

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address SG Interests I, Ltd (c/o Nika Energy Operating, LLC) PO Box 2677 Durango, CO 81302		² OGRID Number 020572
		³ Reason for Filing Code/ Effective Date NW
⁴ API Number 30 - 043-21060	⁵ Pool Name Basin Fruitland Coal	⁶ Pool Code 71629
⁷ Property Code 36977	⁸ Property Name FEDERAL 21-7-35	⁹ Well Number 1

II. ¹⁰ Surface Location

UL or lot no. Lot B	Section 35	Township 21N	Range 7W	Lot.Idn	Feet from the 860	North/ Line North	Feet from the 1725	East/West line East	County Sandoval
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¹¹ Bottom Hole Location

UL or lot no.	Section S	Township AME	Range AS	Lot Idn A	Feet from the BOVE	North/South line	Feet from the	East/West line	County
¹² Lse Code F	¹³ Producing Method Code		¹⁴ Gas Connection Date		¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date		¹⁷ C-129 Expiration Date	

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
	PNM Gas Measurement 414 Silver Ave., SW Albuquerque, NM 87102		G	NW/4 SEC 10-T20N-R6W McKinley County, NM
				RCVD NOV 3 '08 OIL CONS. DIV.
				DIST. 3

IV. Produced Water

²³ POD	²⁴ POD ULSTR Location and Description Federal 21-6-28 SWD #33 (Unit M: SWSW Sec 28-T21N-R6W - SWSW) Sandoval County, NM
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V. Well Completion Data

²⁵ Spud Date 7/28/08	²⁶ Ready Date 10/12/08	²⁷ TD 745'	²⁸ PBTD 694'	²⁹ Perforations 495'-517'	³⁰ DHC, MC
³¹ Hole Size		³² Casing & Tubing Size		³³ Depth Set	
12-1/4"		8-5/8" 24#		217' KB	
7-7/8"		4-1/2" 10.5#		738' KB	
		2-3/8" 4.7#		572'	

VI. Well Test Data

³⁵ Date New Oil	³⁶ Gas Delivery Date WO	³⁷ Test Date PIPELINE	³⁸ Test Length	³⁹ Tbg. Pressure	⁴⁰ Csg. Pressure
⁴¹ Choke Size	⁴² Oil	⁴³ Water	⁴⁴ Gas	⁴⁵ AOF	⁴⁶ Test Method

⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Marcia Stewart</i> Printed name: MARCIA STEWART Title: AGENT FOR SG INTERESTS I, LTD E-mail Address: Marcia@nikaenergy.com Date: Oct 28, 2008		Phone: 970-259-2701	<div>11/10/08 OIL CONSERVATION DIVISION</div> <div>Approved by: <i>Charles H...</i> 11-12-08</div> <div>Title: SUPERVISOR DISTRICT # 3</div> <div>Approval Date: NOV 12 2008</div> <div><i>Bern apve</i></div> <div>Provide production information when available</div>
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