



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington District Office  
6251 College Blvd., Suite A  
Farmington, New Mexico 87402  
www.blm.gov/nm



In Reply Refer To: NMNM99732  
3162.3-1 (211)

March 27, 2013

RCVD APR 2 '13  
OIL CONS. DIV.  
DIST. 3

SG Interests I LTD  
P.O. Box 2677  
Durango, CO 81302-2677

Dear Sirs:

Please be advised that the following approved Application for Permit to Drill (APD) has expired effective March 27, 2013. If you wish to drill this well at some later date, you must file another application to permit to drill.

*Federal 21-6-31 #2. located 775'FNL & 1764'FWL, Section 31, T.21N., R.6W, Sandoval County, New Mexico, Lease NMNM99732, API Number: 30-043-21063*

If any surface disturbance was conducted, you must file your plans for reclamation.

Under 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et. Seq.

If you have any questions, contact Virginia Barber at (505) 564-7754.

Sincerely,

Virginia Barber  
Petroleum Management Team

CC: Well File  
NMOCD *Ar*  
AFMSS/vbarber/rtn apd/SGInterests/03/27/2013

Case # 2476 4-24-08  
 NOS: 2-22-00  
 APDP: 5-9-08  
 MP: BLM  
 BMA: SW 25  
 BOND: SW 25  
 CAPA: DEP

RECEIVED  
 MAY 06 2008

FORM APPROVED  
 OMB No. 1004-0136  
 Expires January 31, 2004

athread Sweetwater step  
 NE, E2NW, Lot 12  
 HBP Actual

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT  
 Bureau of Land Management  
 Farmington Field Office

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NM 99732		
6. If Indian, Allottee or Tribe Name		
7. If Unit or CA Agreement, Name and No. Federal 21-6-31		
8. Lease Name and Well No. 2		
9. API Well No. 304043-21063		
10. Field and Pool, or Exploratory Basin Fruitland Coal		
11. Sec., T., R., M., or Bk. and Survey or Area Section 31, 21N, 6W		
12. County or Parish Sandoval	13. State NM	
14. Distance in miles and direction from nearest town or post office* approximately 22 miles south of Counselor, New Mexico		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 775'	16. No. of Acres in lease 2,361.920	17. Spacing Unit dedicated to this well 48 N/2 320.00'
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 885' 800'	19. Proposed Depth 885' 800'	20. BLM/BIA Bond No. on file PIB0009277 NM 2559
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,746 GR	22. Approximate date work will start* as soon as permitted	23. Estimated duration 1 month

1a. Type of Work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

2. Name of Operator  
SG Interests I, LTD c/o NIKA Energy Operating

3a. Address  
P.O. Box 2677 Durango, CO 81302

3b. Phone No. (include area code)  
(970) 259-2701

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface: 775' FNL & 1764' FWL NENW  
At proposed prod. zone

14. Distance in miles and direction from nearest town or post office\*  
approximately 22 miles south of Counselor, New Mexico

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
775'

16. No. of Acres in lease  
2,361.920

17. Spacing Unit dedicated to this well  
48  
N/2 320.00'

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
885' 800'

19. Proposed Depth  
885' 800'

20. BLM/BIA Bond No. on file  
PIB0009277 NM 2559

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
6,746 GR

22. Approximate date work will start\*  
as soon as permitted

23. Estimated duration  
1 month

Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature  
 [Signature] Name (Printed/Typed) William Schwab III Date 4/25/2008  
 Title President NIKA Energy Operating/ Agent for SG Interests I, LTD

Approved by [Signature] Name (Printed/Typed) Office FFO Date 11/12/08  
 Title [Signature]

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
 Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

SG Interests I, LTD. proposes to drill a well to develop the Basin Fruitland Coal formation at the above described location in accordance with the attached drilling and surface use plans.

The surface is under jurisdiction of the Bureau of Land Management, Farmington Field Office.

This location has been archaeologically surveyed by Aztec Archaeological Consultants. Copies of their report have been submitted directly to the BLM.

An access road of approximately 1,480.89 feet will be needed to access the proposed well pad.

This APD is also serving as an application for an on-lease gas and water pipeline ties of approximately 1,480.89 feet, both to be parallel to the proposed access road.

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

ENTERED  
 APR 25 2008  
 MAY 12 2008  
 BY [Signature]

FARMINGTON

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4