

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.

3158

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.

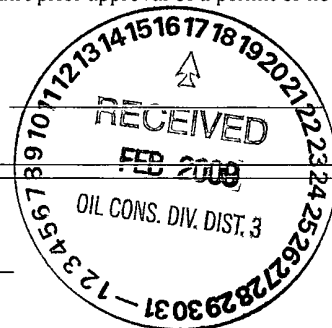
1.  
Operator: SG Interests I Ltd. OGRID #: 020572  
Address: PO Box 2677, Durango, CO 81302  
Facility or well name: Federal 21-7-35 #1  
API Number: 30-043-21060 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr B Section 35 Township 21N Range 7W County: Sandoval  
Center of Proposed Design: Latitude 36.01247\*N Longitude -107.54333\*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. ( <i>Applies to temporary, emergency, or cavitation pits and below-grade tanks</i> ) - 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. ( <i>Applies to permanent pits</i> ) - 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 H<sub>2</sub>S, Prevention Plan  
☐ Emergency Response Plan  
☐ Oil Field Waste Stream Characterization  
☐ Monitoring and Inspection Plan  
☐ Erosion Control Plan  
☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

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 identify 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: James 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: 10/28/2008

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 36.01241\* N Longitude -107.54330\* 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: W Schwab Date: 2/4/2009

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

**Marcia Stewart**

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**From:** "Marcia Stewart" <marcia@nikaenergy.com>  
**To:** <Brandon.Powell@state.nm.us>  
**Sent:** Thursday, October 30, 2008 3:16 PM  
**Subject:** Pit Closure Notification

Brandon -

The following wellsite pit closing was completed Tues, Oct 28, 2008.

Federal 21-7-35 #1 Wellsite  
API No. 30-043-21060  
Sec 35-T21N-R7W  
Sandoval County, NM

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

10/30/2008

## **SG Interests I, Ltd.**

### **Temporary Pit - Closure Details**

#### **Re: Federal 21-7-35 #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 21-7-35 #1 WELL SITE, SECTION 35,  
TOWNSHIP 21N, RANGE 7W, 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](mailto: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>	<b>ENVIROTECH INC</b> 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° 0.742'</u> LONG: <u>-107° 32.608'</u>
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### FIELD REPORT: BGT / PIT CLOSURE VERIFICATION

LOCATION:	NAME: <u>FEDERAL 21-7-35</u>	WELL #: <u>2</u>	TEMP PIT:	PERMANENT PIT:	BGT:
LEGAL ADD:	UNIT: <u>B</u>	SEC: <u>35</u>	TWP: <u>21N</u>	RNG: <u>7W</u>	PM: <u>NMPM</u>
QTR/FOOTAGE:	<u>(NONE) 860' FILE 1725' FEL</u>		CNTY: <u>SANDOVAL</u>	ST: <u>NM</u>	
EXCAVATION APPROX:	FT. X	FT. X	FT. DEEP CUBIC YARDAGE:		
DISPOSAL FACILITY:	REMEDATION METHOD:				
LAND OWNER:	API: <u>3004321060</u>		BGT / PIT VOLUME:		
CONSTRUCTION MATERIAL:	DOUBLE-WALLED, WITH LEAK DETECTION:				
LOCATION APPROXIMATELY:	<u>10</u> FT.	<u>90°</u>	FROM WELLHEAD		
DEPTH TO GROUNDWATER:	<u>50 FT to 100 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 ID	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>ND</u>
Drill Pit	BTEX	<u>0.0343</u>
Drill Pit	GRO & DRO	<u>206</u>
Drill Pit	CHLORIDES	<u>281</u>
Drill Pit	418.1	<u>283</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. 21-7-35 #1	Date Reported:	09-19-08
Laboratory Number:	47229	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)	206	0.1
Total Petroleum Hydrocarbons	206	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. 21-7-35 #1	Date Reported:	09-19-08
Laboratory Number:	47229	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	7.9	1.0
Ethylbenzene	1.3	1.0
p,m-Xylene	19.4	1.2
o-Xylene	5.7	0.9
Total BTEX	34.3	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	96.0 %
	1,4-difluorobenzene	96.0 %
	Bromochlorobenzene	96.0 %

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

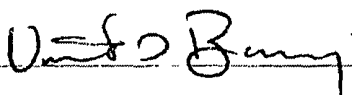
Client:	SJ Interest	Project #:	98049-0010
Sample ID:	Fed. 21-7-35 #1	Date Reported:	09-19-08
Laboratory Number:	47229	Date Sampled:	09-12-08
Chain of Custody No:	5268	Date Received:	09-12-08
Sample Matrix:	Soil	Date Extracted:	09-18-08
Preservative:	Cool	Date Analyzed:	09-18-08
Condition:	Intact	Analysis Needed:	TPH-418.1

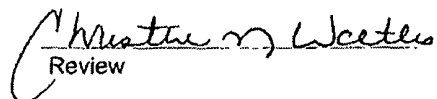
Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	283	5.0

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. 21-7-35 #1	Date Reported:	09-19-08
Lab ID#:	47229	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)

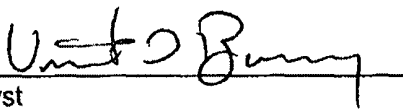
Total Chloride

281

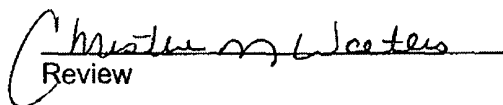
Reference: U.S.E.P.A., 4500B, "Methods for Chemical Analysis of Water and Wastes", 1983.  
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: Multiple Pits.

Analyst



Review



# ENVIROTECH LABS

REACTIVE SOLUTIONS FOR A BETTER TOMORROW

## 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

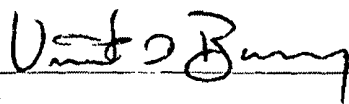
Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	33.2	27.9	16.0%	+/- 30%

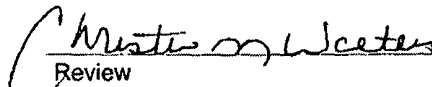
Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
TPH	33.2	2,000	2,390	118%	80 - 120%

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	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	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%

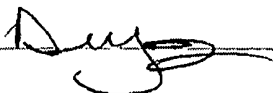
Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	ND	250	253	101%	75 - 125%
Diesel Range C10 - C28	2.8	250	251	99.2%	75 - 125%

ND - Parameter not detected at the stated detection limit.

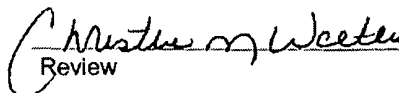
References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

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

Analyst



Review





5268

# 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 <b>SG Interests I, Ltd</b>	Contact <b>William Schwab</b>
Address <b>PO Box 2677, Durango, CO 81301</b>	Telephone No. <b>970-259-2701</b>
Facility Name <b>Federal 21-7-35 #1</b>	Facility Type <b>Wellsite</b>

Surface Owner <b>Federal</b>	Mineral Owner <b>Federal</b>	Lease No. <b>NMNM99739</b>
------------------------------	------------------------------	----------------------------

**LOCATION OF RELEASE**

Unit/Letter <b>B</b>	Section <b>35</b>	Township <b>21N</b>	Range <b>07W</b>	Feet from the <b>860'</b>	North/South Line <b>North</b>	Feet from the <b>1725'</b>	East/West Line <b>East</b>	County <b>Sandoval</b>
-------------------------	----------------------	------------------------	---------------------	------------------------------	----------------------------------	-------------------------------	-------------------------------	---------------------------

Latitude **36.01247\*N** Longitude **-107.54333\*W**

**NATURE OF RELEASE**

Type of Release <b>None</b>	Volume of Release <b>N/A</b>	Volume Recovered <b>N/A</b>
Source of Release <b>N/A</b>	Date and Hour of Occurrence <b>N/A</b>	Date and Hour of Discovery <b>N/A</b>
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:

Printed Name: **William Schwab III**

Title: **Agent for SG Interests**

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

Date: **2/4/2009**

Phone: **970-259-2701**

Approved by District Supervisor:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

\* Attach Additional Sheets If Necessary

# SG Interests I, Ltd.

FEDERAL 21-7-35 # 1

FED LEASE # NM-99739

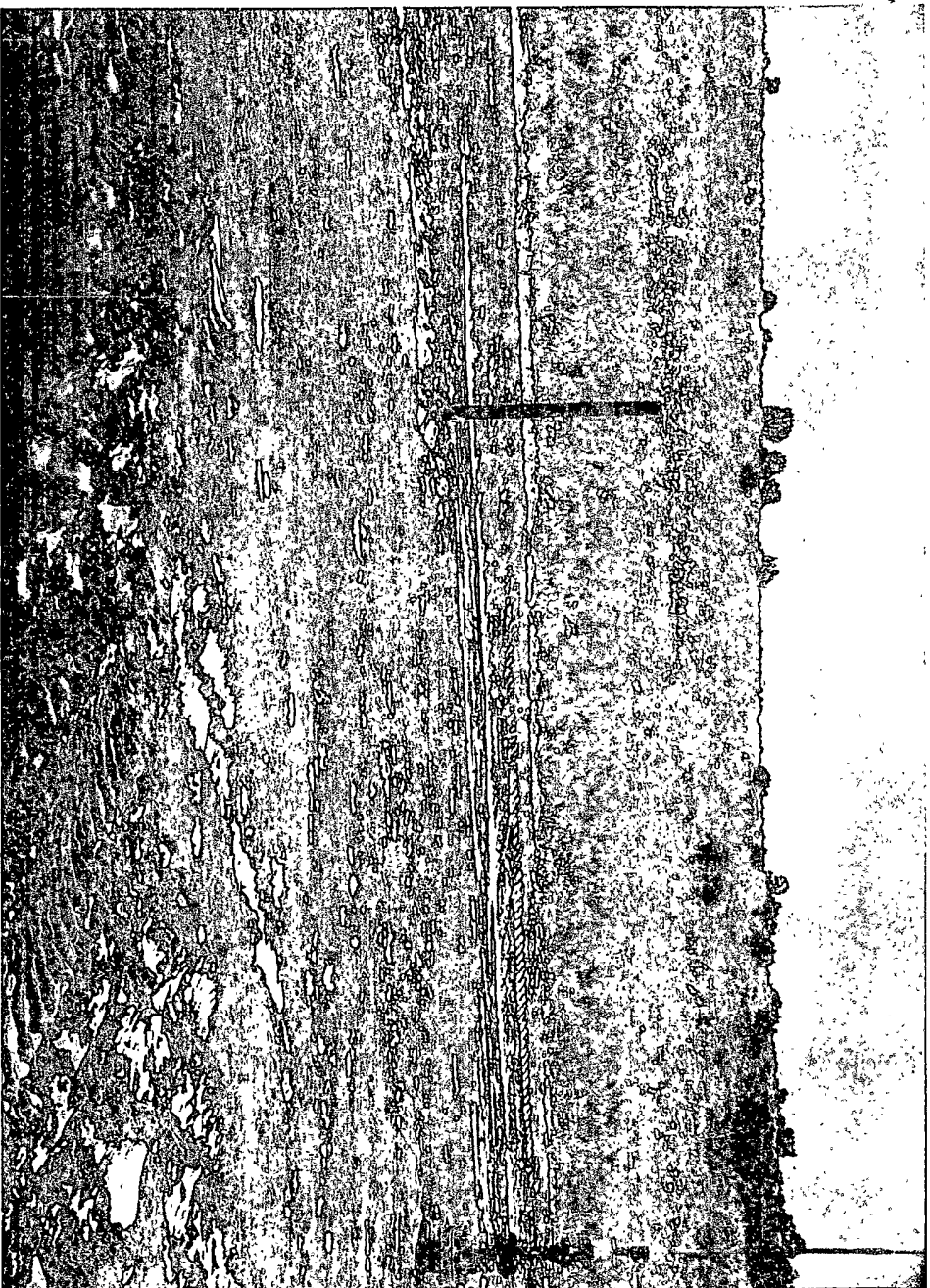
API # 30-043-21060

(NWNE) 860' FNL & 1725' FEL

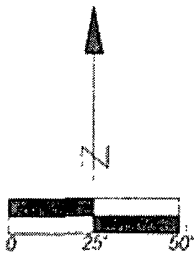
UNIT B, SEC. 35, T-21-N, R-7-W, NMPM

SANDOVAL COUNTY, NM

EMERGENCY CONTACT (970) 259-2701

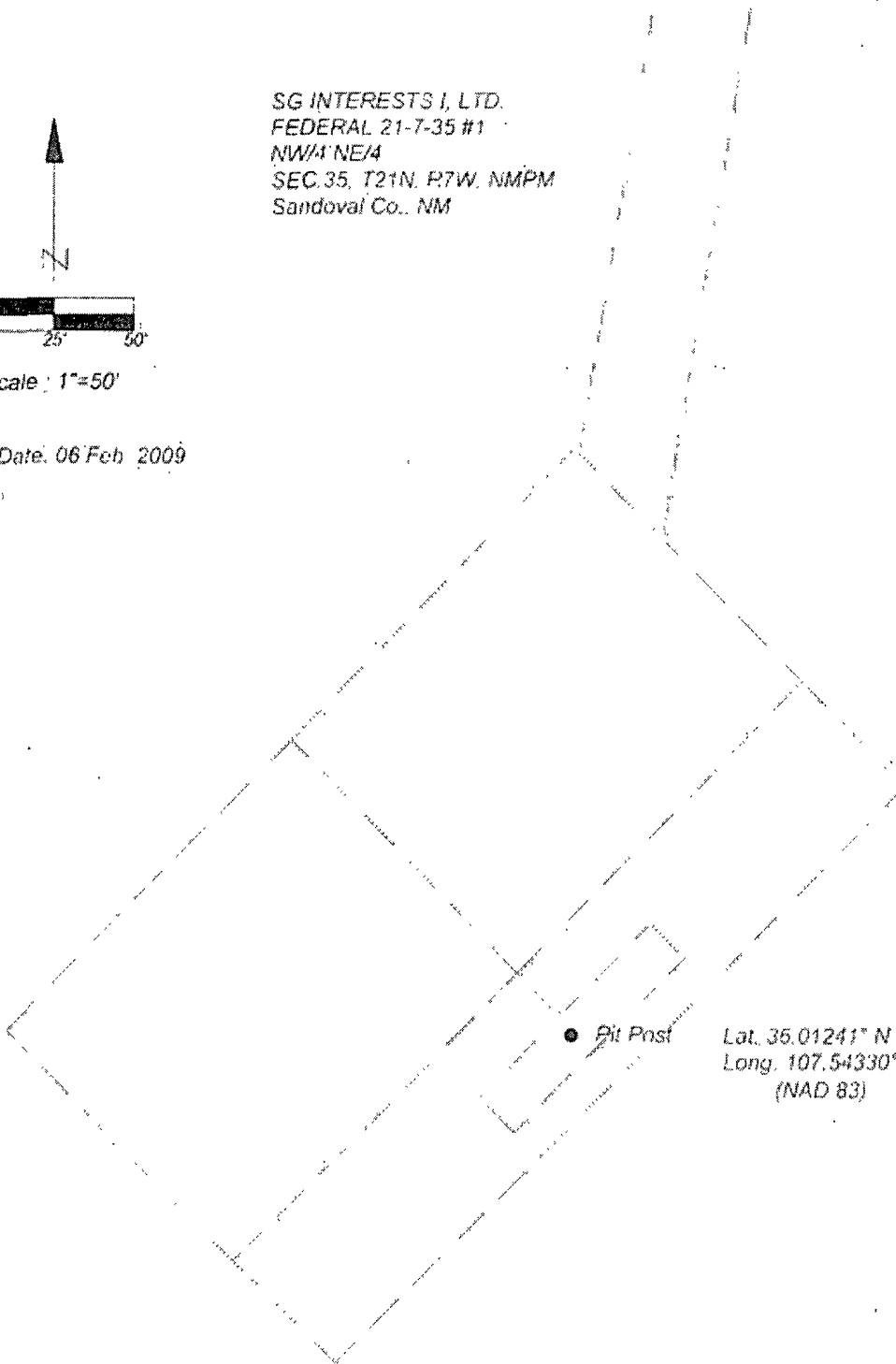


SG INTERESTS I, LTD.  
FEDERAL 21-7-35 #1  
NW 1/4 NE 4  
SEC. 35, T21N, R7W, NMPM  
Sandoval Co., NM



Scale: 1"=50'

Field Date: 06 Feb 2009



● Pit Post

Lat. 35.01241° N  
Long. 107.54330° W  
(NAD 83)



ENERGY SURVEYORS, INC.

P.O. BOX 991  
TAMMINGTON, NM 87499

TEL: 505-659-4245  
FAX: 505-325-4005  
CELL: 505-360-5142

Submit To Appropriate District Office Two Copies <b>District I</b> 1625 N French Dr., Hobbs, NM 88240 <b>District II</b> 811 S First St., Artesia, NM 88210 <b>District III</b> 1000 Rio Brazos Rd., Aztec, NM 87410 <b>District IV</b> 1220 S St Francis Dr., Santa Fe, NM 87505	<b>State of New Mexico</b> <b>Energy, Minerals and Natural Resources</b>  <b>Oil Conservation Division</b> <b>1220 South St. Francis Dr.</b> <b>Santa Fe, NM 87505</b>	<b>Form C-105</b> Revised August 1, 2011
		1. WELL API NO. <b>30-043-21060</b>
		2 Type of Lease <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> FED/INDIAN
		3 State Oil & Gas Lease No <b>NMN99739</b>
<b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG</b>		
4 Reason for filing.  <input type="checkbox"/> <b>COMPLETION REPORT</b> (Fill in boxes #1 through #31 for State and Fee wells only) <input checked="" type="checkbox"/> <b>C-144 CLOSURE ATTACHMENT</b> (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 <b>Federal 21-7-35</b>
		6 Well Number  <p style="text-align: right;"><b>#1</b></p>
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		
8 Name of Operator <b>SG Interests I, Ltd.</b>		9 OGRID <b>020572</b>
10 Address of Operator <b>PO Box 2677, Durango, CO 81302</b>		11 Pool name or Wildcat <b>Basin Fruitland Coal</b>
12. Location	Unit Ltr	Section
Surface:		
BH:		
13. Date Spudded	14 Date T D. Reached	15. Date Rig Released <b>10/13/2008</b>
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?
22 Producing Interval(s), of this completion - Top, Bottom, Name		21 Type Electric and Other Logs Run
<b>23 CASING RECORD (Report all strings set in well)</b>		
CASING SIZE	WEIGHT LB /FT.	DEPTH SET
HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
		<b>RCVD DEC 21 '11</b>
		<b>OIL CONS. DIV.</b>
<b>24. LINER RECORD</b>		<b>25 TUBING RECORD</b>
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
<b>28. PRODUCTION</b>		
Date First Production	Production Method ( <i>Flowing, gas lift, pumping - Size and type pump</i> )	Well Status ( <i>Prod. or Shut-in</i> )
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 - ( <i>Corr</i> )		
29. Disposition of Gas ( <i>Sold, used for fuel, vented, etc</i> )		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		
<b>Attached</b>		
33 If an on-site burial was used at the well, report the exact location of the on-site burial		
Latitude <b>36.01241°N</b>		Longitude <b>-107.54330°W</b>
		NAD <b>1983</b>
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 <b>William Schwab III</b>	Title <b>Agent for SGI</b> Date <b>12/19/2011</b>
E-mail Address <b>trip@nikaenergy.com</b>		

# 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. Blinbry	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

h Dr., Hobbs, NM 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number		* Pool Code		* Pool Name	
* Property Code		* Property Name FEDERAL 21-7-35			* Well Number 1
* OGRID No.		* Operator Name SG INTERESTS I, LTD.			* Elevation 6645

<sup>10</sup> Surface Location

UL or lot no. B	Section 35	Township 21N	Range 7W	Lot Idn	Feet from the 860	North/South line North	Feet from the 1725	East/West line East	County Sandoval
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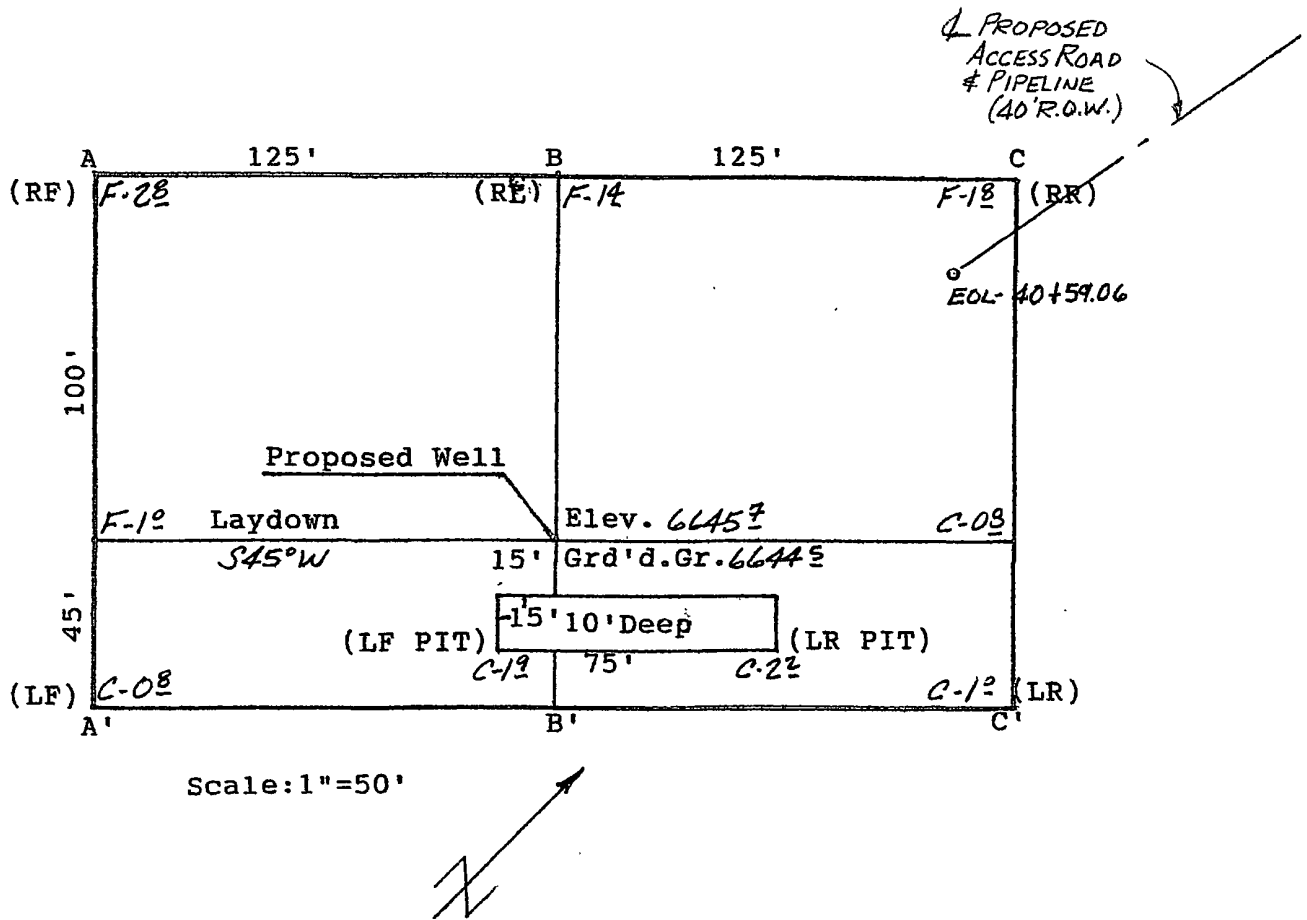
<sup>11</sup> Bottom Hole Location If Different From Surface

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.

<p>16</p> <p>N 89°44' W</p> <p>80.65 Ch.</p> <p>Lat. 36.01247° N Long. 107.54333° W</p> <p>Sec.</p> <p>35</p> <p>N 89°56' W 39.91 Ch.</p>	<p>79.90 Ch.</p> <p>860'</p> <p>1725'</p> <p>80.66 Ch.</p> <p>N 0°01' W</p> <p>N 0°09' E</p>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature: <u>William Schnab</u> Date: <u>12/27/05</u></p> <p>Printed Name: <u>William Schnab</u></p>	
		<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: <u>15 Nov 2007</u></p> <p>Signature and Seal of Professional Surveyor: <u>William E. Mahnke II</u></p> <p>Certificate Number: <u>8466</u></p>	
		<p>RECEIVED</p> <p>NOV 15 2007</p> <p>48466</p>	
		<p>William E. Mahnke II</p> <p>8466</p>	

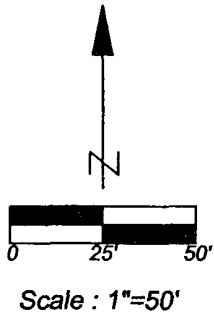
SG INTERESTS I, LTD.  
 FEDERAL 21-7-35 #1  
 860' FNL & 1725' FEL  
 Sec.35, T21N, R7W, NMPM  
 Sandoval Co., NM



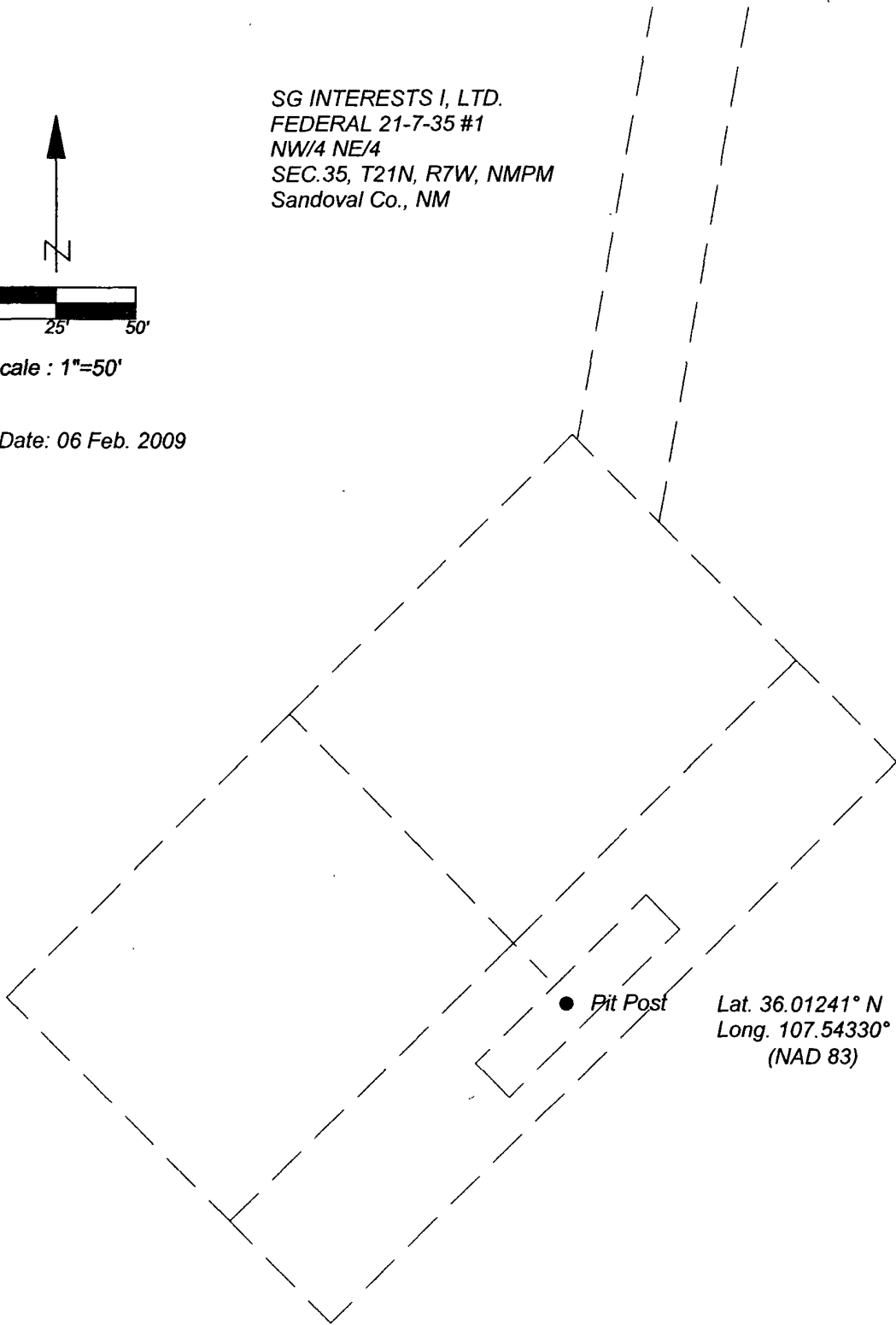
A-A'	Vert.: 1"=30'	Horiz.: 1"=50'	C/L
6650	-----	-----	-----
6640	-----	-----	-----
	-----	-----	-----
B-B'			
6650	-----	-----	-----
6640	-----	-----	-----
	-----	-----	-----
C-C'			
6650	-----	-----	-----
6640	-----	-----	-----
	-----	-----	-----



SG INTERESTS I, LTD.  
FEDERAL 21-7-35 #1  
NW/4 NE/4  
SEC. 35, T21N, R7W, NMPM  
Sandoval Co., NM



Field Date: 06 Feb. 2009



● Pit Post

Lat. 36.01241° N  
Long. 107.54330° W  
(NAD 83)



ENERGY SURVEYORS, INC.

P.O. BOX 991  
FARMINGTON, NM 87499

FAX: 801-659-4246  
OFFICE: 505-325-4005  
CELL: 505-360-8142

**Federal 21-7-35 #1  
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



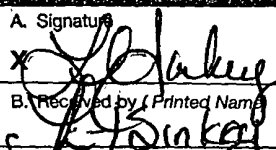
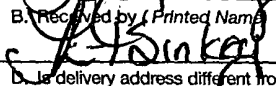
RE: Federal 21-7-35 #1, API # 30-043-21060

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  
Agent for SG Interest

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"><li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>Print your name and address on the reverse so that we can return the card to you.</li><li>Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>		<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  C. Date of Delivery 4/29/08</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</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 checked="" 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 lab)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154



(End) Rec (End) To Ser 102595-02-M-154

4609 2492 1000 0512 9002

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