

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.

NMNM-113429

6. If Indian, Allottee or Tribe Name

Federal

7. If Unit or CA Agreement, Name and No.

Federal 21-6-28

8. Lease Name and Well No.

2-3 SWD #33

9. API Well No.

30-043-21054

10. Field and Pool or Exploratory

SWD Morrison, Bluff, Entrada

11. Sec., T., R., M., or Blk. and Survey or Area

Section 28, 21N, 6W

12. County or Parish

Sandoval

13. State

NM

17. Spacing Unit dedicated to this well

RCVD OCT 2 '07

OIL CONS. DIV.

20. BLM/BIA Bond No. on file

PIB0003277

DIST. 3

23. Estimated duration

1 month

24. Attachments

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

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations (unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Name (Printed/Typed)

Date

Title

William Schwab III

8/30/07

Agent for SG Interests I, LTD

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

FEO

9/27/07

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 salt water disposal (SWD) well to dispose of Basin Fruitland coalbed methane produced water into the Entrada, Bluff, Morrison, and Dakota formations 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.

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

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

OCT 18 2007 -aw

2007 AUG 31 PM 3:54
RECEIVED
BLM
FARMINGTON NM

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1030 Rio Brazos Rd., Aztec, NM 87410

District IV

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

2007 State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30 043 21054	* Pool Code 96162	* Pool Name SWK Morrison Bluff Entrada
* Property Code 36712	* Property Name FEDERAL 21-6-28 SW 8	* Well Number 33
* OGRID No. 20572	* Operator Name SG INTERESTS I, LTD.	* Elevation 6862

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	28	21N	6W		660	South	660	West	Sandoval

11 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 0		* 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.

16	N 89°14' W	80.09 Ch.	17 OPERATOR CERTIFICATION 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 undivided 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. Signature: <i>William Schwab</i> Date: 8/30/07 Printed Name: William Schwab
80'20' Ch.			
	Sec.		
		28	
N 0°12' E			18 SURVEYOR CERTIFICATION 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. Date of Survey: 06 JUL 2007 Signature and Seal of Professional Surveyor: <i>William E. Mahrke II</i> Certificate Number: 8466
660'	Lat. 36.01614° N Long. 107.48189° W		
660'	N 89°17' W	79.98 Ch.	

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., 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-103
May 27, 2004

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-43-21054
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> FED <input checked="" type="checkbox"/>
2. Name of Operator SG Interests I, Ltd		6. State Oil & Gas Lease No. Federal NMNM-113429 lease number being verified with NMSO
3. Address of Operator C/O Nika Energy Operating, PO Box 2677, Durango, CO, 81303		7. Lease Name or Unit Agreement Name Federal 21-6-28
4. Well Location Unit Letter: M <u>660</u> feet from the <u>south</u> line and <u>660</u> feet from the <u>west</u> line Section 28 Township 21N Range 6W NMPM County Sandoval		8. Well Number #3-3 SWD
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6,862 ft		9. OGRID Number
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type <u>Drilling</u> Depth to Groundwater <u>>1,000'</u> Distance from nearest fresh water well <u>>1,000'</u> Distance from nearest surface water <u>approx. 500'</u>		
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u>1000 Bbls</u> ; Construction Material <u>Synthetic</u>		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Pit Application <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See attached Drilling Program and BOP

Drilling/Completion pit to be located approximately 25 feet from wellhead. Pit multi-use drilling and completion to avoid additional site disturbance and pit will be considered out of service once production tubing set. Pit to be 80 feet long by 25 feet wide by 10 feet deep. Pit to be constructed, operated and closed in accordance with NMOCD guidelines and SGI procedures.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any 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 ☐.

SIGNATURE William Schwab III TITLE Agent for SG Interests I, Ltd. DATE 8/30/07

Type or print name William Schwab III E-mail address: tripp@nikaenergy.com Telephone No. 970-259-2701

For State Use Only

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE OCT 18 2007
Conditions of Approval (if any):

SG Interests I, Ltd.
(Agent: Nika Energy Operating, LLC)
PO Box 2677
Durango, CO 81302
(970) 259-2701

Federal 21-6-28 #3-3 SWD
SW Sec 28-21N-R6W
660' FSL & 660' FWL
Sandoval County, New Mexico

EIGHT POINT DRILLING PROGRAM

1. Estimated Formation Tops: Depth

Ojo Alamo	285'
Pictured Cliffs	800'
Bentonite	1000'
LaVentana	1500'
Cliff House	1900'
Point Lookout	3100'
Mancos	3200'
Gallup	4200'
Dakota	5150'
Morrison	5350'
Entrada	6250'

2. Estimated Depth of Anticipated Minerals:

Gas	Fruitland	775'
Oil	Menefee	2200'
Oil	Entrada	6250'

3. Minimum Specifications for Pressure Control Equipment:

BOP equipment and accessories will meet or exceed BLM requirements outlined in 43 CFR Part 3160.

A 2000 psig double ram hydraulic BOP will be used (see attached diagram). Accessories to the BOP will meet BLM requirements for a 2000 psig system. The accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill line, kill line and line to choke manifold will be 2". BOP's will be function tested every 24 hours and will be recorded on IADC log.

Surface casing will be tested to 1500 psig for 30 minutes. Accessories to BOPE will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 2000 psig choke manifold with 2" adjustable, 2" positive chokes, and pressure gauge.

4. Casing and Cementing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>Csg Size</u>	<u>Wt, Grd, Jt</u>
12-1/4"	0-1100'	9-5/8"	36#, J-55, STC
8-3/4"	0-6600'	7"	26#, N-80, LTC

Surface Casing will be cemented with 584 sx (689 cu ft) Type 5 w/2% CaCl and 1/4#/sx of superflake (Yield = 1.18 cu ft/sx, Weight = 15.6 #/gal). Cement volumes include 100% excess to circulate cement to surface. A guide shoe, float collar and 12 centralizers will be used. WOC time is 8 hours. The casing will be pressure tested to 1000 psig.

Production Casing will be cemented in two (2) stages. Stage tool will be placed at 4000'. First stage will be cemented with 500 sx (590 cu ft) Type 5 with 1/4#/sx superflake (Yield = 1.18 cu ft/sx, Weight = 15.6 #/gal). Cement volume includes excess to circulate cement past stage tool. After the stage tool has been opened circulation will be established and continue for 4 hours. The Second stage will be cemented with 265 sx (567cu ft) 65/35 STD/POZ with 8% Bentonite, 10% Gypsum-60, 5# Gilsonite and 1/4#/sx Superflake (Yield = 2.14 cu ft/sx, Weight = 12.5 #/gal). The second stage will be tailed in with 100 sx Type 5 with 1/4# Superflake and 3# Gilsonite to cover the stage tool. In the event cement is not circulated a temperature survey will be run to determine the actual cement top. Cementing equipment will include a guide shoe, differential float collar, stage tool, and 22 centralizers. Class B cement in lieu of Type 5 will be used in the event it is available.

5. Mud Program:

A native water based mud system (FW) will be used initially followed by a low-solids, non-dispersed gel system (LSND) as needed to condition the hole for logs. Adequate amounts of lost circulation and weighting material will be on location if needed as well as sorbitive agents to handle potential spills of fuel or lubricants.

<u>Depth</u>	<u>Type</u>	<u>Wt (ppg)</u>	<u>Vis (sec)</u>	<u>Wtr loss</u>
0-1100'	FW & LSND	± 8.5	30-33	NC
1100'-TD	FW & LSND	± 8.7-9.1	30-50	8-10 cc

6. Testing, Coring and Logging Program:

No DST's or cores are planned. Openhole logs will include GR, Induction, Density and Caliper Logs. The GR-Density logs and GR-Induction-Caliper logs will be run from TD to the bottom of the surface casing.

7. Anticipated Abnormal Pressures and Temperatures:

No abnormal pressures or temperatures are expected in this well. Maximum anticipated Fruitland reservoir pressure is 300 psig with a normal temperature gradient. Maximum anticipated Menefee reservoir pressure is 1000# with a normal temperature gradient.

8. Operations:

Anticipated spud date is October 2007 or as soon as permits are received and work can be scheduled. Estimated drilling time is 20 days. The Dakota, Morrison, Bluff and Entrada will be completed as a cased hole completion, perforated and hydraulically fracture stimulated. Completion operations are expected to take 10 to 15 days and will commence as soon after completion of drilling operations and scheduling allow.

SG INTERESTS I, Ltd.
c/o NIKA ENERGY OPERATING, LLC
SALT WATER DISPOSAL for FRUITLAND COAL FIELD
DRILLING PROCEDURE
WS

WELL NAME: Federal 21-6-28 #3-3 SWD

FIELD NAME: Salt Water Disposal
Basin Fruitland Coal

LOCATION: SWSW Section 28-T21N-R6W
Sandoval County, New Mexico

PROPOSED TD: 6600'

DATE: August 2007

NOTE: Review APD Stipulations before moving on location. Review regulatory notification requirements and notify accordingly. Comply with all safety and environmental requirements.

NOTIFY: BLM Field Office Manager (Inspection and Enforcement Section) 24 hours before SPUD, CEMENTING OR PLUGGING OPERATIONS at (505) 599-8907.

DIRECTIONS: From Counselor Trading Post on US Hwy 550, travel south on Hwy 550 +/- 0.1 miles, turn right on dirt road with sign: "Star Lake Compressor-26 miles". This is the 0 miles point for this description. Follow dirt road:

- AT: 4.3 miles – Turn left at "Ojo Encino School" sign,
- " 11.0 miles – Transition to pavement with sign N 474,
- " 14.5 miles – Turn right off pavement through cattle guard onto dirt road,
- " 17.8 miles – Turn right off main road and follow existing North El Pintado
Compressor sight access road to Compressor site,
- " 18.5 miles – Travel NE through Compressor site to NE Corner of site,
- " 18.6 miles – Location is NE \pm 70'.

BLOWOUT PREVENTION EQUIPMENT REQUIREMENTS:

<u>Description</u>	<u>Rating</u>
Double Ram Type Preventer	2000 psi
Rotating Head	2000 psi

BOPE testing will be done by a third party tester in accordance with Onshore Order No. 2. The test must be performed and recorded using a test pump, calibrated test gauges and properly calibrated strip or chart recorder. The test gauges and recorders must be of the proper range and resolution commensurate with the authorized test pressure. The test must be recorded in the driller's log and will include a low pressure test requirement of 250 psig held for 5 minutes and a high pressure test requirement of 1000 psi held for 10 minutes. Casing and manifold pressure tests must be held for 30 minutes with no more than 10 percent pressure drop during the test.

GEOLOGIC PROGNOSIS:

Elevations: GL ~ 6862', KB ~ 6877'

<u>Formation Tops</u>	<u>Depth</u>
Ojo Alamo	285'
Pictured Cliffs	800'
Bentonite	1000'
LaVentana	1500'
Cliff House	1900'
Point Lookout	3100'
Mancos	3200'
Gallup	4200'
Dakota	5150'
Morrison	5350'
Entrada	6250'
Total Depth	6600'

Note: TD will be 100' below the bottom of the Entrada. A mud logger will be on location from drilling of the surface shoe to TD to monitor drilling breaks and to insure that 100' of rathole is drilled.

Salt Water Disposal – Federal 21-6-28 #3-3 SWD

Page 4

MUD PROGRAM:

A fresh water native mud (using lime, benex & gel additions) will be used to drill the surface hole. The 8-3/4" hole should be drilled with native mud and a LSND mud as necessary for hole stability from the surface shoe to TD.

At the top of the Fruitland, and Mesa Verde formations mud weights should be sufficient to control pressures; viscosity should be in the 30 - 50 sec range with a water loss of 8 – 10 cc, as needed.

The Fruitland Coal and Mesa Verde are expected to be under-pressured to normal-pressured and may encounter lost circulation. LCM should be stored on location and used as needed in the event of lost circulation. Barite should also be on location in the event an over-pressured zone is encountered and a kick is taken.

CASING AND CEMENTING PROCEDURE:

Note: Notify BLM 24 hours prior to spud, testing of BOP's and cementing.

505-599-8907. **Note the new (June 1, 2005) Federal (BLM) requirements for the testing and test recording of the Blow-out Preventer Equipment.** A copy is attached to the approved APD. NMOCD needs to be notified 24 hrs in advance of cementing.

Surface Casing:

1. Drill to a minimum of 1130' to accommodate tallied 9-5/8" casing plus 3'. Casing tally to be taken on location.
2. Use a landing joint of 9-5/8" casing to set casing at ground level. Guide shoe on casing should be not more than 10 feet off bottom. Casing head flange to be set at ground level.
3. Roll casing off truck with thread protectors in place.
4. Visually inspect, rabbit, number, and tally casing on racks. Remove thread protectors and clean threads. Use quick release protectors while running casing. Do not move or roll casing without thread protectors in place.
5. Bakerlok 9-5/8" guide shoe to bottom of first joint of casing.
6. Bakerlok 9-5/8" differential float collar to top of first joint of casing. Bakerlok second joint of casing into top of float collar
7. Casing should be made up to proper torque using an API thread compound (9-5/8" J55 36# minimum torque is 2960 ft lbs and maximum torque is 4930 ft lbs).
8. Casing should be run no faster than 2 feet per second (20 seconds per 40 foot joint). At the first indication of mud loss, the running time should be doubled to 40 seconds per joint (1 foot per second).
9. Break circulation at 450 feet, and 880 feet and circulate each a minimum of 15 minutes. Make sure that the hole is not flowing. Adjust mud properties as necessary. Circulate the last joint of casing to TD. Kick pumps in slowly to minimize surge pressures.

Surface Casing cont.

10. Centralizers should be run on each of the first 10 joints, joint #12 and #14 (12 total). A stop-ring should be used to hold the first centralizer in place. Place the remaining centralizers on collars.
11. After casing is landed at TD, circulate hole until mud properties measured at the flowline are within the ranges given in the "Mud Program" of this drilling prognosis.
12. Rig up rotational cementing head and return lines. Chixson should be long enough to allow 25'-30' reciprocation.
13. Pump 10 barrels of fresh water. Pump 20 barrel chemical wash. Pump cement slurry. Wash lines.
14. Drop top plug and displace with water. Do not over-displace. Pipe should be rotated at 10-20 RPM or reciprocated at least 20 feet every two to three minutes throughout displacement.
15. Bump plug with 500 psi over final displacement pressure. Hold pressure for 5 minutes. If plug does not bump, hold initial shut down pressure on casing for 5 minutes. Then check to see that float is holding (flow back into cement pump tank).
16. Wait on cement a minimum of 8 hours or until surface samples are hard, whichever is longer **before** nipping up the BOP. The BLM requirement is a minimum of 250 psi @ 60degrees F compressive strength **before** BOP may be nipped up. Follow BOP test procedure outlined in the APD stipulations.

Production Casing:

1. Roll casing off truck with thread protectors in place.
2. Visually inspect, rabbit, number, and tally casing on racks. Remove thread protectors and clean threads. Use quick release protectors while running casing. Do not move or roll casing without thread protectors in place.
3. Change out pipe rams to accommodate 7" casing.
4. Bakerlok 7" differential float shoe to bottom of first joint of casing.
5. Bakerlok 7" differential float collar to top of first joint of casing. Bakerlok second joint of casing into top of float collar. Run "marker joint" 100' above Entrada as per mud log. Bakerlok above and below 2nd stage, "Cementing Stage Tool" located @ 4000'.
6. Casing should be made up to proper torque using an API thread compound (7" N80 26# minimum torque is 3890 ft lbs and maximum torque is 6490 ft lbs).
7. Casing should be run no faster than 2 feet per second (20 seconds per 40 foot joint). At the first indication of mud loss, the running time should be doubled to 40 seconds per joint (1 foot per second).
8. Break circulation at 1700 feet and 5000 feet and circulate a minimum of 15 minutes. Make sure that the hole is not flowing. Adjust mud properties as necessary. Circulate the last joint of casing to TD. Kick pumps in slowly to minimize surge pressures.
9. Centralizers should be run on each of the first 7 joints, every other joint for the next 30 joints, and every other joint from #86 to #118 (total 54 centralizers). A stop-ring should be used to hold the first centralizer in place. Place the remaining centralizers on collars.

Production Casing cont.

10. After casing is landed at TD, circulate hole until mud properties measured at the flowline are within the ranges given in the “Mud Program” of this drilling prognosis.
11. Rig up rotational cementing head and return lines. Chixson should be long enough to allow 25'-30' reciprocation.
12. Pump 10 barrels of fresh water. Pump 20 barrel chemical wash. Pump 1st stage cement slurry.
13. Drop 1st plug and displace with water. Do not over-displace.
14. Bump plug with 500 psi over final displacement pressure. Hold pressure for 5 minutes. If plug does not bump, hold initial shut down pressure on casing for 5 minutes. Then check to see that float is holding (flow back into cement pump tank).
15. Drop trip bomb. When bomb is in the stage collar, bump bomb with 1000 psi until port holes are opened. Circulate minimum 4 hours with mud until 1st stage is set.
16. Pump 10 barrels of fresh water. Pump 20 barrel chemical wash. Pump 2nd stage cement slurry. Tail in with 100sx Type 5.
17. Drop closing plug and displace with water. Do not over displace.
18. Bump plug with 1000# over final displacement pressure to close stage collar. Hold pressure for 5 minutes. Then check to see if holes are closed (flow back into cement pump tank).
19. Set slips, nipple down BOP and cut off casing. Nipple up wellhead.

Cement Slurry Designs and Notes

<u>Slurry</u>	<u>Cement & Additives</u>	<u>Water Requirements</u>	<u>Weight</u>	<u>Yield</u>
Surface	Type 5, 2% CaCl, w/ ¼# Superflake	5.2 gals/sk	15.6 ppg	1.18 cu ft/sk
Production				
1 st Stage	Type 5, 3# Gilsonite ¼#/sx Superflake	5.2 gals/sk	15.6 ppg	1.18 cu.ft/sk
2 nd Stage	65/35 STD/POZ w/ 8% Bentonite, 10% Gypsum-60, 5# Gilsonite & ¼# Superflake	11.71 gals/sk	12.5# ppg	2.14 cu ft/sk
2 nd Stage tail	Type 5, 3# Gilsonite ¼#/sx Superflake	5.2 gals/sk	15.6 ppg	1.18 cu.ft/sk

Cement Slurry Designs and Notes cont.

Figure slurry volume as follows:

- Surface: Calculate slurry based on hole and casing size annular volumes plus 100% excess.
- Production: Calculate slurry using caliper volume + 30% excess cement. Volume shown in this prognosis is based on hole and casing size annular volumes plus 30% excess.

NOTES:

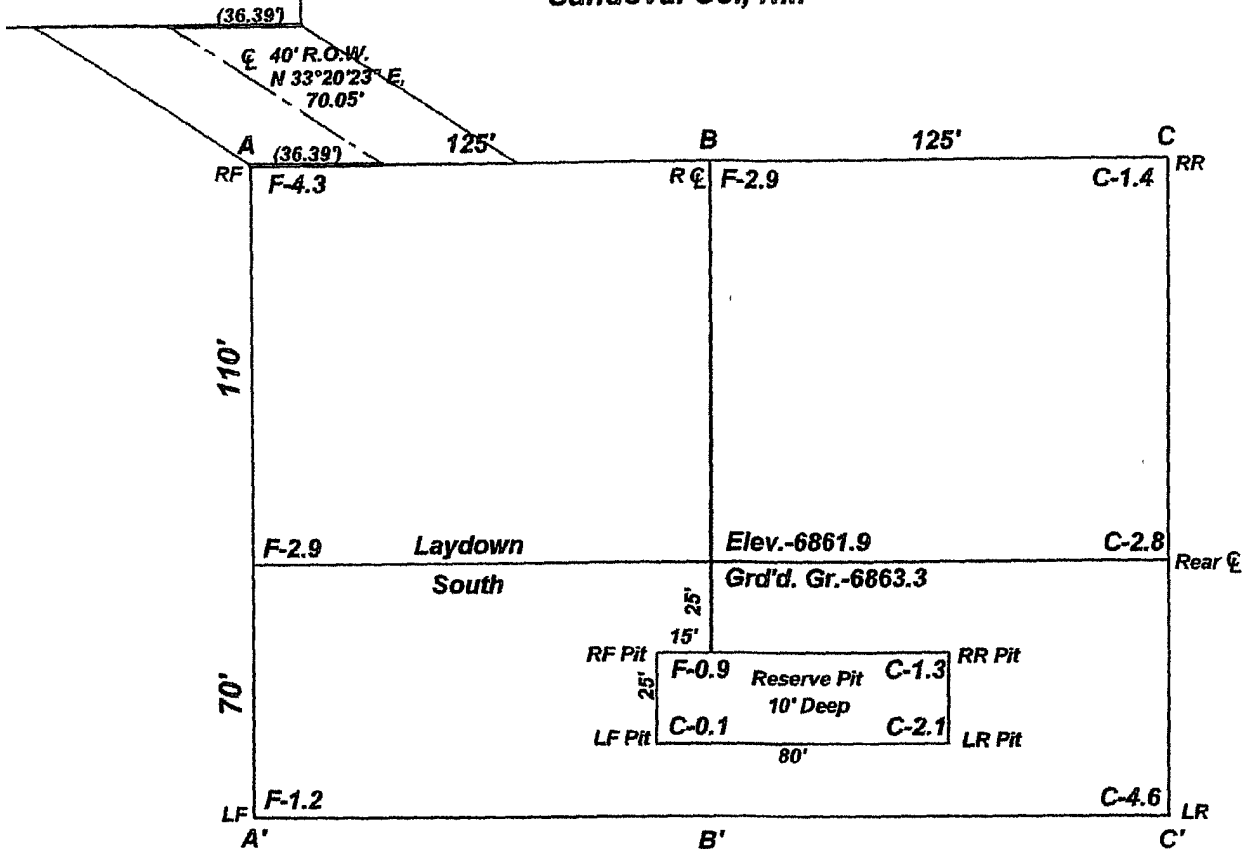
1. Pump rates should be a minimum of 4 BPM throughout displacement, **except** when displacing the 1st stage production string and the plug is moving thru the stage tool slow rate to 1BPM, then increase rate back to 4 BPM until plug is bumped.

Slurry weights should be measured using a mud balance at least every 10 minutes during mixing.

2. At least two samples of all three leads and one sample of the final tail should be caught and monitored at room temperature for thickening time.
3. Run Temperature Log if cement does not circulate.

North
El Pintado
Compressor
Site

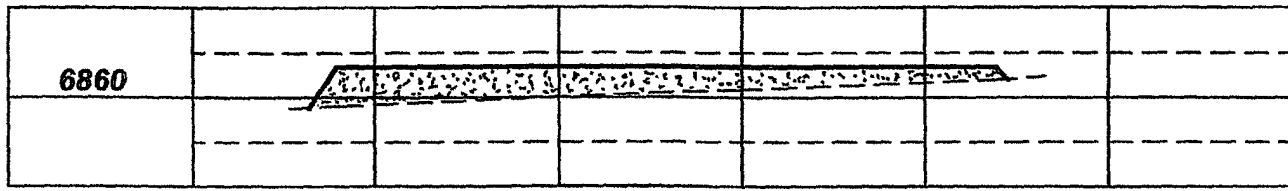
SG INTERESTS I, LTD.
FEDERAL 21-6-28 #3-3 SWD
660' FSL & 660' FWL
Sec.28, T21N, R6W, NMPM
Sandoval Co., NM



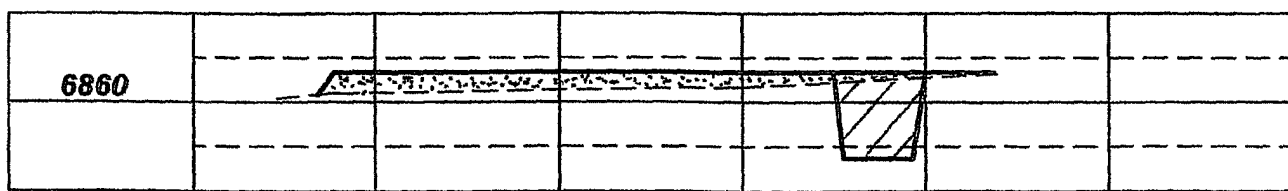
Scale: 1"=50'



A-A' Vert.: 1"=20' Horiz.: 1"=50' C/L



B-B'



C-C'

