

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.

3150

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.

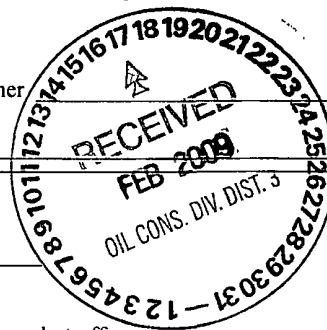
1. Operator: SG Interests I Ltd. OGRID #: 020572
Address: PO Box 2677, Durango, CO 81302
Facility or well name: Federal 21-6-30 #1
API Number: 30-043-21058 OCD Permit Number: _____
U/L or Qtr/Qtr A Section 30 Township 21N Range 6W County: Sandoval
Center of Proposed Design: Latitude 36.02715°N Longitude -107.50568°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 _____

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.



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	<input type="checkbox"/> Yes <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within a 100-year floodplain. - FEMA map	<input type="checkbox"/> Yes <input type="checkbox"/> 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 H₂S, 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: Donald 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: 10/31/2008

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 identify 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 36.02699* N Longitude -107.50560 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: W. Schwab Date: 2/4/2009

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

Tripp Schwab

From: Marcia Stewart [marcia@nikaenergy.com]
Sent: Wednesday, November 05, 2008 2:57 PM
To: Brandon.Powell@state.nm.us
Cc: Tripp
Subject: Pit Closure Notification

The following wellsite pit closing was completed Fri, Oct 31, 2008.

Federal 21-6-30 #1 Wellsite
API No. 30-043-21058
Sec 30-T21N-R6W
Sandoval County, NM

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

11/12/2008

SG Interests I, Ltd.

Temporary Pit - Closure Details

Re: Federal 21-6-30 #1

- 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
Durango, Colorado 81302

Phone (970) 259-2701
Fax (505) 385-1598

**RE: DRILL PIT SAMPLING AT THE FEDERAL 21-6-30 #1 WELL SITE, SECTION 30,
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: <u>1</u> OF <u>1</u> DATE STARTED: <u>9-12-08</u> DATE FINISHED: <u>9-12-08</u>	ENVIROTECH INC ENVIRONMENTAL SCIENTISTS & ENGINEERS 5796 U.S. HIGHWAY 64 - 3014 FARMINGTON, NEW MEXICO 87401 PHONE: (505) 632-0615	ENVIRONMENTAL SPECIALIST <u>J. NELSON</u> LAT: <u>36° 1.620'</u> LONG: <u>-107° 30.338'</u>
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FIELD REPORT: BGT / PIT CLOSURE VERIFICATION

LOCATION: NAME: <u>FEDERAL 21-6-30</u>	WELL #: <u>1</u>	TEMP PIT:	PERMANENT PIT:	BGT:
LEGAL ADD: UNIT: <u>A</u>	SEC: <u>30</u>	TWP: <u>21N</u>	RNG: <u>6W</u>	PM: <u>NMPM</u>
QTR/FOOTAGE: <u>770' FNL & 1125' FEL</u>	CNTY: <u>SANDOVAL</u>	ST: <u>NM</u>		

EXCAVATION APPROX:	FT. X	FT. X	FT. DEEP	CUBIC YARDAGE:
DISPOSAL FACILITY:	REMEDIATION METHOD:			
LAND OWNER:	APL: <u>3004321058</u>		BGT / PIT VOLUME:	
CONSTRUCTION MATERIAL:	DOUBLE-WALLED, WITH LEAK DETECTION:			

LOCATION APPROXIMATELY:	<u>10</u> FT. <u>140°</u> FROM WELLHEAD
DEPTH TO GROUNDWATER:	<u>158 ft</u>

- 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
- ☒ 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

PROFILE

SAMPLE ID	READING	CALC. (mg/kg)

PID RESULTS	
SAMPLE ID	RESULTS (mg/kg)

LAB SAMPLES

NOTES:

SAMPLE ID	ANALYSIS	RESULTS
Drill Pit	BENZENE	<u>1.0013</u>
Drill Pit	BTEX	<u>0.0636</u>
Drill Pit	GRO & DRO	<u>14.2</u>
Drill Pit	CHLORIDES	<u>545</u>
Drill Pit	418.1	<u>416</u>

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. 21-6-30 #1	Date Reported:	09-19-08
Laboratory Number:	47230	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

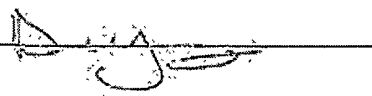
Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	ND	0.2
Diesel Range (C10 - C28)	19.2	0.1
Total Petroleum Hydrocarbons	19.2	0.2

ND - Parameter not detected at the stated detection limit.

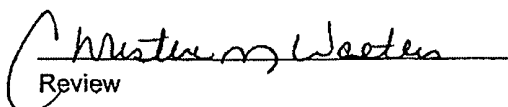
References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

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. 21-6-30 #1	Date Reported:	09-19-08
Laboratory Number:	47230	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	1.3	0.9
Toluene	21.2	1.0
Ethylbenzene	2.5	1.0
p,m-Xylene	30.6	1.2
o-Xylene	8.0	0.9
Total BTEX	63.6	

ND - Parameter not detected at the stated detection limit.

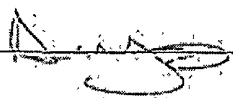
Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	98.0 %
	1,4-difluorobenzene	98.0 %
	Bromochlorobenzene	98.0 %

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

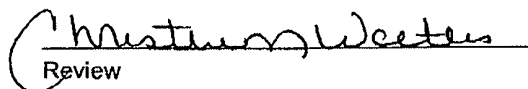
Method 8021B, Aromatic Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

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. 21-6-30 #1	Date Reported:	09-19-08
Laboratory Number:	47230	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

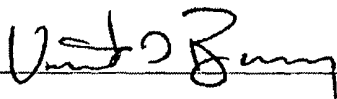
Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	416	5.0

ND = Parameter not detected at the stated detection limit.

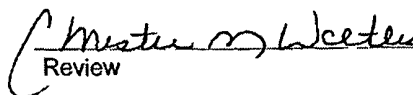
References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: **Multiple Pits.**

Analyst



Review



ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

Chloride

Client:	SG Interest	Project #:	98049-0010
Sample ID:	Fed. 21-6-30 #1	Date Reported:	09-19-08
Lab ID#:	47230	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	545

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.

Unto Bunn
Analyst

Christine M. Walters
Review

ENVIROTECH LABS

Practical Solutions for a Better Environment

EPA METHOD 418.1 TOTAL PETROLEUM HYDROCARBONS 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

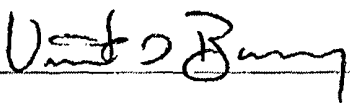
Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	33.2	27.9	16.0%	+/- 30%

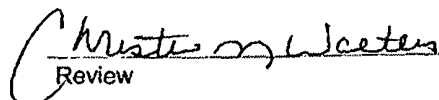
Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	33.2	2,000	2,390	118%	80 - 120%

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

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8021 AROMATIC VOLATILE ORGANICS

Client: N/A
Sample ID: 09-18-BT QA/QC
Laboratory Number: 47238
Sample Matrix: Soil
Preservative: N/A
Condition: N/A

Project #: N/A
Date Reported: 09-19-08
Date Sampled: N/A
Date Received: N/A
Date Analyzed: 09-18-08
Analysis: BTEX

Calibration and Detection Limits (ug/L)	I-Cal RE	C-Cal RE	% Diff	Blank Conc	Detect Limit
		Accept Range 0 - 15%			
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 Tomorrow

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%

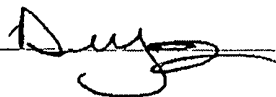
Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
Gasoline Range C5 - C10	ND	250	253	101%	75 - 125%
Diesel Range C10 - C28	2.8	250	251	99.2%	75 - 125%

ND - Parameter not detected at the stated detection limit.

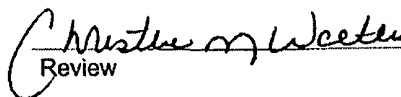
References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

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

Analyst



Review

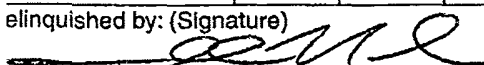
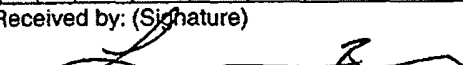
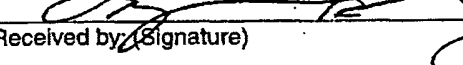


CHAIN OF CUSTODY RECORD

5268

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

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative	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		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																	
				Soil Solid	Sludge Aqueous																	

Relinquished by: (Signature) 	Date 9-12-08	Time	Received by: (Signature) 	Date 9-12-08	Time
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 21-6-30 #1	Facility Type Wellsite

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

LOCATION OF RELEASE

Unit Letter A	Section 30	Township 21N	Range 06W	Feet from the 770'	North/South Line North	Feet from the 1125'	East/West Line East	County Sandoval
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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? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.

OIL CONSERVATION DIVISION

Signature:	Approved by District Supervisor:		
Printed Name: William Schwab III			
Title: Agent for SG Interests	Approval Date:	Expiration Date:	
E-mail Address: tripp@nikaenergy.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 2/4/2009 Phone: 970-259-2701			

* Attach Additional Sheets If Necessary



SG Interests I, Ltd.

FEDERAL 21-6-30 #1

FED LEASE # NM-99732

API # 30-043-21058

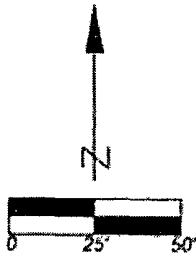
(NENE) 770' FNL & 1125' FEL

UNIT A, SEC. 30, T-21-N, R-6-W, NM PM

SANDOVAL COUNTY, NM

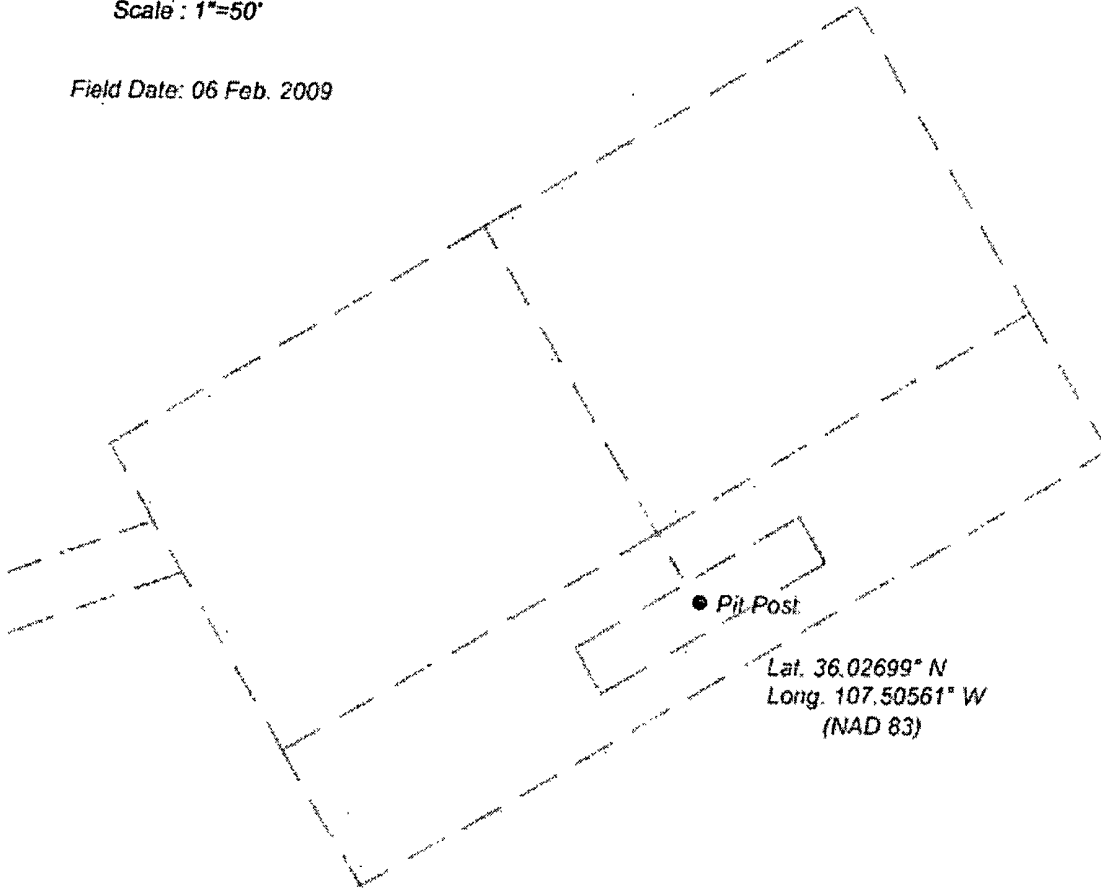
EMERGENCY CONTACT (970) 259-2701

SG INTERESTS I, LTD.
FEDERAL 21-6-30 #1
NE/4 NE/4
SEC.30, T21N, R6W, NMPM
Sandoval Co., NM



Scale : 1"=50'

Field Date: 06 Feb. 2009



Lat. 36.02699° N
Long. 107.50561° W
(NAD 83)



ENERGY SURVEYORS, INC.

P.O. BOX 991
FARMINGTON, NM 87439

TEL: 801-850-4248
OFFICE: 505-375-4005
CELL: 505-360-8147

Submitt 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. 30-043-21058		2. Type of Lease <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> FED/INDIAN		3. State Oil & Gas Lease No NMNM99732						
WELL COMPLETION OR RECOMPLETION REPORT AND LOG										
4. Reason for filing <input type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input checked="" type="checkbox"/> 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 21-6-30						
7. Type of Completion <input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER				6. Well Number #1						
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 10/21/2008		16. Date Completed (Ready to Produce)		17. Elevations (DF and RKB, RT, GR, etc)				
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						25. TUBING RECORD				
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	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 36.02699°N Longitude -107.50561°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		Title		Date		
[Signature]				William Schwab III		Agent for SGI		12/19/2011		
E-mail Address						tnipp@nikaenergy.com				

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. Blinébry	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.....

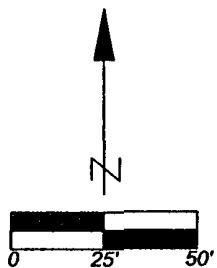
No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology

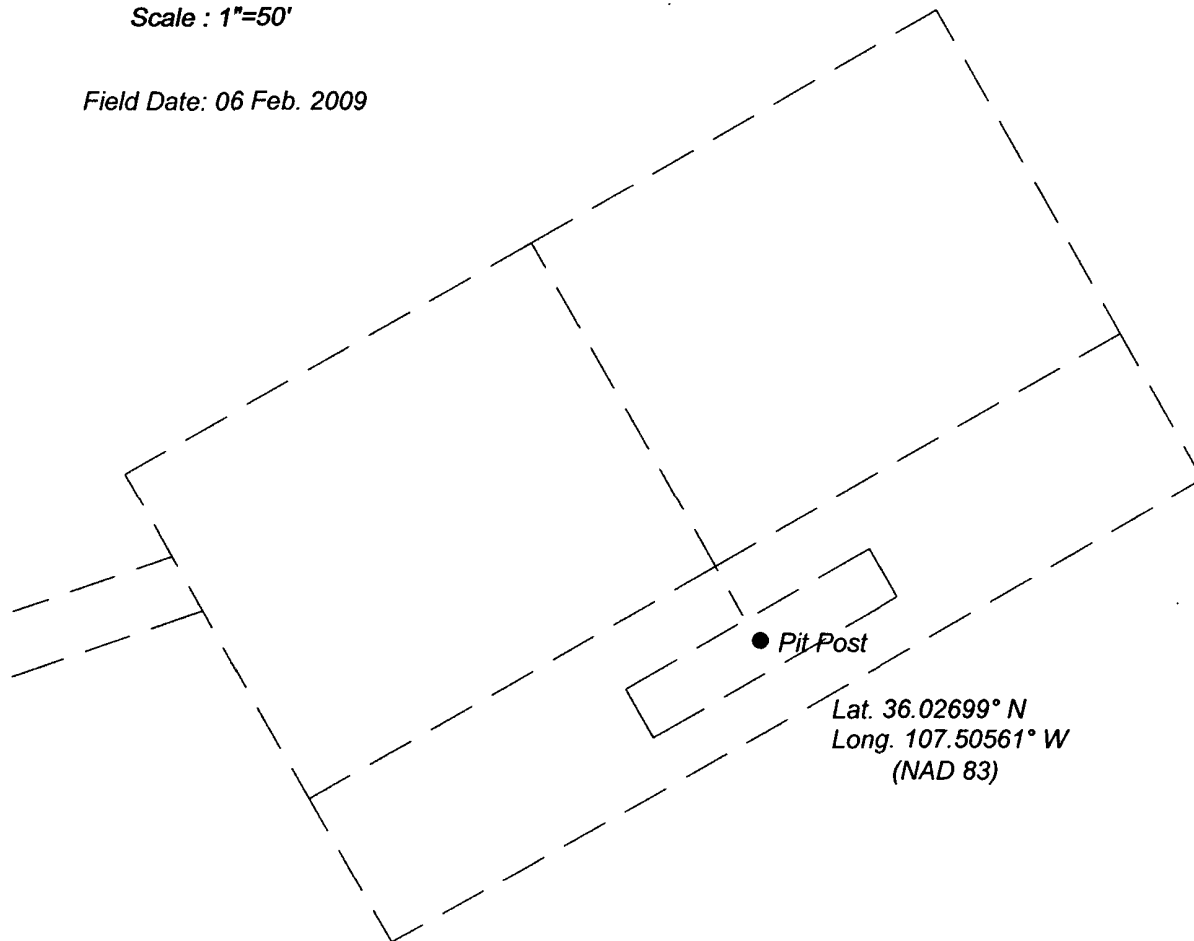
From	To	Thickness In Feet	Lithology

SG INTERESTS I, LTD.
FEDERAL 21-6-30 #1
NE/4 NE/4
SEC. 30, 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

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

* API Number		* Pool Code	* Pool Name
* Property Code	* Property Name FEDERAL 21-6-30		* Well Number 1
* OGRID No.	* Operator Name SG INTERESTS I, LTD.		* Elevation 6812

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
A	30	21N	6W	770	North	1125	East Sandoval

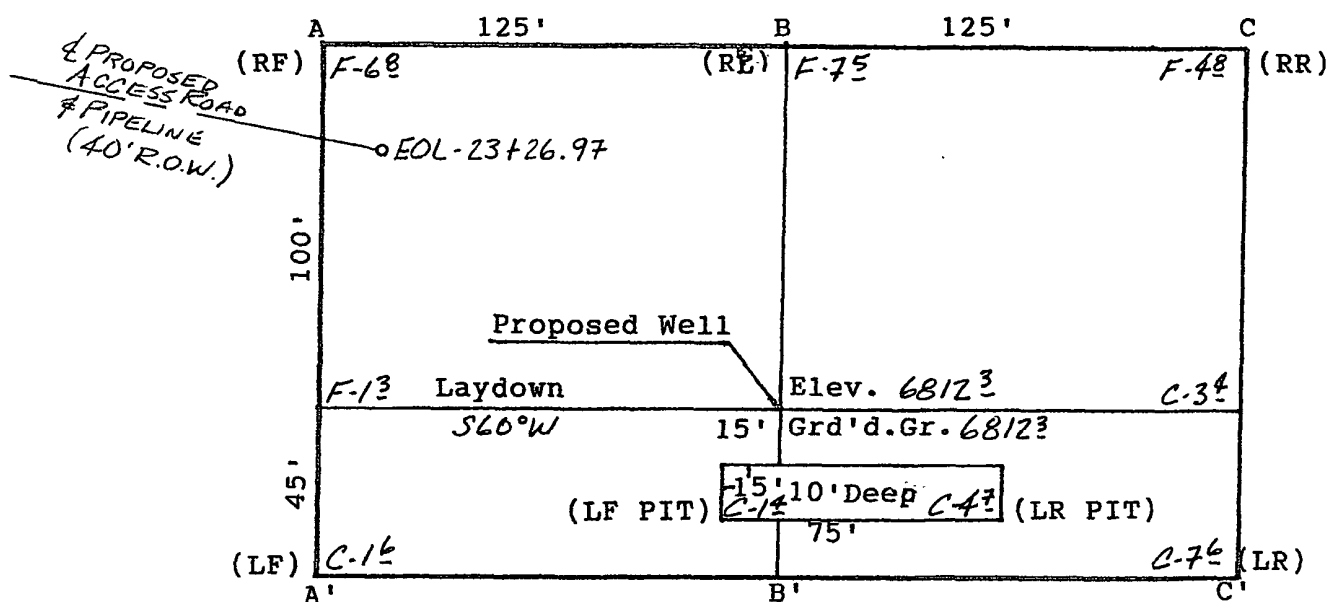
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
"Dedicated Acres	"Joint or Infill	"Consolidation Code			"Order No.				

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16 20.17 Ch.	19.97 Ch.	N 89°07' W	39.95 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 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: <i>William Schuchman</i> Date: <i>11/12/2007</i> Printed Name: <i>William Schuchman</i>
80.76 Ch.	Lot 1	Lat. 36.02715° N Long. 107.50568° W	80.51 Ch.		
Lot 2	Sec.			18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: <i>01 Nov 2007</i> Signature and Seal of Professional Surveyor: <i>William E. Mahnke</i> Certificate Number: <i>8466</i>	
Lot 3	30				
N 0°05' E	Lot 4	N 0°10' E			
20.11 Ch.	19.96 Ch.	N 89°15' W	39.91 Ch.		

**SG INTERESTS I, LTD.
FEDERAL 21-6-30 #1
770' FNL & 1125' FEL
Sec.30, T21N, R6W, NMPM
Sandoval Co., NM**

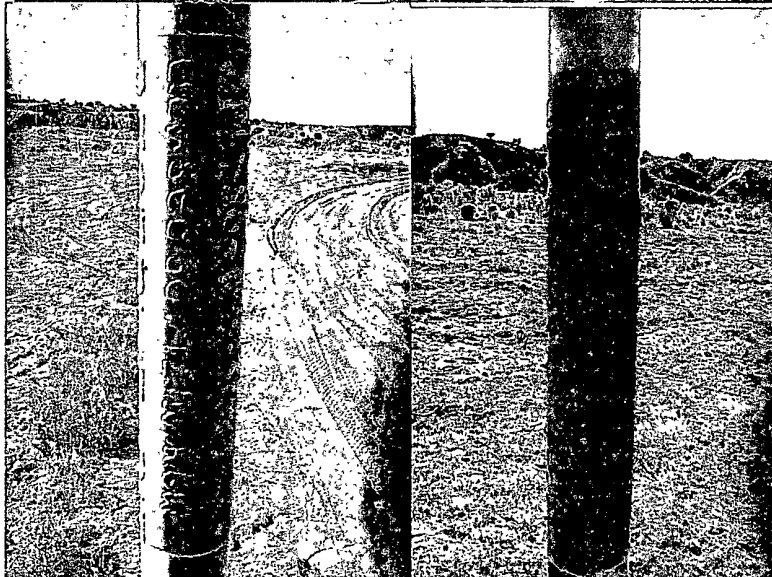


Scale: 1"=50'



A-A'		Vert.: 1" = 30'	Horiz.: 1" = 50'	C/L
6810				
6800				
B-B'				
6810				
6800				
C-C'				
6810				
6800				

**Federal 21-6-30 #1
Reserve Pit Marker**






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

RE: Federal 21-6-30 #1, API # 30-043-21058

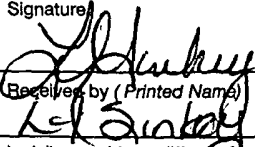
Bill,
This is a follow up certified letter as per the requirement of 17 requiring notification to the surface owner of a temporary drilling pit on the subject location. After plans to close the temporary pit per the approved rules.

Please let me know if you have any questions or comments directed to someone else.

Thank you for your time.


Tripp Schwab
President
Nika Energy Operating, LLC
Agent for SG Interests.



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature X </p> <p>B. Receiver by (Printed Name) Bill Liess</p> <p>C. Date of Delivery 1/29/08</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
1. Article Addressed to: Attn: Mr. Bill Liess Bureau of Land Management, DOI Farmington Field Office 1235 La Plata Highway #A Farmington, NM 87401		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label) 7006 2150 0001 7642 7480		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



0842 2492 1000 0512 9002

Sent
Bureau of Land Management, DOI
Farmington Field Office
Street
Farmington Field Office
PO or PO
1235 La Plata Highway, #A
City
Farmington, NM 87401
PS Form 3811, February 2004