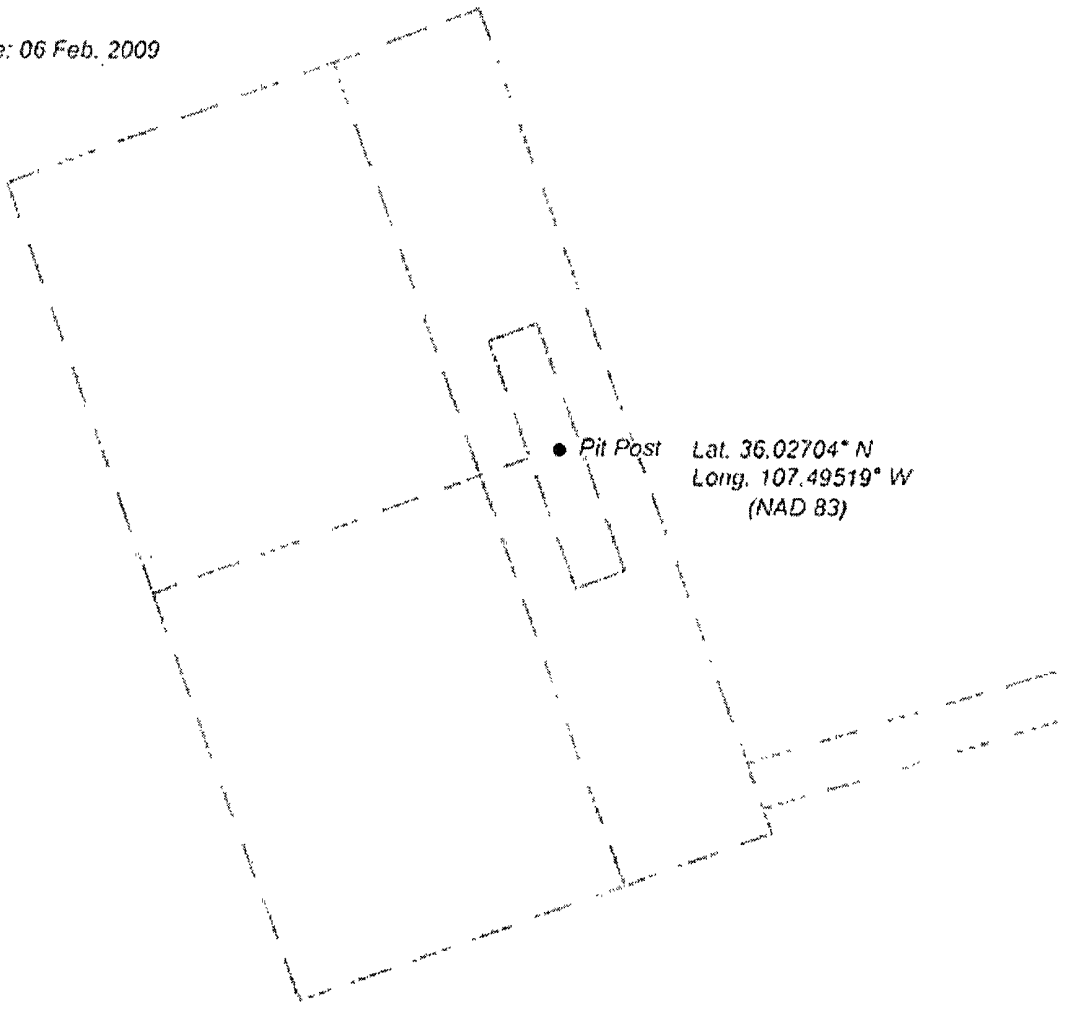
From	To	Thickness In Feet	Lithology		From	To	Thickness In Feet	Lithology

SG INTERESTS I, LTD.
FEDERAL 21-6-29 #2
NE/4 NW/4
SEC.29, T21N, R6W, NMPM
Sandoval Co., NM



Scale : 1"=50'

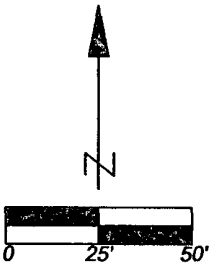
Field Date: 06 Feb. 2009



Lat. 36.02704° N
Long. 107.49519° W
(NAD 83)

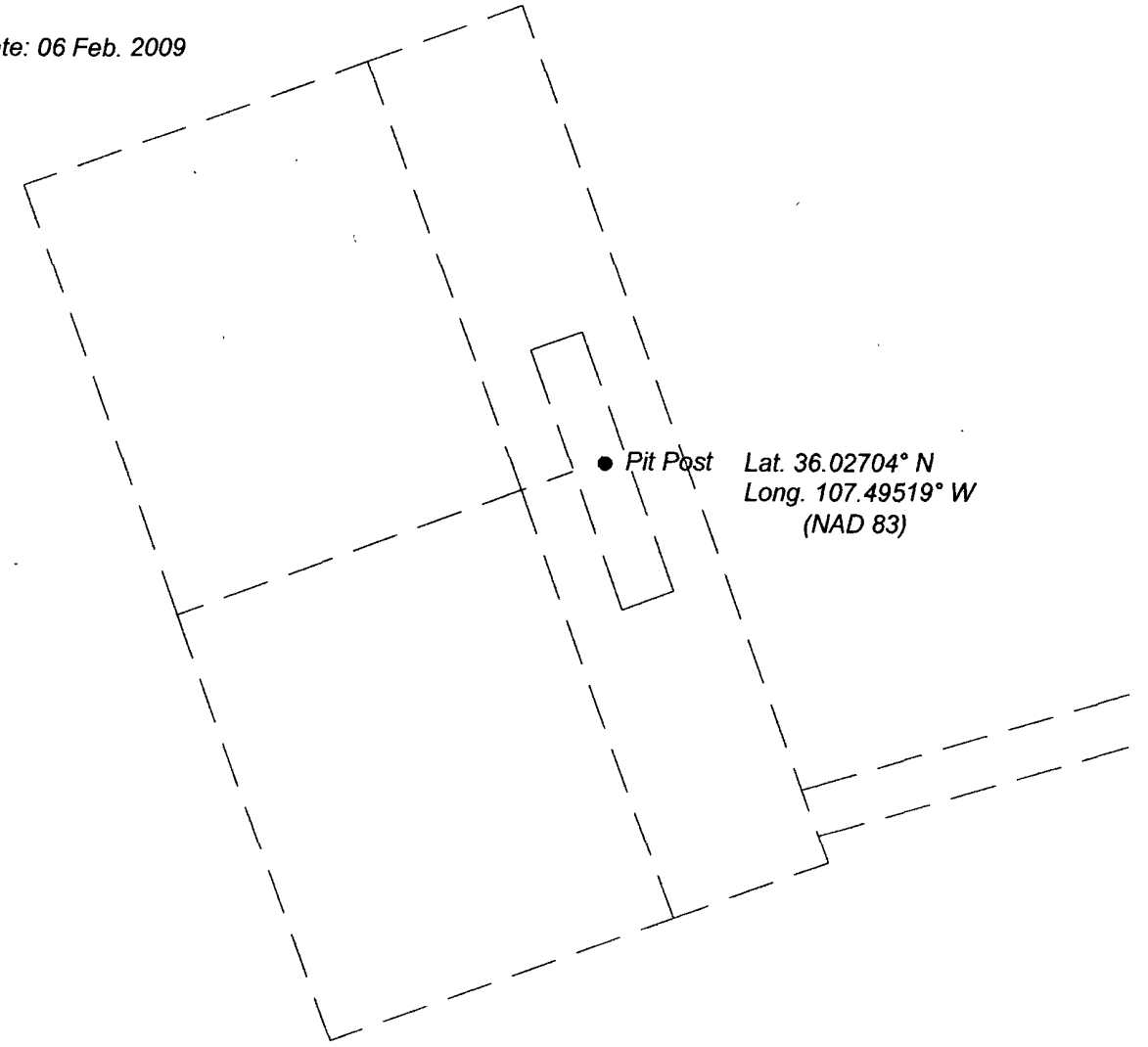
ENERGY SURVEYORS, INC.
P.O. BOX 291
FARMINGTON, NM 87499
FAX: 801-659-4246
OFFICE: 505-325-4005
CELL: 505-360-8147

SG INTERESTS I, LTD.
FEDERAL 21-6-29 #2
NE/4 NW/4
SEC.29, T21N, R6W, NMPM
Sandoval Co., NM



Scale : 1"=50'

Field Date: 06 Feb. 2009



ENERGY SURVEYORS, INC.
P.O. BOX 991
FARMINGTON, NM 87499
FAX: 801-659-4246
OFFICE: 505-325-4005
CELL: 505-360-8142

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

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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name

[4] Property Code	[5] Property Name	[6] Well Number
	FEDERAL 21-6-29	2

[7] OGRID No.	[8] Operator Name	[9] Elevation
	SG INTERESTS I, LTD.	6869

[10] Surface Location

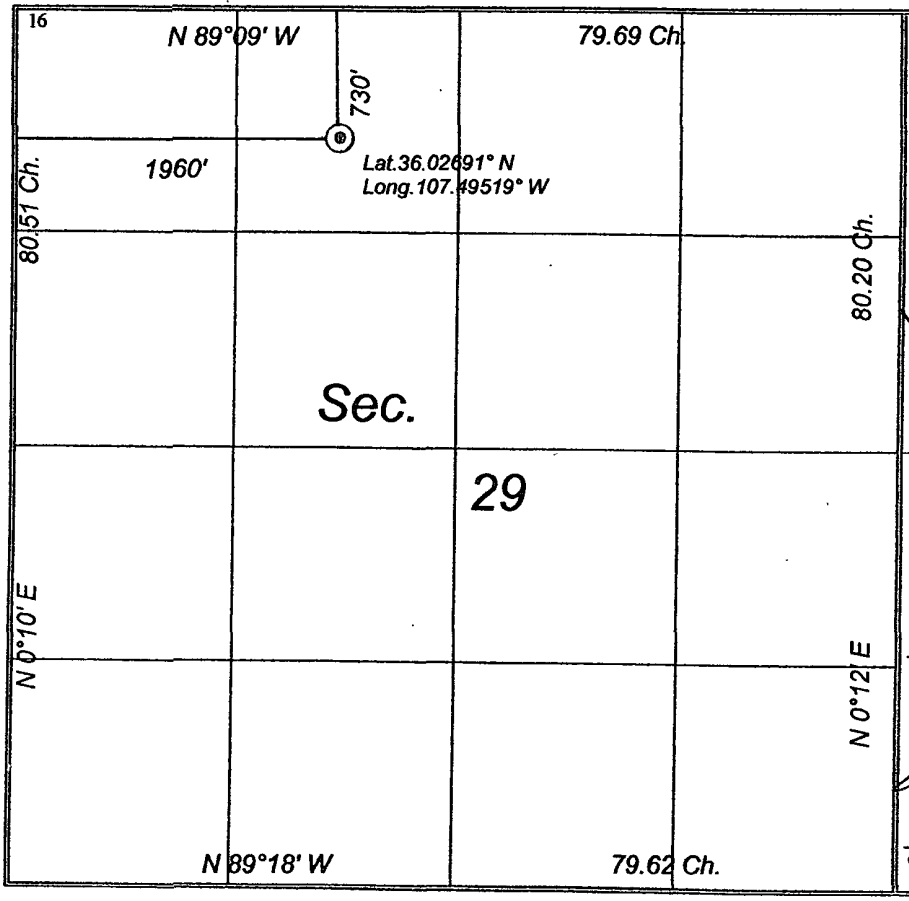
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	29	21N	6W		730	North	1960	West	Sandoval

[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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] 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.



[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 hole 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 heretofore entered by the division.

Signature 11/12/2007 Date

William Schwabe

Printed Name

[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.

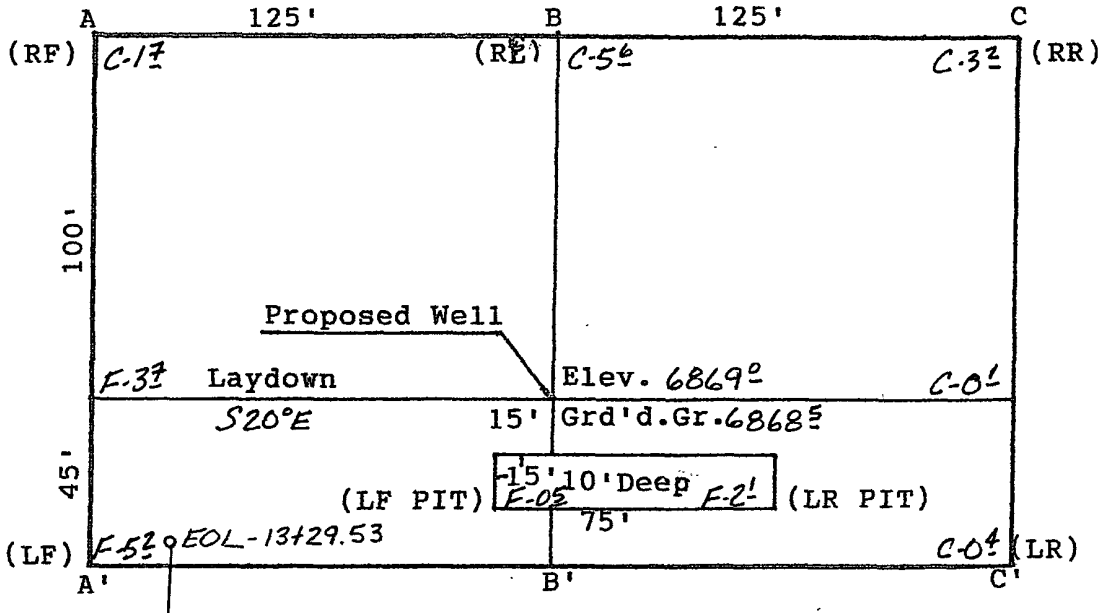
05 Nov. 2007
Date of Survey

Signature and Seal of Professional Surveyor

William E. Mahnke II

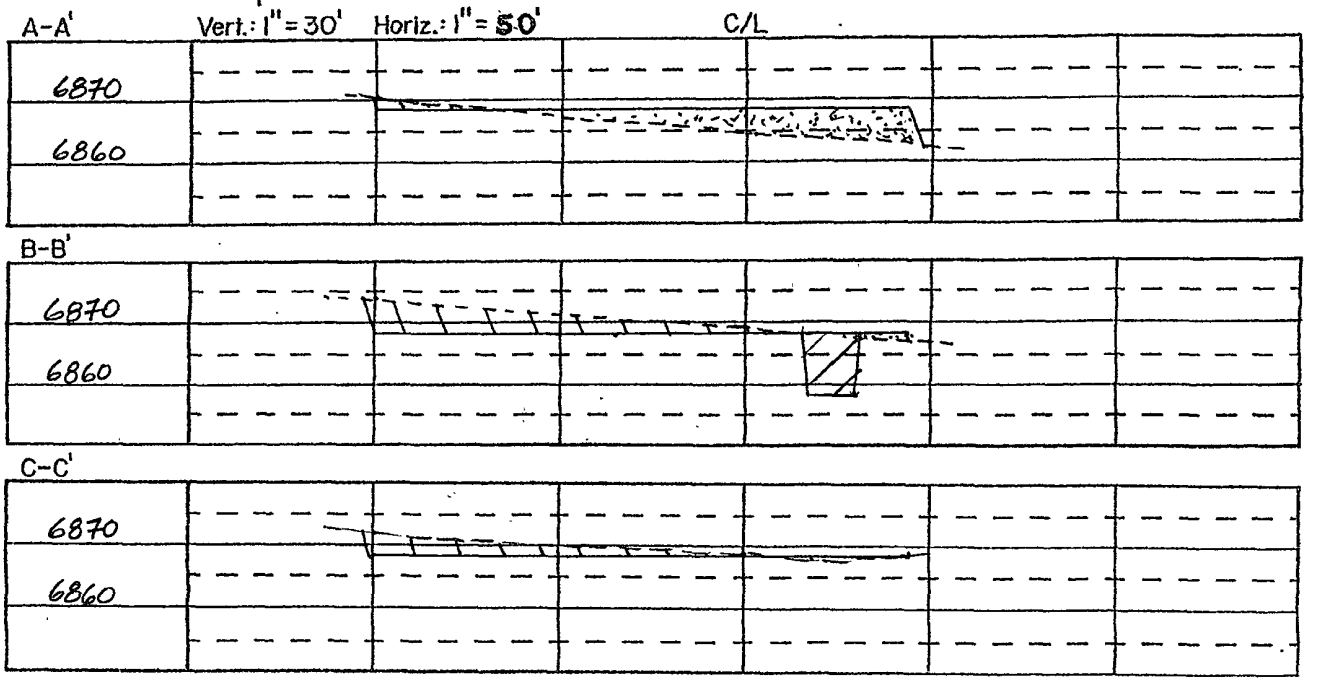
Certificate Number 8466

SG INTERESTS I, LTD.
FEDERAL 21-6-29 #2
730' FNL & 1960' FWL
Sec.29, T21N, R6W, NMPM
Sandoval Co., NM

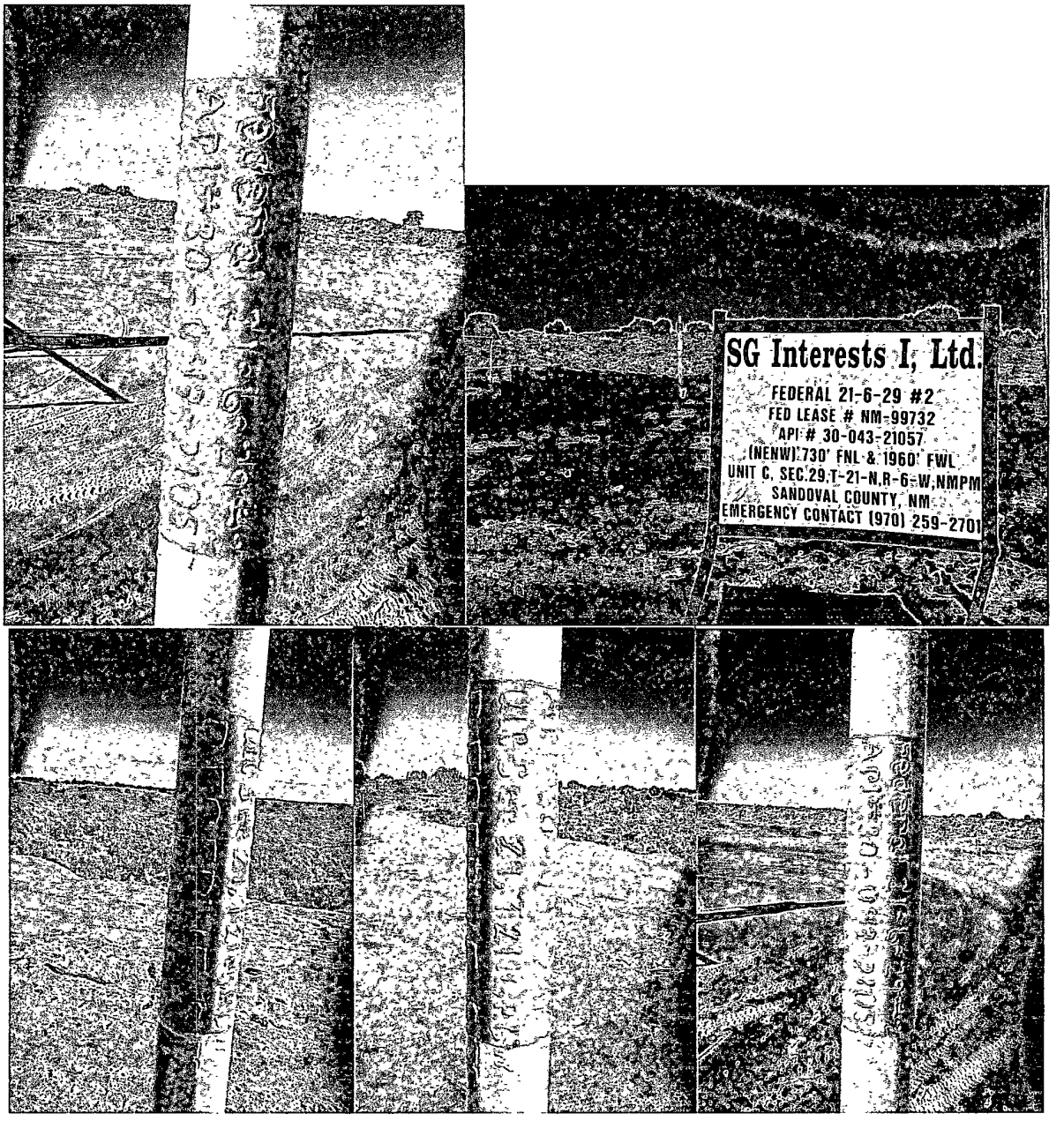


Scale: 1"=50'

℄ PROPOSED ACCESS ROAD & PIPELINE (40' R.O.W.)



Federal 21-6-29 #2
Reserve Pit Marker



Nika Energy Operating

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

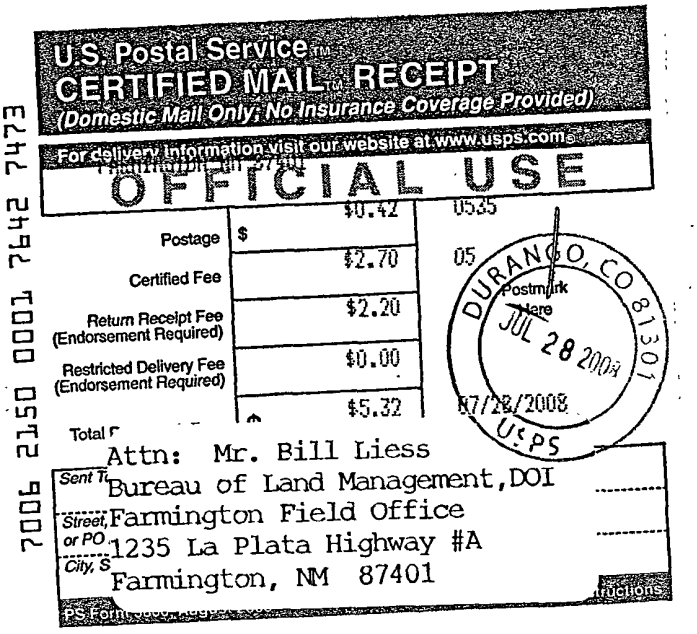
RE: Federal 21-6-29 #2, API # 30-043-21057

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.



P.O. Box 2677 • Durango, Colorado 81302 • 970.259.2701 • Fax: 970.385-1598