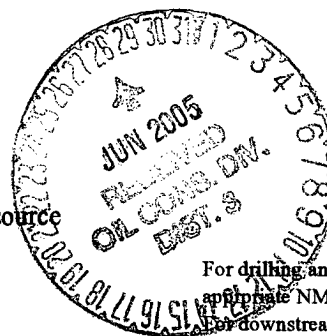




District I

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, New Mexico 87505

Form C-144

June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.

For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: <u>SG Interests I, Ltd</u>		Telephone: <u>(970)259-2701</u>	e-mail address: <u>tripp@nikaenergy.com</u>
Address: <u>c/o Nika Energy Operating, LLC, PO Box 2677, Durango, CO 81302</u>			
Facility or well name: <u>Federal 20-6-10 #3</u>		API #: <u>30-031-21070</u>	U/L or Qtr/Qtr <u>NBSW</u> Sec <u>10</u> T <u>20N</u> R <u>6W</u>
County: <u>McKinley</u> Latitude: <u>35.98850N</u> Longitude: <u>107.46583W</u>		NAD: 1927 ☐ 1983 ☒	
Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐			
Pit Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness <u>12</u> mil Clay ☐ Pit Volume <u>1000</u> bbls		Below-grade tank Volume <u> </u> bbl Type of fluid: <u> </u> Construction material: <u> </u> Double-walled with leak detection? ☐ If not, explain why not. <u> </u>	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water).		Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 Points)	
Wellhead protection area: (Less than 200 feet from a private domestic water source or less than 1000 feet from all other water sources).		Yes (20 points) No (0 points)	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches and perennial and ephemeral watercourses).		Less than 200 feet (20 points) 200 feet or more but less than 1000 feet (10 points) 1000 feet or more (0 Points)	
		Ranking Score (Total Points) <u>30 Points</u>	

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) Onsite ☐ Offsite ☐ If offsite, name facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Ground water encountered: No ☐ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments: <u>Construct Reserve Pit for the Dilling of a New Well</u>
Estimated Formation Top for the Ojo Alamo is 15'

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

Date: June 27, 2005

Printed Name/Title Tripp Schwab, Agent for SG Interests I, Ltd

Signature [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title H. Villanueva

Signature [Signature]

DEPUTY OIL & GAS INSPECTOR, DIST. #8

Date: JUN 28 2005