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

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

1913

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 theoperator 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: **West Bisti 26-13-17 #1**
API Number: **30-045-29160** OCD Permit Number:
U/L or Qtr/Qtr **A** Section **17** Township **26N** Range **13W** County: **San Juan**
Center of Proposed Design: Latitude **36.493486*N** Longitude **-108.237083*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

RCVD JAN 6 '12
OIL CONS. DIV.
DIST. 3

Temporary: ☐ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☐ Lined ☐ Unlined Liner type: Thickness _____ ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____ Volume: _____ Dimensions L_____ x W_____ x D_____.

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: 95 Bbls bbl Type of fluid: CBM Fruitland water
Tank Construction material: Steel
☐ 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	☐ Yes ☐ No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☐ No

11.
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19 15.17 9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- ☐ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15 17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17 10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9
- ☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17 10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____

☐ Previously Approved Operating and Maintenance Plan API Number: _____ *(Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

13.
Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

14.
Proposed Closure: 19.15.17.13 NMAC
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

Type: ☐ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☒ Below-grade Tank ☐ Closed-loop System ☐ Alternative

Proposed Closure Method:
- ☐ Waste Excavation and Removal
- ☐ Waste Removal (Closed-loop systems only)
- ☐ On-site Closure Method (Only for temporary pits and closed-loop systems)
  - ☒ In-place Burial ☐ On-site Trench Burial
- ☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15.
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

16.
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13 D NMAC)
Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☐ No

Required for impacted areas which will not be used for future service and operations.
☐ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15 17 13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15 17 13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

17.
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC
Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS, Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	☐ Yes ☐ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☐ No

18
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***
☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
☐ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15 17.11 NMAC
☐ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19 15.17.11 NMAC
☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
☐ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19.
Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

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

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

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

21.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☒ **Closure Completion Date:** October 29, 2010

22.
Closure Method:

☐ Waste Excavation and Removal ☒ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)

☐ If different from approved plan, please explain.

23
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

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

☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

24.
Closure Report Attachment Checklist: ***Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.***

☒ Proof of Closure Notice (surface owner and division)
☐ Proof of Deed Notice (required for on-site closure)
☒ Plot Plan (for on-site closures and temporary pits)
☒ Confirmation Sampling Analytical Results (if applicable)
☒ Waste Material Sampling Analytical Results (required for on-site closure)
☐ Disposal Facility Name and Permit Number
☒ Soil Backfilling and Cover Installation
☒ Re-vegetation Application Rates and Seeding Technique
☒ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude 34.493486° N Longitude -108 237083° 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

Signature: _____ Date: 12/01/2010

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

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	Contact William Schwab (Tripp)
Address 286 Sawyer Dr., PO Box 2677, Durango, CO 81302	Telephone No. 970-259-2701
Facility Name West Bisti 26-13-17 #1	Facility Type Fruitland Coal Well

Surface Owner NAPI	Mineral Owner BLM	Lease No. NMNM36590

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	17	26N	13W	790	North	1119	East	San Juan

Latitude 36.493486° N **Longitude** -108.237083° W

NATURE OF RELEASE

Type of Release Spill	Volume of Release unknown	Volume Recovered 0
Source of Release Well Operations, BGT	Date and Hour of Occurrence Unknown	Date and Hour of Discovery 7/16/2010
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? Brandon Powell, NMOCD	
By Whom? William Schwab	Date and Hour 7/21/2010 After Dirt Sample was analyzed	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
SGI was closing a "Below Ground Tank" on an abandoned well; during the NMOCD required closure process a 5 point composite sample was taken. The results showed the Chloride concentration to be at 1750 mg/Kg. Using method 418 1 the Total Petroleum Hydrocarbons showed 127 mg/Kg. Using method 8015 the test showed the Total Petroleum Hydrocarbons to be at the "Not Detected" limit No remedial action was taken.

Describe Area Affected and Cleanup Action Taken.*
After consultation with the NMOCD Aztec Dist Office the approval was given to close the BGT pit after mixing soil 3-1. P&A of the location was resumed.

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

Signature:	OIL CONSERVATION DIVISION	
Printed Name: William Schwab III	Approved by District Supervisor:	
Title: Agent for SG Interests	Approval Date:	Expiration Date:
E-mail Address: tripp@nikaenergy.com	Conditions of Approval:	Attached ☐
Date: 12/1/2010 Phone: 970-259-2701		

* Attach Additional Sheets If Necessary

SG Interests I, Ltd.

Below ground Tank - Closure Report

West Bisti 26-13-17 #1

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure requirements of Below Grade Tanks (BGT's) on SG Interests I, Ltd. locations hereinafter known as SGI locations. This is SGI's standard procedure for all BGT's. A separate plan will be submitted for any BGT which does not conform to this plan.

General Requirements:

1. SGI shall close a below-grade tank within the time periods provided in 19.15.17.13 NMAC, or by an earlier date that the division requires because of imminent danger to fresh water, public health or the environment.

   The BGT was closed as part of a plug and abandonment of the subject well. The well was originally drilled in 1994.

2. SGI shall close a permitted below-grade tank within 60 days of cessation of the below-grade tank's operation. The closure report will be filed on C-144.

   The BGT was closed as part of a plug and abandonment of the subject well. The well was originally drilled in 1994 and therefore was not permitted.

3. SGI shall remove liquids and sludge from a below-grade tank prior to implementing a closure method and shall dispose of the liquids and sludge in a division-approved facility. The facilities to be used will be Basin Disposal (Permit #NM-01-005) and Envirotech Land Farm (Permit #NM-01-011). Any liner will be disposed of at the San Juan County Landfill located on CR 3100.

   The well was not productive and there were no liquids in the BGT.

4. SGI will receive prior approval to remove the below-grade tank and dispose of it in a division-approved facility or recycle, reuse, or reclaim it in a manner that the appropriate division district office approves. Documentation of how the below-grade tank was disposed of or recycled will be provided in the closure report.

   The BGT was never used to store any liquids and is currently stored in a yard for future use.

5. If there is any on-site equipment associated with a below-grade tank, then SGI shall remove the equipment, unless the equipment is required for some other purpose.

   The production equipment on this location was removed and is stored in a yard for future use.

6. SGI shall test the soils beneath the below-grade tank to determine whether a release has occurred. SGI, thru an approved third party, shall collect, at a minimum, a five point, composite sample; collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for BTEX, TPH and chlorides. SGI shall notify the division of the test results on form C-141.

Components	Tests Method	Limit (mg/Kg)
Benzene	EPA SW-846 8021B or 8260B	0.2
BTEX	EPA SW-846 8021B or 8260B	50
TPH	EPA SW-846 418.1	100
Chlorides	EPA 300 1	250

The test report is included with the report.

7. If the samples exceed the limits above it will be determined that a release has occurred, then SGI shall comply with the applicable spill and release rules as appropriate.

On July 15, 2010 a 5 point composite sample was taken by Envirotech. The samples returned results below the regulatory standards for all constituents analyzed except for chlorides. After consultation with the Aztec NMOCD the contaminated soil was mixed 3 to 1. Another 5 point composite sample was taken by Envirotech August 3, 2010. The chlorides were within the acceptable levels and the BGT was closed. A C-141 was submitted with the closure report.

8. If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (4) of Subsection E of 19.15.17.13 NMAC, then SGI shall backfill the excavation with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; re-contour and re-vegetate the site.

Completed as part of the overall plug and abandonment of the well and well pad.

9. Notice of Closure will be given prior to closure to the Aztec Division office between 72 hours and one week via email or verbally. The notification of closure will include the following:
    i. Operator's name
    ii. Location by Unit Letter, Section, Township, and Range. Well name and API number.

Verbally given to Brandon Powell.

10. The surface owner shall be notified of SGI's closing of the below-grade tank prior to closure as per the approved closure plan via certified mail, return receipt requested

Copy of the Notification included with this report and the original closure application.

11. Re-contouring of location will match fit, shape, line, form and texture of the surrounding. Re-shaping will include drainage control, prevent pooling, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be placed in areas, where needed, to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with a smooth surface, fitting the natural landscape.

    Final reclamation OK'd and inspected by the BLM. NAPI was notified.

12. SGI shall seed the disturbed areas the first growing season after the operator closes the pit. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. BLM or Forest Service stipulated seed mixes will used on federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs.

    Seeding was performed as requested by NAPI. Copy of the seed ticket is included with this report.

13. A minimum of four feet of cover shall be achieved and the cover shall include one foot of suitable material to establish vegetation at the site, or the background thickness of topsoil, whichever is greater.

    A minimum four feet of cover was replaced over the BGT hole and the sandy loam topsoil was put over the entire location and seeded.

14. All closure activities will include proper documentation and be available for review upon request and will be submitted to OCD within 60 days of closure of the below-grade tank. Closure report will be filed on C-144 and incorporate the following:
    - Soil Backfilling and Cover Installation
    - Re-vegetation application rates and seeding techniques
    - Photo documentation of the site reclamation
    - Confirmation Sampling Results
    - Proof of closure notice

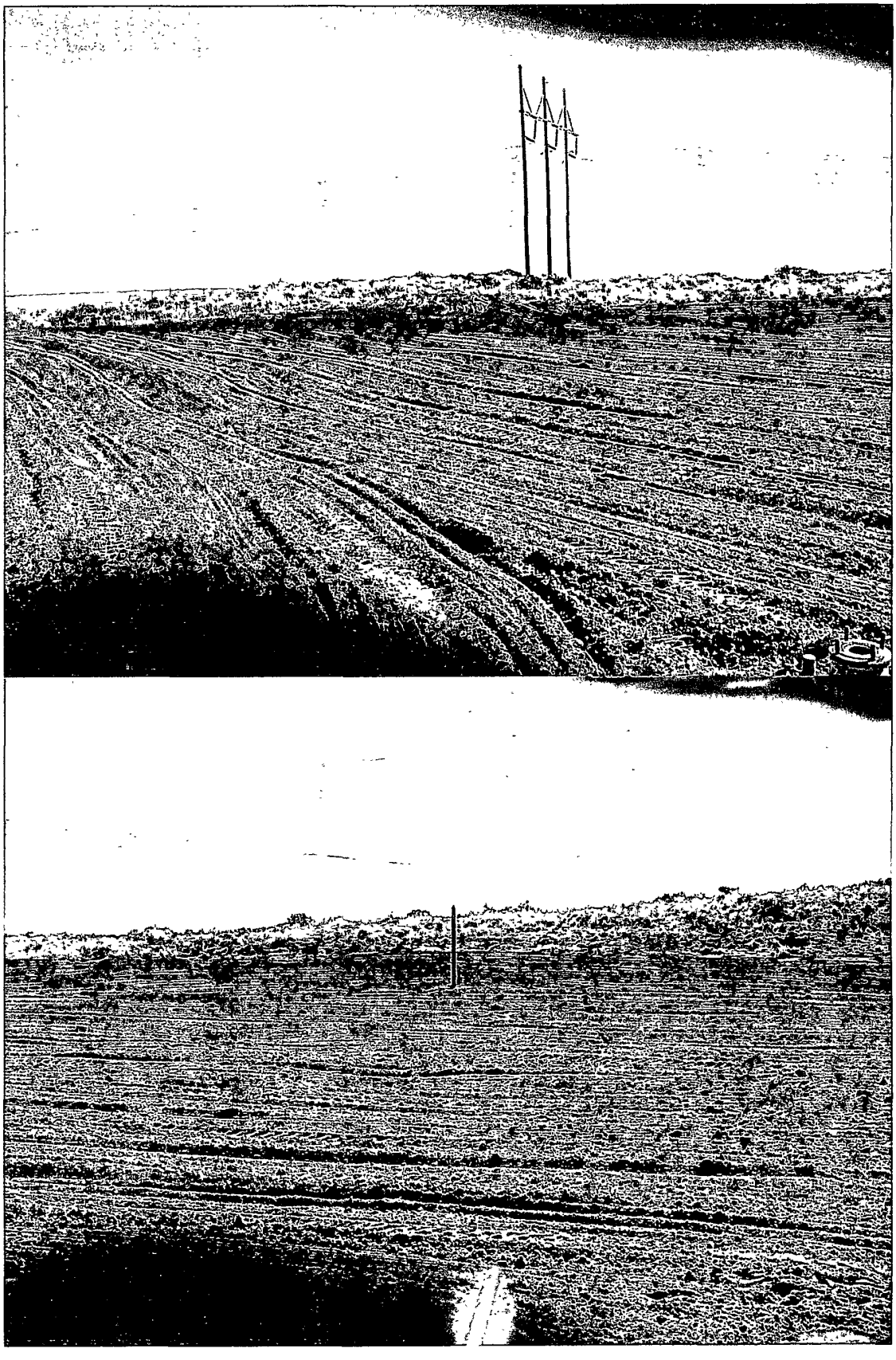
    This is an addendum to the original report filed on 12/1/2010.

15. The surface owner is the Navajo Agricultural Products Industry. NAPI will not allow any protruding markers on a reclaimed location so none will be installed. A flat marker will be installed and GPS coordinates recorded.

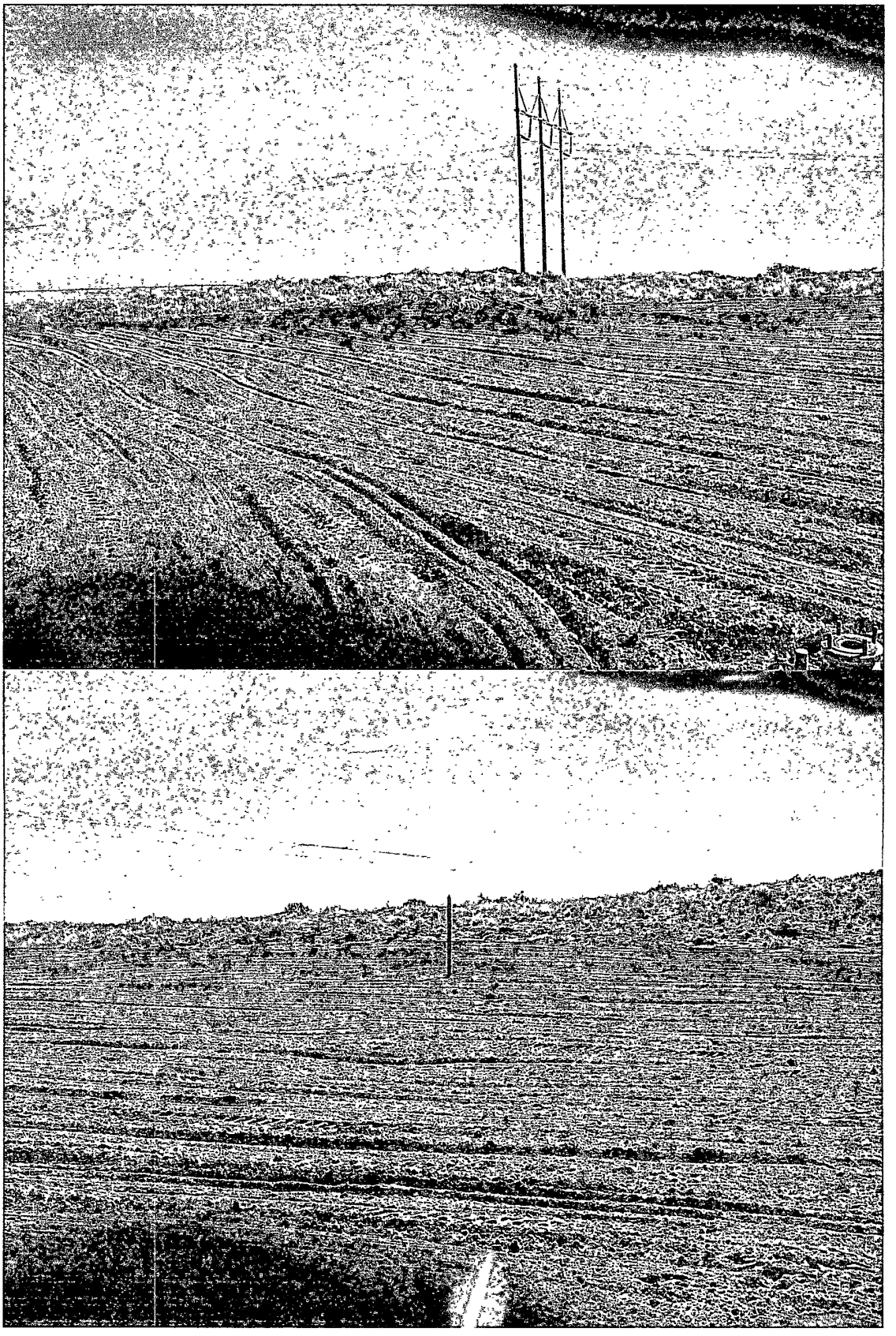
    See form C-144 included with this report.


S+C Interests
West Bist 26-13-17
API 30-045 29160
36.47348 N108237023W
ULA Sec 17 T 26N R13W

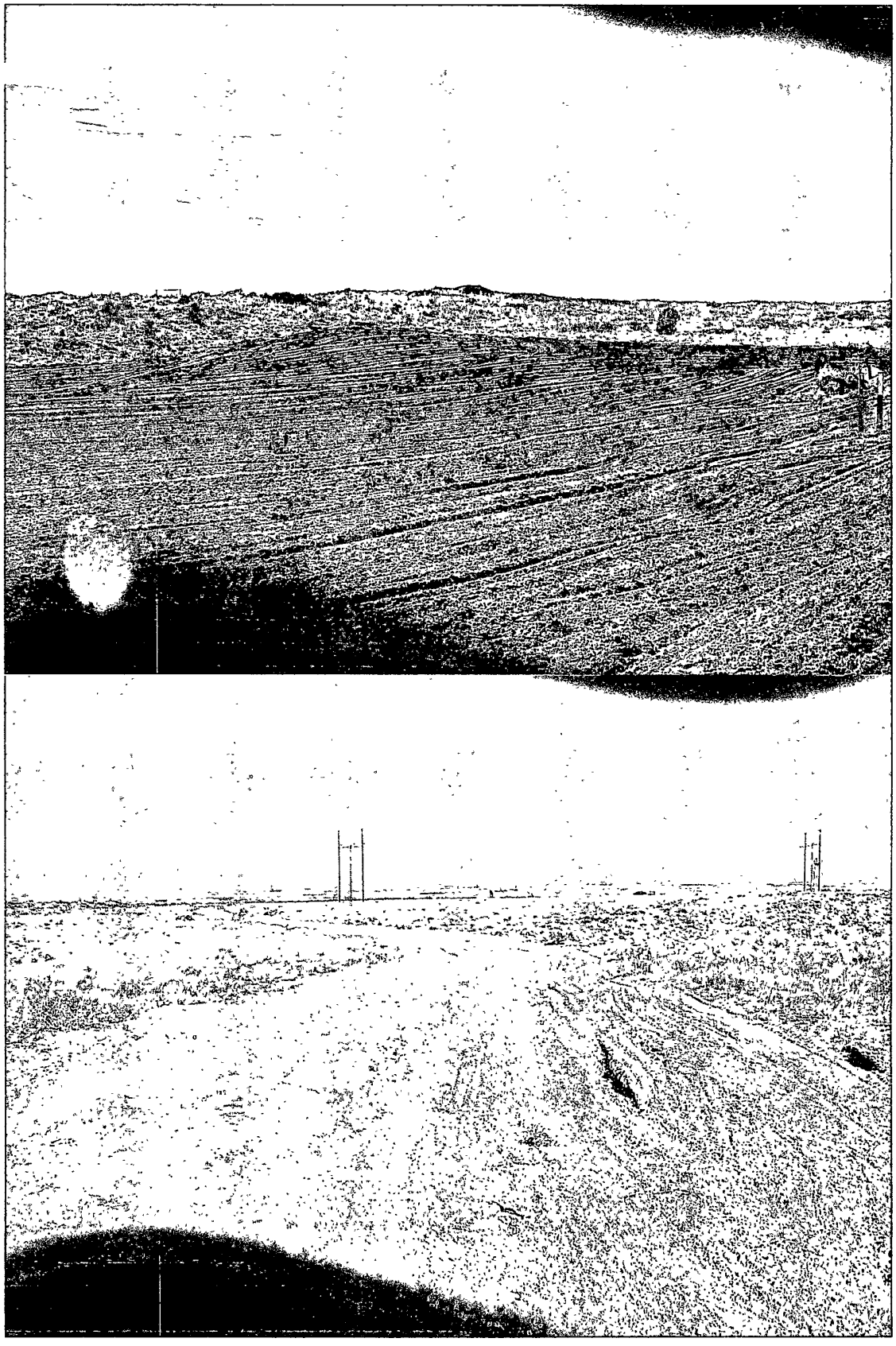
West Bisti 26-13-17 #1
P&A Reclamation Photos



West Bisti 26-13-17 #1
P&A Reclamation Photos

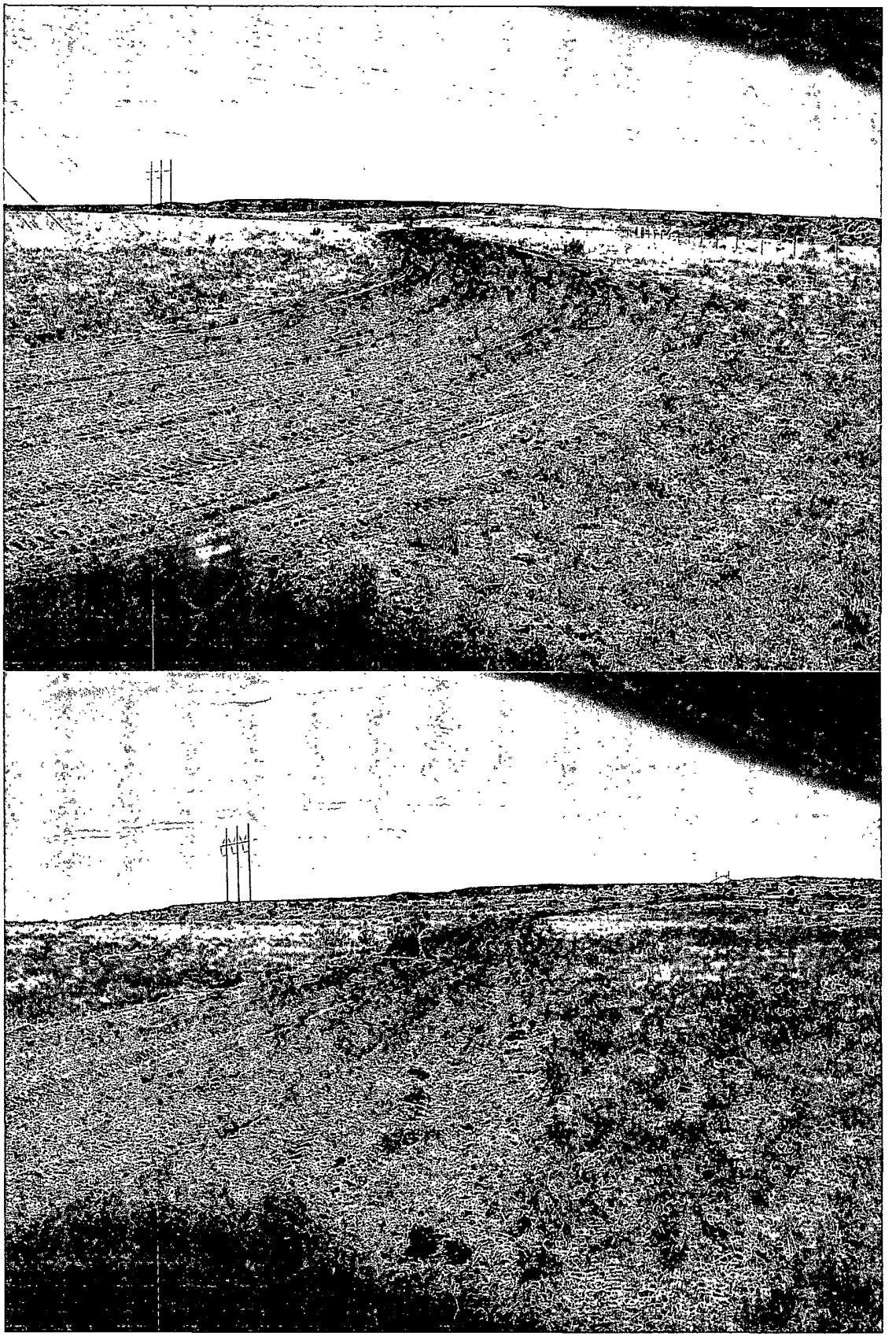


West Bisti 26-13-17 #1
P&A Reclamation Photos



West Bisti 26-13-17 #1
P&A Reclamation Photos

West Bisti 26-13-17 #1
P&A Reclamation Photos



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September 27, 2010

Project Number 98049-0013

Mr. Tripp Schwab
Nika Energy Holdings, LLC
286 Sawyer Drive
Unit C
Durango, Colorado 81303

Phone: (970) 259-2701

RE: BELOW GRADE TANK CLOSURE DOCUMENTATION FOR THE BISTI 26-12-17 #1 WELL SITE, SAN JUAN COUNTY, NEW MEXICO

Dear Mr. Schwab,

Enclosed please find the field notes and analytical results for below grade tank (BGT) closure activities conducted at the Bisti 26-12-17 #1 well site located in Section 17, Township 26N, Range 13W, San Juan County, New Mexico. On July 15, 2010, a five (5)-point composite sample was collected from directly beneath the BGT; see attached ***Field Notes***. The sample was screened in the field for total petroleum hydrocarbons (TPH) using USEPA Method 418.1, for organic vapors using a photoionization detector (PID), and for chlorides. Additionally, the sample was placed into a four (4)-ounce glass jar, capped headspace free, and transported on ice, under chain of custody, to Envirotech's Analytical Laboratory to be analyzed for benzene and BTEX using USEPA Method 8021 and for total chlorides using USEPA Method 4500. The sample returned results below the regulatory standards for all constituents analyzed except for chloride; see attached ***Analytical Results***.

On August 2, 2010, Envirotech personnel returned to the site to collect a background chloride sample. The sample was placed into a four (4)-ounce glass jar, capped headspace free, and transported on ice, under chain of custody, to Envirotech's Analytical Laboratory to be analyzed for total chlorides using USEPA Method 4500. The sample returned results of 15 parts per million (ppm) chlorides; see attached ***Analytical Results***.

On August 3, 2010, Envirotech personnel returned to the site to collect a five (5)-point composite sample from directly beneath the BGT. This sample was collected at the request of Mr. Brandon Powell with the New Mexico Oil Conservation Division. The sample was placed into a four (4)-ounce glass jar, capped headspace free, and transported on ice, under chain of custody, to Envirotech's Analytical Laboratory to be analyzed for TPH via USEPA Method 418.1 and USEPA Method 8015. Additionally, the samples were analyzed for chlorides using USEPA Method 4500; see attached ***Analytical Results***.

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SG Interests
Bisti 26-12-17 #1 Well Site
98049-0013

We appreciate the opportunity to be of service. If you have any questions or require additional information, please contact our office at (505) 632-0615.

Respectfully submitted,
ENVIROTECH, INC.

Robyn Jones, EIT
Staff Engineer
rjones@envirotech-inc.com

Enclosures: Field Notes
Analytical Results

Cc: Client File 98049

PAGE NO: 1 OF 1

DATE STARTED: 4-15-10

DATE FINISHED:

ENVIROTECH INC

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

ENVIRONMENTAL SPECIALIST: R. Jones

LAT:

LONG:

FIELD REPORT: BGT / PIT CLOSURE VERIFICATION

LOCATION: NAME: Best Bisti 26 13 #1 WELL #: 1 TEMP PIT: PERMANENT PIT: BGT: X

LEGAL ADD: UNIT: A SEC: 17 TWP: 26N RNG: 13W PM: NMPM

QTR/FOOTAGE: 790' FNL 1119' FEL CNTY: SJ ST:

EXCAVATION APPROX: 15 FT. X 15 FT. X 6 FT. DEEP CUBIC YARDAGE:

DISPOSAL FACILITY: REMEDIATION METHOD:

LAND OWNER: API: 30045-29160 BGT / PIT VOLUME: 80 BBL

CONSTRUCTION MATERIAL: Fiberglass DOUBLE-WALLED, WITH LEAK DETECTION:

LOCATION APPROXIMATELY: FT. FROM WELLHEAD

DEPTH TO GROUNDWATER:

___ 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

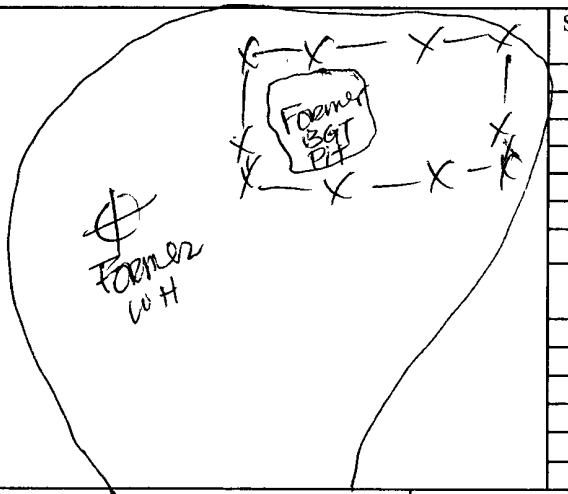
X PERMANENT PIT OR BGT

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)
13:27	1960 STD		-	-	-	183	
13:38	Spl Beneath BGT	1	5	20	4	22	88
		2					
		3					
		4					
		5					
		6					

PERIMETER



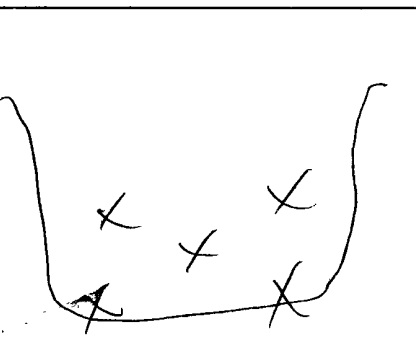
FIELD CHLORIDES RESULTS

SAMPLE ID	READING	CALC. (mg/kg)
1	OVRRP	
	OVRHR	

PID RESULTS

SAMPLE ID	RESULTS (mg/kg)
1	6.7

PROFILE



LAB SAMPLES

SAMPLE ID	ANALYSIS	RESULTS
	BENZENE	
	BTEX	
	GRO & DRO	
	CHLORIDES	

NOTES:

80 bbl BGT

NM 36590

Plugged + Abandoned location

WORKORDER # WHO ORDERED

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EPA METHOD 418.1
TOTAL PETROLEUM HYDROCARBONS

Client:	SG Interests	Project #:	98049-0013
Sample No.:	1	Date Reported:	7/27/2010
Sample ID:	5 Point Composite beneath BGT	Date Sampled:	7/16/2010
Sample Matrix:	Soil	Date Analyzed:	7/16/2010
Preservative:	Cool	Analysis Needed:	TPH-418.1
Condition:	Cool and Intact		

Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	**88**	**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: **Bisti 26-12-17 #1 Well Site**

Instrument calibrated to 196 ppm standard. Zeroed before each sample

Analyst

Robyn Jones, EIT
Printed

Review

Sarah Rowland, EIT
Printed

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CONTINUOUS CALIBRATION
EPA METHOD 418.1
TOTAL PETROLEUM
HYDROCARBONS

Cal. Date: 16-Jul-10

Parameter	Standard Concentration mg/L	Concentration Reading mg/L
TPH	100	
	196	183
	500	
	1000	

The accepted percent relative deviation (%RSD) of the calibration factor is less than 20% over the working range.

Analyst

7/29/10
Date

Robyn Jones, EIT
Print Name

Review

7/29/10
Date

Sarah Rowland, EIT
Print Name

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Analytical Laboratory

Chloride

Client:	SG Interests	Project #:	98049-0013
Sample ID:	~6' BGS Background	Date Reported:	08-04-10
Lab ID#:	55379	Date Sampled:	08-02-10
Sample Matrix:	Soil	Date Received:	08-02-10
Preservative:	Cool	Date Analyzed:	08-04-10
Condition:	Intact	Chain of Custody:	10069

Parameter	Concentration (mg/Kg)
Total Chloride	**15**

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: **Bisti 26-12-17 #1**

Analyst

Review

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CHAIN OF COUSTODY RECORD

10069

Client: ~~SG Interest~~ SG Interests	Project Name / Location: Bisti 26-12-17 #1
Client Address:	Sampler Name: BARIAN WILLIAMSON
Client Phone No.:	Client No.: 98049-0013

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative $HgCl_2$	Preservative HCl	Preservative Cool	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
≈6' BGS Background	8/2/10	10:30	55379 ~~55378~~	(Soil) Sludge Solid Aqueous	1-4oz			X										X				Y	Y
				Soil Sludge Solid Aqueous																			
				Soil Sludge Solid Aqueous																			
				Soil Sludge Solid Aqueous																			
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EPA METHOD 418.1
TOTAL PETROLEUM HYDROCARBONS

Client:	SG Interests	Project #:	98049-0013
Sample ID:	5 Point Composite Under BGT	Date Reported:	08-05-10
Laboratory Number:	55424	Date Sampled:	08-03-10
Chain of Custody No:	10104	Date Received:	08-03-10
Sample Matrix:	Soil	Date Extracted:	08-04-10
Preservative:	Cool	Date Analyzed:	08-04-10
Condition:	Intact	Analysis Needed:	TPH-418.1

Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	**127**	**8.9**

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: **Bisti 26-12-17 #1**

Analyst

Review

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EPA METHOD 418.1
TOTAL PETROLEUM HYROCARBONS
QUALITY ASSURANCE REPORT

Client:	QA/QC	Project #:	N/A
Sample ID:	QA/QC	Date Reported:	08-04-10
Laboratory Number:	08-04-TPH.QA/QC 55382	Date Sampled:	N/A
Sample Matrix:	Freon-113	Date Analyzed:	08-04-10
Preservative:	N/A	Date Extracted:	08-04-10
Condition:	N/A	Analysis Needed:	TPH

Calibration	I-Cal Date	C-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
	07-29-10	08-04-10	1,860	1,770	4.8%	+/- 10%

Blank Conc. (mg/Kg)	Concentration	Detection Limit
TPH	ND	8.9

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	50.6	52.1	3.0%	+/- 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	50.6	2,000	2,010	98.0%	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 55382, 55377, 55405, 55408-55411, 55424 and 55428**

Analyst

Review

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CHAIN OF CUSTODY RECORD

10104

Client: SG Interests	Project Name / Location: Risti 26-12-17 #1
Client Address:	Sampler Name: BARIAN WILLIAMSON
Client Phone No.:	Client No.: 98049-0013

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative HgCl₂	Preservative HCl	Preservative Cool	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
5 point Composite under BGT	8/3/10	15:19	55424 ~~55425~~	(Soil) Solid Sludge Aqueous	1-4oz			X									X					Y	Y
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
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EPA METHOD 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Client:	SG Interests	Project #:	98049-0013
Sample ID:	5 Point Composite Under BGT	Date Reported:	08-06-10
Laboratory Number:	55425	Date Sampled:	08-03-10
Chain of Custody No:	10103	Date Received:	08-03-10
Sample Matrix:	Soil	Date Extracted:	08-04-10
Preservative:	Cool	Date Analyzed:	08-05-10
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)	**ND**	**0.1**
Total Petroleum Hydrocarbons	**ND**	**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: **Bisti 26-12-17 #1**

Analyst

Review

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EPA Method 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	08-05-10 QA/QC	Date Reported:	08-05-10
Laboratory Number:	55425	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	08-05-10
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
Gasoline Range C5 - C10	08-05-10	9.9960E+002	1.0000E+003	**0.04%**	**0 - 15%**
Diesel Range C10 - C28	08-05-10	9.9960E+002	1.0000E+003	**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	**ND**	**ND**	**0.0%**	**0 - 30%**

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	**ND**	**250**	**258**	**103%**	**75 - 125%**
Diesel Range C10 - C28	**ND**	**250**	**253**	**101%**	**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 55393-55397, 55410-55411, 55425, 55428 and 55431**

Analyst

Review

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CHAIN OF CUSTODY RECORD

10103

Client: SG Interests	Project Name / Location: Bisti 26-13-17 #1	ANALYSIS / PARAMETERS
Client Address:	Sampler Name: BARIAN WILLIAMSON	
Client Phone No.:	Client No.: 98049-0013	

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative $HgCl_2$	Preservative HCl	Preservative Cool	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
5 point Composite Under BGT	8/3/10	15:19	55425	(Soil) Solid Sludge Aqueous	1-4oz			X	X													Y	Y
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
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Chloride

Client:	SG Interests	Project #:	98049-0013
Sample ID:	5 Pt Composite Under BGT	Date Reported:	08-24-10
Lab ID#:	55424	Date Sampled:	08-03-10
Sample Matrix:	Soil	Date Received:	08-16-10
Preservative:	Cool	Date Analyzed:	08-17-10
Condition:	Intact	Chain of Custody:	10104

Parameter	Concentration (mg/Kg)
Total Chloride	**1,750**

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: **Bisti 26-12-17 #1**

Analyst

Review

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CHAIN OF CUSTODY RECORD

10104

Client: SG Interests	Project Name / Location: Risti 26-12-17 #1
Client Address:	Sampler Name: Barian Williamson
Client Phone No.:	Client No.: 98049-0013

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative $HgCl_2$	Preservative HCl	Preservative Cool	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE			Sample Cool	Sample Intact
5 point Composite under BGT	8/3/10	15:19	55424 ~~55425~~ KC	(Soil) Solid Sludge Aqueous	1-4oz			X									X	X add Cl per Sara 8/16/10			Y	Y
				Soil Solid Sludge Aqueous																		
				Soil Solid Sludge Aqueous																		
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Relinquished by: (Signature)			Received by: (Signature)		

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Analytical Laboratory

Chloride

Client:	SG Interests	Project #:	98049-0013
Sample ID:	5 Pt Composite Under BGT	Date Reported:	08-24-10
Lab ID#:	55425	Date Sampled:	08-03-10
Sample Matrix:	Soil	Date Received:	08-16-10
Preservative:	Cool	Date Analyzed:	08-17-10
Condition:	Intact	Chain of Custody:	10103

Parameter	Concentration (mg/Kg)
Total Chloride	**2,630**

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: **Bisti 26-12-17 #1**

Analyst

Review

5796 US Highway 64, Farmington, NM 87401 | Ph (505)632-0615 Fr (800)362-1879 Fx (505) 632-1865 lab@envirotech-inc.com envirotech-inc com

CHAIN OF CUSTODY RECORD

10103

Client: SG Interests	Project Name / Location: Bisti 26-13-17 #1
Client Address:	Sampler Name: BRIAN WILLIAMSON
Client Phone No.:	Client No.: 98049-0013

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative $HgCl_2$	Preservative HCl	Preservative Cool	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
5 point Composite Under BGT	8/3/10	15:19	55425	(Soil) Solid Sludge Aqueous	1-4oz			X	X									X (add per Sara 8/16/10)				Y	Y
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
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EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	SG Interests	Project #:	98049-0013
Sample ID:	Beneath BGT	Date Reported:	07-19-10
Laboratory Number:	55187	Date Sampled:	07-16-10
Chain of Custody:	9973	Date Received:	07-16-10
Sample Matrix:	Soil	Date Analyzed:	07-19-10
Preservative:	Cool	Date Extracted:	07-16-10
Condition:	Intact	Analysis Requested:	BTEX

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	**168**	**0.9**
Toluene	**10,600**	**1.0**
Ethylbenzene	**1,970**	**1.0**
p,m-Xylene	**22,600**	**1.2**
o-Xylene	**5,910**	**0.9**
Total BTEX	**41,200**	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	**100 %**
	1,4-difluorobenzene	**100 %**
	Bromochlorobenzene	**100 %**

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: **Bisti 26-12-17 #1**

Analyst

Review

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EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	N/A	Project #	N/A
Sample ID:	0719BBLK QA/QC	Date Reported	07-19-10
Laboratory Number:	55189	Date Sampled	N/A
Sample Matrix:	Soil	Date Received	N/A
Preservative:	N/A	Date Analyzed:	07-19-10
Condition:	N/A	Analysis	BTEX

Calibration and Detection Limits (ug/L)	I-Cal RF:	C-Cal RF:	%Diff. Accept. Range 0 - 15%	Blank Conc	Detect. Limit
Benzene	4 8223E+006	4 8319E+006	0.2%	ND	0.1
Toluene	3 3205E+006	3 3271E+006	0.2%	ND	0.1
Ethylbenzene	2.6401E+006	2 6454E+006	0.2%	ND	0.1
p,m-Xylene	5 9574E+006	5 9693E+006	0.2%	ND	0.1
o-Xylene	2 0720E+006	2 0762E+006	0.2%	ND	0.1

Duplicate Conc. (ug/Kg)	Sample	Duplicate	%Diff.	Accept Range	Detect. Limit
Benzene	ND	ND	0.0%	0 - 30%	0.9
Toluene	ND	ND	0.0%	0 - 30%	1.0
Ethylbenzene	ND	ND	0.0%	0 - 30%	1.0
p,m-Xylene	ND	ND	0.0%	0 - 30%	1.2
o-Xylene	2.0	2.3	15.0%	0 - 30%	0.9

Spike Conc. (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept Range
Benzene	ND	50.0	51.7	103%	39 - 150
Toluene	ND	50.0	50.7	101%	46 - 148
Ethylbenzene	ND	50.0	48.8	97.6%	32 - 160
p,m-Xylene	ND	100	102	102%	46 - 148
o-Xylene	2.0	50.0	51.2	102%	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 55172-55173; 55179-55180; 55187 and 55189

Analyst

Review

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Chloride

Client:	SG Interests	Project #:	98049-0013
Sample ID:	Beneath BGT	Date Reported:	07-20-10
Lab ID#:	55187	Date Sampled:	07-16-10
Sample Matrix:	Soil	Date Received:	07-16-10
Preservative:	Cool	Date Analyzed:	07-20-10
Condition:	Intact	Chain of Custody:	9973

Parameter	Concentration (mg/Kg)
Total Chloride	**6,550**

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: **Bisti 26-12-17 #1**

Analyst

Review

5796 US Highway 64, Farmington, NM 87401 | Ph (505)632-0615 Fr (800)362-1879 Fx (505) 632-1865 lab@envirotech-inc.com envirotech-inc com

CHAIN OF CUSTODY RECORD

09973

Client: SG Interests	Project Name / Location: Bisti 26-12-17 #1
Client Address:	Sampler Name: R. Jones
Client Phone No.:	Client No.: 98049-0013

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative $HgCl_2$	Preservative HCl	Preservative Cool	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
Beneath BGT	7-16-10	13:45	55187	(Soil) Sludge Solid Aqueous	1-4oz			X		X								X				Y	Y
				Soil Sludge Solid Aqueous																			
				Soil Sludge Solid Aqueous																			
				Soil Sludge Solid Aqueous																			
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Relinquished by: (Signature)			Received by: (Signature)		

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Tripp Schwab

From: Jenilee Winters [jwinters@envirotech-inc.com]
Sent: Friday, July 30, 2010 1:37 PM
To: brad@nikaenergy.com
Cc: tripp@nikaenergy.com; Greg Crabtree
Subject: Analytical Results
Attachments: SG Interests 0013 Bisti 26-12-17 #1 Analytical Results.pdf; SG Interests 0013 Federal 21-6-32 #1 Analytical Results.pdf

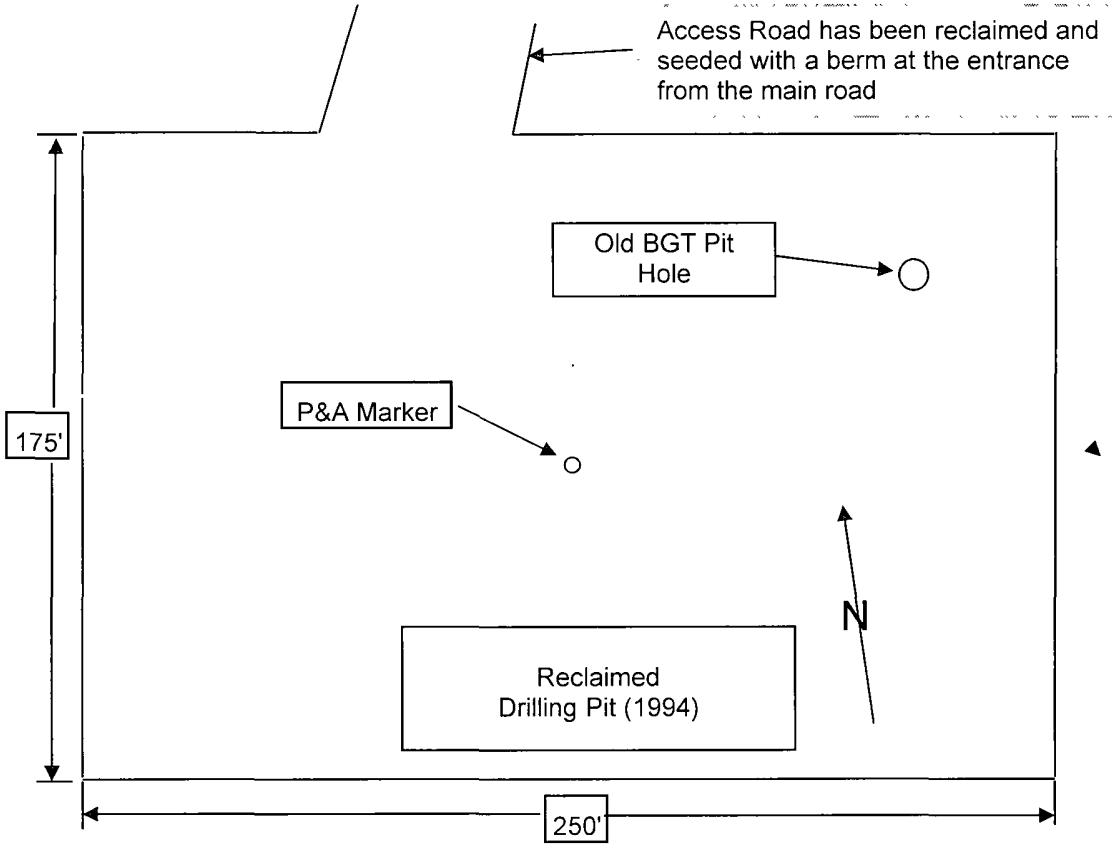
Brad,

Attached please find the analytical results for the Federal 21-6-32 #1 and the Bisti 26-12-17 #1. We appreciate the opportunity to be of service. If you have any questions or require additional information, please contact Greg Crabtree at (505) 947-9510. Let me know if you need anything else. Thank you,

Jenilee Winters
Administrative Assistant
Envirotech, Inc.
(505) 632-0615

Cyril Brandon Powell

West Bisti 26-13-17 #1
Post Reclamation
Plot Plan



Nika Energy Operating
P.O. Box 2677 • Durango, CO 81302
Off: 970.259.2701 • Fax: 970.385.1598

Project: West Bisti 26-13-17 #1

Date: 12/1/2010

SOUTHWEST SEED INC.

13260 County Road 29
Dolores, CO 81323
Phone: (970) 565-8722

Custom Bulk Seed Mixture Analysis

LOT NO: 2010.0420 7/15/2010

SPECIES: MIXTURE: AZTEC FEED VARIETY: BLM LESS THAN 10"

Lot NO	Species	Variety	CL	OR	PURE	INERT	CROP	WEED	Rstr	Nox	Live	PLS	Test Date	Bulk LBS	PLS LBS	Pure %
2006.0586	FORB: SMALL BURNET	DELAR	C	OR	99.52	0.48	0.00	0.00	*	NF	92	91.56	4/19/2010	32.77	30.00	7 77
2008.0449	WHEATGR: WESTERN	ARRIBA	C	CO	97.83	2.17	0.00	0.00	NF	NF	94	91.96	3/2/2010	130.49	120.00	30.43
2008.0596	SHRUB: ANTELOPE BITTER	PURSHIA TRIDENTATA		CA	9.73	0.27	0.00	0.00	NF	NF	84	83.77	9/1/2009	3.58	3.00	0.85
2009.0022	GRASS W: GRAMA-BLUE	VNS		CO	98.58	2.56	0.74	0.12	*	NF	82	79.20	5/5/2010	56.82	45.00	13.08
2009.0034	WHEATGR: CRESTED	HYCREST	C	CO	97.3	2 58	0.02	0.01	*	NF	94	91.55	4/15/2010	98.31	90.00	22.83
[illegible]	SHRUB: SALTBUSH-FOURWIN	NM NATIVE		NM	96.81	3.19	0.00	0.00	NF	NF	59	57.12	7/9/2010	13.13	7.50	3.03
2009.1003	INDIAN RICEGR[illegible]	[illegible]	C	WA	97.71	2.22	0.00	0.07	NF	NF	91	88.92	[illegible]0/2009	84.35	75.00	[illegible]

Pure: 97.65% Inert 2.22% Crop 0.10% Weed 0.03% **Total 100%**

REMARK: EACH BAG CONTAINS 27.96 BLK LBS (24 7 PLS LBS) TO SEED TWO ACRES

Noxious Weeds -seeds/lb:

Rumex crispus - 0

SG Interests I, Ltd.

West Bisti 26-13-17 #1
UL A, Sec 17, T26N-R13W
San Juan County, New Mexico

Interim Pit & Location Reclamation
Seed Type & Seeding Technique

1. Seed Type

All disturbed areas were seeded, including the access road driving surface, shoulders and well pad inside of the anchors.

Type	Variety or Cultivator	PLS/A
Small Burnet	Delar	3.0
Indian Ricegrass	Rimrock	3.0
Western Wheatgrass	Arriba	2.0
Crested Wheatgrass	Hy-Crest	3.0
Antelope Bitter Shrub	Purshia Tridentata	2.0
Grama-Blue Grass	VNS	
Four-wing Saltbrush	NM Native	0.25

Purity	97.65%
Germination	63%
Percent PLS	50%

Seed was free of primary and secondary noxious weeds.

2. Seeding Technique

As approved by NAPI, a drill type of seeder was used with a roller. The slope was gentle enough to allow for all areas to be seeded mechanically. No hand seeding was done.

12/1/2010
Date

William Schwab III
President
Nika Energy Operating, LLC
(Agent for SG Interests I, Ltd.)

Nika Energy Operating

10/20/2008

Robert Hanna
Navajo Agricultural Products Industry
PO Drawer 1318
Farmington, NM 87499

RE: West Bisti 26-13-17 #1, API # 30-045-29160

Robert,
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 an existing below ground pit tank on the subject location. After P&A operations cease, SGI plans to close the below ground pit tank per the approved APD, the new NMOCD rules, and any NAPI BIA regulations that apply.

As per our meeting Wednesday, October 1, 2008 I plan to close the pit per the approved BLM APD. The BLM APD allows us to follow the surface reclamation requests of the surface owner. NAPI guidelines will be followed for the closing and reclamation of the pit and location.

Please let me know if you have any comments or questions.

Thank you for your time.

Tripp Schwab

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

P.O. Box 2677 • Duran

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Return Receipt Fee (Endorsement Required)	$2.20
Restricted Delivery Fee (Endorsement Required)	$0.00
Total Pr	$5.32

Postmark Here
DURANGO CO 10/20/2008

Sent To: Attn: Mr. Robert Hanna
NAPI
Street, A or PO Bo: PO Drawer 1318
City, Sta: Farmington, NM 87499

PS Form 3800, August 2006 See Reverse for Instructions

RECEIVED
JAN 13 2012
OIL CONS. DIV. DIST. 3

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Attn: Mr. Robert Hanna
NAPI
PO Drawer 1318
Farmington, NM 87499

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) Kevin Johnson
C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

FARMINGTON NM 87401 OCT 22 2008 USPS

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service lal: 7006 2150 0001 7642 6148

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154