

DATE 5/21/09	SUSPENSE	ENGINEER R. Creamer	LOGGED IN 5/21/09	TYPE DLA	APP NO. DKA0914149863
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



El Pintado
 Nika Energy Op
 SG Interests
 20572

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William Schwab III
 Print or Type Name

William Schwab III
 Signature

Agent for SG Interests
 Title

5/21/09
 Date

tripp@nikaenergy.com
 e-mail Address



Nika Energy Operating

Facsimile Transmittal

TO: Karen Allison

FROM: Marcia S.

DATE: 5/21/09

Number of pages: 18 (includes cover)

I forgot about sending the checklist
to go with our application to amend
our off-lease measurement order

No. CTB-587, ^{until now.} I am not able to

email it. Also attached is our

publication notice, with proof of

publication in the Alby Journal

(Sandoval County) and the Gallup

Independent (McKinley County).

Please call me if any other information
is needed.

FOR PUBLICATION IN THE ALBUQUERQUE JOURNAL
ALBUQUERQUE, NEW MEXICO

On behalf of SG Interests I, Ltd. (100 Waugh Dr., Suite 400, Houston, TX 77007), Nika Energy Operating, LLC (PO Box 2677, Durango, CO 81302) is proposing to add 8 new Fruitland Coal wells to Off-Lease Gas Measurement & Commingling of Sales through SG Interests I, Ltd El Pintado CDP Gas Gathering System (Central Delivery Point – Sec 10-T20N-R6W, Sandoval County, NM).

SG Interests I, Ltd received approval from BLM and the State of New Mexico OCD IN 2008 for Off-Lease Measurement through the El Pintado CDP Gas Gathering System for gas wells drilled in Townships 20N and 21N, Range 6W, McKinley and Sandoval Counties, NM (Order CTB-587). The current request for approval includes Fruitland Coal wells drilled in Township 21N, Ranges 6W and 7W in Sandoval County, NM, located in the following leases:

Federal NMNM99732

Federal NMNM99739

Federal NMNM113429

The New Mexico Conservation Division requires that all Revenue Interest Owners be notified, and Interest Owners have 20 days to notify the New Mexico Conservation Division, 1220 S. St. Francis Drive, Santa Fe, NM 87505 **in writing** if they have any objection to this proposed project. Refer to Order CTB-587.

The Division may approve SG's application administratively, without hearing, if no Interest Owner has filed an objection within the 20-day period. If any objections are received, the application shall be set by the State Office for a hearing.

05/21/09 12:14:09

RightFAX->

9703851598 RightFAX

Page 002

*** Proof ***

Albuquerque Publishing Company
7777 Jefferson NE
Albuquerque, NM 87109
(505)823-7777

Account Information	Ad Information
Phone: (970) 259-0111	Classification: 0001-Legals - Non - Government
Name: NIKA ENERGY OPERATING LLC	Size: 1 x 52,000
Address: 081079	Start date: 05-21-09
Address: PO BOX 2677	Billed size: 12.00 lines-6.5pt
	Stop date: 05-24-09
	Ad #: 6532211
	Insertions: 3
	Ad type: Inter Ad
DUPANGO, CO 81302	Rate code: Non-Government
	Le-
	gals
	Publications: Journal Daily (AM)
	Journal Sunday

Ad Cost: \$ 81.54
 Tax @ 6.7500%: \$ 5.51
 Tax @ 7.3125%: \$
 Tax @ 7.9375%: \$
 Total: \$ 87.15

FOR PUBLICATION IN THE
ALBUQUERQUE JOURNAL
ALBUQUERQUE, NEW MEXICO

On behalf of SQ Interstate I, Ltd. (100 Wang's Dr., Suite 401, Houston, TX 77267), Nika Energy Operating, LLC (PO Box 2677, Dupango, CO 81302) is proposing to redrill new oil and gas wells to Oil-lease Gas Measurement & Committing of Sales through SQ Interstate I, Ltd. @ Field ID: CDP Gas Gathering System (Central Delivery Field - Sec 14, T20N-R4W, Bernalillo County, NM). SQ Interstate I, Ltd. received approval from BLM and the State of New Mexico (JCO IN 2008-01) for Oil-lease Measurement through the Oil Pipeline and Gas Gathering System for gas wells located in Townships 21N and 22N, Ranges 5W, 6W and 7W, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 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773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

05/21/09 11:14:22

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9703851598 RightFAX

Page 003

Albuquerque Publishing Company
7777 Jefferson NE
Albuquerque, NM 87109
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05/21/09 11:14:22
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05/21/09 11:14:22
05/21/09 11:14:22

May 19 2:42pm From: Tallup Independent

5057225750

T-542 P 001102 F-014

LEGAL NOTICE
Tallup-McKinley County
New Mexico

On behalf of SG interests I, Ltd,
c/o K. Waugh Dr., Suite 400, Hous-
ton, TX 77007), Nika Energy Op-
erating, LLC (PO Box 2677,
Durango, CO 81302) is proposing
to drill 3 new Fruitland Coal wells
under a Lease: Gas Measurement &
Gas Gathering System through SG
interests I, Ltd. Pintado CDP
Gas Gathering System (Central
Point Sec
17, 20N-165W, Sandoval County,
NM

SG interests I, Ltd received ap-
proval from BLM and the State of
New Mexico OGD IN 2008 for
a Lease Measurement through
the Pintado CDP Gas Gathering
System for gas wells drilled in
Townships 20N and 21N, range
6W, McKinley and Sandoval
counties, NM (Order CTB-587).
The current request for approval
relates Fruitland Coal wells
to be drilled in Township 21N, Ranges
6W and 7W in Sandoval County,
NM located in the following
areas:

- Section NM4M901 33
- Section NM4M901 39
- Section NM4M1 325

The New Mexico Conservation
Division requires that all Revenue
Interest Owners be notified, and
Interest Owners have 20 days to
notify the New Mexico Conserva-
tion Division, 1241 S. St. Francis
Ave, Santa Fe NM 87505 in
writing if they have any objection
to the proposed project. Refer to
Order CTB-587.

The Division may approve SG's
application administratively, with-
out hearing, if no Interest Owner
has filed an objection within the
20-day period. If any objections
are received, the application shall
be held by the State Office for a
hearing.

Legal Notice Published in The In-
dependent May 13 & 20 & 27,
2009.

PAGES 2 - DATE 5/18 FAX # 970-285-1148
 TO Maria
 FROM LVGA
 CO
 PH #

Proof + cost for
 legal Adv. Please
 call to confirm Deadline
 today by 2pm for
 Wedn Publication

FOR PUBLICATION IN THE GALLUP INDEPENDENT
GALLUP, NEW MEXICO

On behalf of SG Interests I, Ltd, (100 Waugh Dr., Suite 400, Houston, TX 77007), Nika Energy Operating, LLC (PO Box 2677, Durango, CO 81302) is proposing to add 8 new Fruitland Coal wells to Off-Lease Gas Measurement & Commingling of Sales through SG Interests I, Ltd El Pintado CDP Gas Gathering System (Central Delivery Point – Sec 10-T20N-R6W, Sandoval County, NM).

SG Interests I, Ltd received approval from BLM and the State of New Mexico OCD IN 2008 for Off-Lease Measurement through the El Pintado CDP Gas Gathering System for gas wells drilled in Townships 20N and 21N, Range 6W, McKinley and Sandoval Counties, NM (Order CTB-587). The current request for approval includes Fruitland Coal wells drilled in Township 21N, Ranges 6W and 7W in Sandoval County, NM, located in the following leases:

Federal NMNM99732

Federal NMNM99739

Federal NMNM113429

The New Mexico Conservation Division requires that all Revenue Interest Owners be notified, and Interest Owners have 20 days to notify the New Mexico Conservation Division, 1220 S. St. Francis Drive, Santa Fe, NM 87505 **in writing** if they have any objection to this proposed project. Refer to Order CTB-587.

The Division may approve SG's application administratively, without hearing, if no Interest Owner has filed an objection within the 20-day period. If any objections are received, the application shall be set by the State Office for a hearing.

May-20-9 12:47pm From:Gallup Independent

5057225750

T-576 P.001/01 F-715

Advertising Receipt

Gallup Independent

P.O Box 1210
Gallup, NM 87305

Phone: (505) 863-6811
Fax: (505) 863-0039

NIKA ENERGY OPERATING
LEGALS
PO BOX 2677
DURANGO, CO 81302

Acct #: 03101249
Ad #: 00008797
Phone: (970)259-2701
Date: 05/18/2009
Ad taker: 001 Salesperson:

Start Line: LE #10930

Classification: 001

Description	Start	Stop	Ins.	Cost/Day	Total
On The Independent	05/22/2009	05/26/2009	3	68.90	206.70

Ad Text:

LEGAL NOTICE
Gallup McKinley County
New Mexico

Payment Reference:

LEGALS CC NO. 1256 02/10 -223.11
Auth:

On behalf of SG interests I, Ltd, (100 Waugh Dr., Suite 400, Houston, TX 77007) Nika Energy Operating, LLC (PO Box 2677, Durango, CO 81302) is

proposing to add 8 new Fruitland Coal wells to Off-Lease Gas Measurement & Commingling of Sales through SG Interests I, Ltd El Pintado CDP Gas Gathering System (Central Delivery Point-Sec 10-T20 N-R6W, Sandoval County, NM).

SG Interests I, Ltd received approval from BLM and the State of New Mexico OGD IN 2006 for Off-Lease Measurement through the El Pintado

Total: 206.70
Tax: 16.41
Net: 223.11
Prepaid: -223.11
Total Due 0.00

Nika Energy Operating

RECEIVED

May 15, 2009

2009 MAY 18 PM 2 37

State of New Mexico
Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Mr. Richard Ezeanyim

RE: Amending Order No. CTB-587
To include additional wells
Sandoval County, NM

Dear Mr. Ezeanyim:

Attached is an Application to amend our Order No. CTB-587, adding 8 wells to our El Pintado CDP Gas Gathering System (off-lease measurement). Also enclosed are copies of a Sundry Notice for each well, approved by BLM, Farmington, New Mexico, a copy of the original CTB-587, a map of the Gathering System and its associated wells, and proof of notification to all Revenue Interest Owners. Following is a list of the wells to be added:

Federal 21-6-28 #3	- W/2 of Sec 28	API No. 30-043-21010	Lease No. NMNM113429
Federal 21-6-29 #1	- N/2 of Sec 29	API No. 30-043-21056	Lease No. NMNM99732
Federal 21-6-29 #2	- N/2 of Sec 29	API No. 30-043-21057	Lease No. NMNM99732
Federal 21-6-30 #1	- E/2 of Sec 30	API No. 30-043-21058	Lease No. NMNM99732
Federal 21-6-30 #2	- W/2 of Sec 30	API No. 30-043-21059	Lease No. NMNM99732
Federal 21-7-25 #3	- W/2 of Sec 25	API No. 30-043-21017	Lease No. NMNM99739
Federal 21-7-26 #1	- E/2 of Sec 26	API No. 30-043-21062	Lease No. NMNM99739
Federal 21-7-35 #1	- E/2 of Sec 35	API No. 30-043-21060	Lease No. NMNM99739

When added to the El Pintado CDP Gas Gathering System, all of the above wells will be treated, measured, and maintained exactly as the first 18 wells approved in Order No. CTD-587.

IB
Notification to all revenue owners of all wells in the Gathering System was sent by Certified Mail May 15, 2009. Notices will also be published in the Albuquerque Journal (Sandoval County) and in the Gallup Independent (McKinley County) newspapers as soon as possible.

Please let me know what additional information you might need. Thanks for your help.

Sincerely,

NIKA ENERGY OPERATING, LLC
AGENT FOR SG INTERESTS

Marcia Stewart
Marcia Stewart
Engineering Assistant

Ezeanyim, Richard, EMNRD

From: Marcia Stewart [marcia@nikaenergy.com]
Sent: Wednesday, June 10, 2009 3:46 PM
To: Ezeanyim, Richard, EMNRD
Subject: Amended c107B
Attachments: c107b.DOC

Mr. Ezeanyim -

I was able to "save" the amended C107B you called me about. See attached. Please give me a call if you need any other details. Thank you for your call and for your time. I will mail the signed revised original.

Marcia Stewart
Nika Energy Operating,LLC
Agent for SG Interests
(970) 259-2701 Off
(970) 385-1598 Fax

This inbound email has been scanned by the MessageLabs Email Security System.

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave. 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 Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: SG INTERESTS I, LTD (c/o Nika Energy Operating, LLC)
OPERATOR ADDRESS: PO Box 2677, DURANGO, CO 81302
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. CTB 587
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code. FRUITAND COAL FORMATION 71629
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE: _____ TITLE: AGENT FOR SG INTERESTS DATE: 6/10/09
TYPE OR PRINT NAME WILLIAM SCHWAB III TELEPHONE NO.: 970-259-02701
E-MAIL ADDRESS: tripp@nikaenergy.com

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, 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 Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: SG INTERESTS I, LTD (c/o Nika Energy Operating, LLC)

OPERATOR ADDRESS: PO BOX 2677, DURANGO, CO 81302

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. CTB-587

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.

(4) Measurement type: Metering Other (Specify)

(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? Yes No

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No

(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No FRUITLAND COAL FORMATION

(2) Include proof of notice to all interest owners. Attached

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: William Schwab III TITLE: AGENT FOR SG INTERESTS DATE: 5/15/09

TYPE OR PRINT NAME William Schwab III TELEPHONE NO.: (970) 259-2701

E-MAIL ADDRESS: tripp@nikaenergy.com



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Surface Commingling Order CTB-587

February 27, 2008

SG Interests I Ltd.

C/o NIKA Energy Operating, LLC

PO Box 2677

Durango, CO 81303

Attention: Mr. William Schwab III

SG Interests I Ltd. (OGRID 20572) is hereby authorized to surface commingle gas production from the Basin-Fruitland Coal Gas Pool (71629) within the following-described area (hereinafter referred to as the El Pintado CDP Gas Gathering System Area), Sandoval and McKinley Counties, New Mexico:

El Pintado CDP Gas Gathering System Area

Township 21 North, Range 6 West, NMPM

Section 29: S/2

Section 30: All

Section 31: N/2

Section 32: W/2

Section 34: All

Section 36: W/2

Township 20 North, Range 6 West, NMPM

Section 2: S/2

Section 3: S/2

Section 10: N/2

Section 16: All

This area contains all or portions of Federal Leases No. NM-99732, NM-99733, and NM-24964, State Leases No. VA2322, VA2344, and VA2284.

This area currently contains eighteen (18) wells that are completed in the Basin-Fruitland Coal Gas Pool. All wells within the area are currently operated by SG Interests I Ltd.

Production shall be allocated by metering the gas production from each of the wells within the El Pintado CDP Gas Gathering System Area utilizing individual allocation meters. Gas production shall then be commingled and transported to a Public Service of New Mexico (PNM) gas sales meter located within the NW/4 of Section 10, Township 20 North, Range 6 West. Production

shall be allocated back to each well utilizing allocation and sales meter volume data, and shall be determined in accordance with the procedure outlined in this application.

All liquids (oil, condensate and water) shall be separated, stored, measured and sold at each individual well.

All meter calibration shall be in conformance with Division Rule No. 19.15.5.303(B)(4)(b).

Additional existing or future drilled wells can be added to the commingling authority granted by this order without additional application or notice to interest owners provided that:

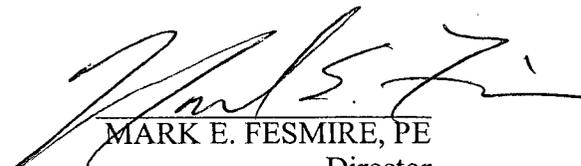
- a) the well(s) are located within the El Pintado CDP Gas Gathering System Area defined by this order;
- b) each new well is equipped with a gas allocation meter; and
- c) the well(s) produce from Basin-Fruitland Coal Gas Pool.

To obtain approval to add wells, SG Interests I Ltd. shall file a C-103 (Sundry Notice) with the Santa Fe and Aztec Offices of the Division that describe the well(s) to be included. Additional notice may be required to the Bureau of Land Management and/or the State Land Office.

To add additional wells located OUTSIDE of the El Pintado CDP Gas Gathering System to the gathering system, SG Interests I Ltd. must apply for an additional order or to amend this order and (per Rule 303) must notify all owners of revenue interests within the existing El Pintado CDP Gas Gathering System as well as all owners of revenue interests in the new wells to be added.

NOTE: This installation shall be installed and operated in accordance with the applicable rules and regulations of the Division applicable to surface commingling. It is the responsibility of the producer to notify the transporter of this commingling authority.

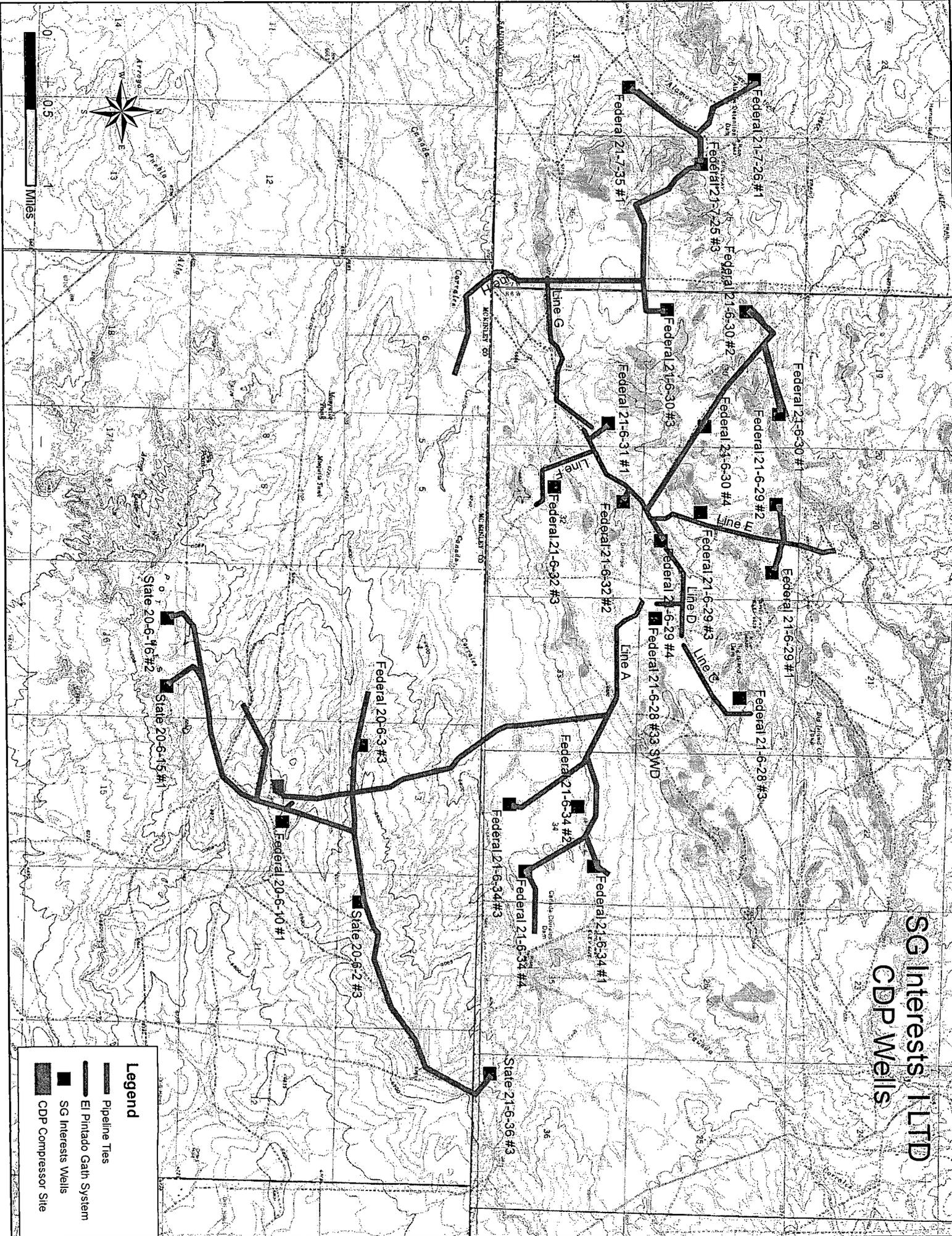
FURTHER: The operator shall notify the Aztec district office of the Division upon commencement of commingling operations.


MARK E. FESMIRE, PE
Director

MEF/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington
State Land Office – Oil, Gas, and Minerals Division

SG Interests, LTD CDP Wells



Legend

-  Pipeline Ties
-  El Pintado Gash System
-  SG Interests Wells
-  CDP Compressor Site

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

APR 03 2009

Bureau of Land Management
Farmington Field Office

5. Lease Serial No.
NMNM 113429

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
FEDERAL 21-6-28 #3

9. API Well No.
30-043-21010

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

Sandoval County, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
SG Interests I, Ltd., c/o Nika Energy Operating, LLC

3a. Address
PO Box 2677, Durango, CO 81302

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
*Unit M: 1310' FSL, 1310' FWL (SWSW)
Sec 28-T21N-R6W*

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other Add well to El Pintado CDP Gathering System
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008; Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W, McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run thru a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Marcia Stewart

Title
Agent for SG Interests I Ltd

Signature
Marcia Stewart

Date
March 4, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Jumbeloto

Title

Petr. Eng

Date

4/13/09

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, makes 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)

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Bureau of Land Management
Farmington Field Office



1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
SG Interests I, Ltd., c/o Nika Energy Operating, LLC

3a. Address
PO Box 2677, Durango, CO 81302

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
*Unit A: 935' FNL, 980' FEL (NENE)
Sec 29-T21N-R6W*

5. Lease Serial No.
NMNM99732

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
FEDERAL 21-6-29 #1

9. API Well No.
30-043-21056

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

Sandoval County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other Add well to El Pintado CDP Gathering System

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008; Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W, McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run through a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Marcia Stewart

Title
Agent for SG Interests I Ltd

Signature
Marcia Stewart

Date
March 3, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by
[Signature]
Conditions of approval, if any, are attached. Approval of this notice 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.

Title
Per. Eng
Date
4/13/09
Office

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(Instructions on reverse)

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

APR 03 2009

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Bureau of Land Management
Farmington Field Office

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 SG Interests I, Ltd., c/o Nika Energy Operating, LLC

3a. Address
 PO Box 2677, Durango, CO 81302

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Unit C- 730' FNL, 1960' FWL (NENW)
 Sec 29-T21N-R6W

5. Lease Serial No.
 NMNM99732

6. Indian, Allottee or Tribe Name

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

8. Well Name and No.
 FEDERAL 21-6-29 #2

9. API Well No.
 30-043-21057

10. Field and Pool, or Exploratory Area
 Basin Fruitland Coal

Sandoval County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity <input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other Add well to El Pintado CDP <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Gathering System <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal
<input type="checkbox"/> Subsequent Report	
<input type="checkbox"/> Final Abandonment Notice	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008); Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W, McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run thru a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Marcia Stewart

Title

Agent for SG Interests I Ltd

Signature

Marcia Stewart

Date

March 4, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

[Signature]

Title

Petr. Eng

Date

4/13/09

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, makes 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)

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

APR 03 2009

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals. Bureau of Land Management
Farmington Field Office

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM99732
2. Name of Operator SG Interests I, Ltd., c/o Nika Energy Operating, LLC		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 2677, Durango, CO 81302	3b. Phone No. (include area code) (970) 259-2701	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Unit A: 770' FNL, 1125' FEL (NENE) Sec 30-T21N-R6W		8. Well Name and No. FEDERAL 21-6-30 #1
		9. API Well No. 30-043-21058
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		Sandoval County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other Add well to El Pintado CDP Gathering System
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008); Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W, McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run thru a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Marcia Stewart	Title Agent for SG Interests I Ltd
Signature <i>Marcia Stewart</i>	Date March 4, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>Jim Lobo</i>	Title <i>Peter Eng</i>	Date 4/13/09
Conditions of approval, if any, are attached. Approval of this notice 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.		

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(Instructions on reverse)

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

APR 03 2009

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Bureau of Land Management
Farmington Field Office

5. Lease Serial No.
NMNM99732

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
FEDERAL 21-6-30 #2

9. API Well No.
30-043-21059

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

Sandoval County, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
SG Interests I, Ltd., c/o Nika Energy Operating, LLC

3a. Address
PO Box 2677, Durango, CO 81302

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Lot 2: 1980' FNL, 660' FWL (SWNW)
Sec 30-T21N-R6W

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Add well to El Pintado CDP Gathering System

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008); Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W, McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run thru a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Marcia Stewart

Title
Agent for SG Interests I Ltd

Signature
Marcia Stewart

Date
March 4, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

P. Sandoval

Title

Petr. Eng

Date

4/13/09

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

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(Instructions on reverse)

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

RECEIVED

APR 02 2009

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Bureau of Land Management
Farmington Field Office

5. Lease Serial No.
NMNM99739

6. If Indian, Allottee or Tribe Name

7. Name of Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
FEDERAL 21-7-25 #3

9. API Well No.
30-043-21017

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

Sandoval County, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
SG Interests I, Ltd., c/o Nika Energy Operating, LLC

3a. Address
PO Box 2677, Durango, CO 81302

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
*Unit L: 1740' FSL, 980' FWL (NWSW)
Sec 25-T21N-R7W*

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Add well to
	<i>El Pintado CDP</i>
	<i>Gathering System</i>

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008); Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W, McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run thru a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Marcia Stewart

Title
Agent for SG Interests I Ltd

Signature
Marcia Stewart

Date
March 4, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

[Signature]

Title

Petr. Eng.

Date

4/13/09

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, makes 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)

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

APR 09 2009

5. Lease Serial No. NMNM99739
6. If Indian, Allottee or Tribe Name
Bureau of Land Management
Farmington Field Office
If Unit or CA/Agreement, Name and/or No.



1. Type of Well
 Oil Well Gas Well Other
2. Name of Operator
SG Interests I, Ltd., c/o Nika Energy Operating, LLC
3a. Address PO Box 2677, Durango, CO 81302
3b. Phone No. (include area code) (970) 259-2701
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Unit G: 1860' FNL, 1970' FEL
Sec 26-T21N-R7W (SWNE)

8. Well Name and No. FEDERAL 21-7-26 #1
9. API Well No. 30-043-21062
10. Field and Pool, or Exploratory Area
Basin Fruitland Coal
Sandoval County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other Add well to El Pintado CDP Gathering System
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof if the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008; Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W; McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run thru a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) <u>Marcia Stewart</u>	Title <u>Agent for SG Interests I Ltd</u>
Signature <u>Marcia Stewart</u>	Date <u>March 4, 2009</u>

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <u>[Signature]</u>	Title <u>Petr. Eng.</u>	Date <u>4/13/09</u>
Conditions of approval, if any, are attached. Approval of this notice 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.		
Office		

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(Instructions on reverse)

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

RECEIVED

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Bureau of Land Management
Farmington Field Office

5. Lease Serial No.
NMNM99739

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
FEDERAL 21-7-35 #1

9. API Well No.
30-043-21060

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

Sandoval County, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
SG Interests I, Ltd., c/o Nika Energy Operating, LLC

3a. Address
PO Box 2677, Durango, CO 81302

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Lot B: 860' FNL, 1725' FEL(NWNE)
Sec 35-T21N-R7W

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recombine
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Add Well To
	El Pintado CDP
	Gathering System

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SG Interests is requesting approval to add this well to their El Pintado CDP (approved Feb, 2008; Order CTB-587) Gas Gathering System (NW/4 Sec 10-T20N-R6W, McKinley County, NM). This well will produce from the Basin Fruitland Coal Formation, as all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as all other wells going thru the CDP. Produced water will run thru a pipeline directly to the Federal 21-6-28 SWD #33 disposal well. Please see attached map.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Marcia Stewart Title Agent for SG Interests I Ltd

Signature *Marcia Stewart* Date March 4, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by *[Signature]* Title *Ret. Eng* Date 4/13/09

Conditions of approval, if any, are attached. Approval of this notice 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. Office

Title 18 U.S.C. Section 1001, makes 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)

OPERATOR



Nika Energy Operating

May 14, 2009

*This letter sent to
each Revenue Interest
owner listed*

Pintado Oil & Gas, LLC
100 Waugh Drive, Suite 400
Houston, TX 77007

Attn: Mr. Robbie Guinn

RE: Proposed Additions to Off-Lease Gas Measurement &
Commingling of Sales through
SG Interests I, Ltd El Pintado CDP Gas Gathering System
Sec 10-T20N-R6W
Sandoval County, NM

Dear Mr. Guinn:

Last year, SG Interests I, Ltd (100 Waugh Drive, Suite 400, Houston, TX 77007) submitted and received approval for Off-Lease Measurement and Commingling of Sales through the El Pintado Compressor Site (aka CDP: Central Delivery Point) Gas Gathering System for gas wells drilled in Townships 20N and 21N, Range 6W, McKinley and Sandoval Counties, New Mexico. Those wells are located within the following leases in which you own an interest in the production being commingled (including royalty and overriding royalty interests) at the present time.

Federal NMNM99732
Federal NMNM99733
Federal NMNM53926
Federal NMNM24964
State Lease VA 2284
State Lease VA 3112
State Lease VA 2322
State Lease VA 2344

SG is currently requesting approval from the New Mexico Conservation Division to add 8 new Fruitland Coal wells to the El Pintado Gathering System. The additional wells have been drilled in Township 21N and Ranges 6W and 7W in Sandoval County, New Mexico; they are located within the following leases:

Federal NMNM99732
Federal NMNM99739
Federal NMNM113429

The wells drilled on the subject leases are minimal producers at present (until they have been "de-watered"), and it is necessary for the off-lease measurement and commingling of gas through the compressor to produce the wells, as these wells do not have enough pressure or make enough gas to power individual wellsite compression.

The New Mexico Conservation Division requires that all Revenue Interest Owners be notified by certified mail, return receipt requested, of SG Interests' intentions. Each Interest Owner has 20 days to notify the New Mexico Conservation Division (1220 S. St. Francis Drive, Santa Fe, NM 87505) **in writing** if they have any objection to SG's proposed project.

The division may approve SG's application administratively, without hearing, if no Interest Owner has filed an objection within the 20-day period. If any objections are received, the application shall be set by the State Office for a hearing. Please see the enclosed attachments for more detailed information on this project application.

Thank you in advance for your comments.

Sincerely,

NIKA ENERGY OPERATING, LLC
AGENT FOR SG INTERESTS I, LTD



William (Tripp) Schwab
President

cc: SG Interests – Houston, TX

NMOCD – Aztec, NM
NMOCD – Santa Fe, NM

WS:mgs

REVENUE INTEREST OWNERS

Richard Dolecek
330 Conifer Drive
Evergreen, CO 80439

Douglas J. Kirn
3640 W. Warren Ave
Denver, CO 80210

Advanced Tech O&G, Inc.
11547 Riverview Way
Houston, TX 77077

Tenkay Resources Inc.
24 Water Way, Suite 700
The Woodlands, TX 77380

Penwell Employee Royalty Pool
c/o Penwell Energy
200 N. Loraine St.
Midland, TX 79701

Bestwest Investments Ltd
5900 Highway 290 East
Brenham, TX 77833

William R. Schoen
5110 San Felipe #84-W
Houston, NM 77056

United States of America
Minerals Management Service
PO Box 5810
Denver, CO 80217

Seel Development Co
PO Box 2043
Austin, TX 78768

Pintado Oil & Gas
100 Waugh Drive, Suite 400
Houston, TX 77007

Kerry Stein
416 Crestwood
Houston, TX 77007

Snyergy Operating, LLC
PO Box 5513
Farmington, NM 87499

Probe Resources, Inc.
700 Louisiana, Suite 4250
Houston, TX 77002

Rockhill Investments
22312 Rice Blvd
Houston, TX 77005

7006 2150 0001 7642 6247

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OFFICIAL USE

Postage	\$	\$1.37
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage and Fees		\$6.47



Sent To: Probe Resources, Inc.
700 Louisiana, Suite 4250
Houston, TX 77002

PS Form 3800, August 2006. See Reverse for Instructions.

7006 2150 0001 7642 6230

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage and Fees		\$6.47



Sent To: Mr. Kerry Stein
416 Crestwood
Houston, TX 77007

PS Form 3800, August 2006. See Reverse for Instructions.

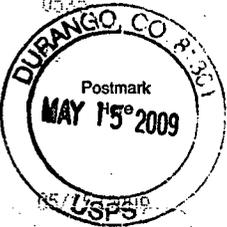
7006 2150 0001 7642 6223

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Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage and Fees		\$6.47



Sent To: SEEL Development Co.
PO Box 2043
Austin, TX 78768

PS Form 3800, August 2006. See Reverse for Instructions.

7006 2150 0001 7642 6209

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Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage and Fees		\$6.47



Sent To: Penwell Employee Royalty Pool
c/o Penwell Energy
200 N. Loraine St, #1550
Midland, TX 79701

PS Form 3800, August 2006. See Reverse for Instructions.

7006 2150 0001 7642 6216

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Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage and Fees		\$6.47



Sent To: William R. Schoen
5110 San Felipe #84-W
Houston, TX 77056

PS Form 3800, August 2006. See Reverse for Instructions.

7006 2150 0001 7642 6193

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Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage and Fees		\$6.47



Sent To: Advanced Tech O&G, Inc.
11547 Riverview Way
Houston, TX 77077

PS Form 3800, August 2006. See Reverse for Instructions.

7005 1820 0005 4774 3726

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.47



Sent To: Synergy Operating, LLC
 Street, or PO: PO Box 5513
 City, State: Farmington, NM 87499

7006 2150 0001 7642 7257

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.47



Sent To: United States of America
 Street, or PO B: Minerals Management Service
 City, State: PO Box 5810, Denver, CO 80217

7006 2150 0001 7642 7244

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.47



Sent To: Bestwest Investments, Ltd
 Street, or PO: 5900 Highway 290 East
 City, State: Brenham, TX 77833

7006 2150 0001 7642 7237

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Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.47



Sent To: Tenkay Resources, Inc.
 Street, or PO B: 24 Water Way, Suite 700
 City, State: The Woodlands, TX 77380

7006 2150 0001 7642 6267

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Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.47



Sent To: Mr. Douglas J. Kirn
 Street, or PO: 3640 W. Warren Ave
 City, State: Denver, CO 80210

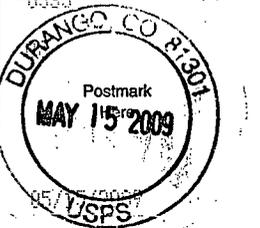
7006 2150 0001 7642 6254

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Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.47



Sent To: Rockhill Investments
 Street, or PO: 2312 Rice Blvd
 City, State: Houston, TX 77005

7006 2150 0001 7642 6179

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Postage	\$	\$1.39
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Price		\$6.49



Sent To
 Street, A or PO Box
 City, State

Mr. Richard Dolecek
 330 Conifer Drive
 Evergreen, CO 80439

PS Form 3800, August 2008 See reverse for instructions

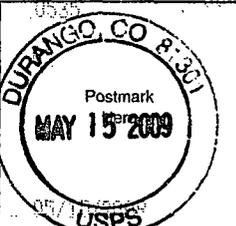
7006 2150 0001 7642 6179

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Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Price		\$6.49



Sent To
 Street, A or PO Box
 City, State

Pintado Oil & Gas
 100 Waugh Drive, Suite 400
 Houston, TX 77007

PS Form 3800, August 2008 See reverse for instructions