

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

Form C-144  
June 1, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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: SG Interestss I, td c/o Nika Energy Operating, LLC Telephone: 970-259-2701 e-mail s: jeff@nikaenergy.com                                                                                                                                                                                                                                                                            |                                                                                                                                                                              |                                             |
| Address: PO Box 2677, Durango, CO .81302                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                              |                                             |
| Facility or well name: FEDERAL 21-6-34#4 API #: 30-043-21027 U/L or Qtr/Qtr I Sec 34 T 21N R 6W                                                                                                                                                                                                                                                                                               |                                                                                                                                                                              |                                             |
| County: Sandoval Latitude Longitude NAD: 1927 <input type="checkbox"/> 1983 <input type="checkbox"/>                                                                                                                                                                                                                                                                                          |                                                                                                                                                                              |                                             |
| Surface Owner: Federal XX State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>                                                                                                                                                                                                                                                                     |                                                                                                                                                                              |                                             |
| <b>Pit</b><br>Type: Drilling X Production <input type="checkbox"/> Disposal <input type="checkbox"/><br>Workover <input type="checkbox"/> Emergency <input type="checkbox"/><br>Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/><br>Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/><br>Pit Volume 1000 bbl | <b>Below-grade tank</b><br>Volume: bbl Type of fluid:<br>Construction material:<br>Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. |                                             |
| Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)                                                                                                                                                                                                                                                                                | Less than 50 feet<br>50 feet or more, but less than 100 feet<br>100 feet or more                                                                                             | (20 points)<br>(10 points)<br>( 0 points) X |
| Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)                                                                                                                                                                                                                                                     | Yes<br>No                                                                                                                                                                    | (20 points)<br>( 0 points) X                |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)                                                                                                                                                                                                                                               | Less than 200 feet<br>200 feet or more, but less than 1000 feet<br>1000 feet or more                                                                                         | (20 points)<br>(10 points)<br>( 0 points) X |
| <b>Ranking Score (Total Points)</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                              | 0 points                                    |

**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 your are burying in place) onsite ☒ offsite ☐ If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater 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: Pulled H2O from pit. When pit was dry, cut liner at mud line and backfilled w/original |
| Excavation. Pit drawing on reverse side of this sheet.                                                      |
|                                                                                                             |
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|                                                                                                             |

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 guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 8/28/06

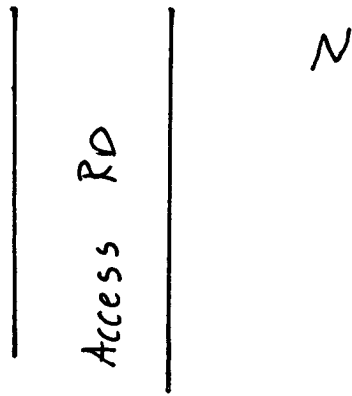
Printed Name/Title Jeff Welch, Agent for SG Interests I, Ltd Signature *Jeff Welch*

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: DEPUTY OIL & GAS INSPECTOR, DIST.

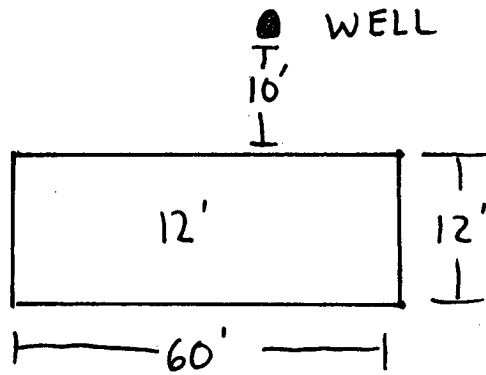
Printed Name/Title Signature *Brandon Powell* Date: AUG 29 2006

FED 21-6-34 #4



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