

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.

5. Lease, Serial No.
NM 86082

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
WEST BISTI 26-12-5 #1

9. API Well No.
30-045-29040

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

11. County or Parish, State
San Juan, New Mexico

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 81301

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1214' FNL, 1503' FEL (NWNE) Sec 5, T26N-R12W

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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Temporarily Abandon <input checked="" type="checkbox"/> Plug & 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/BLMIA. 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 I, Ltd proposes to Plug and Abandon the W. Bisti 26-12-5 #1 following all guidelines and rules of the BLM & NMOCD. The tubing and rods will be pulled. A CIBP will be set @ ±1025' KB w/67 sx Type III cmt, as set forth in the attached Plug and Abandon procedure.

RCVD FEB 7 '13
OIL CONS. DIV.
DIST. 3

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

Name (Printed/Typed) William Schwab III Title Agent for SG Interests I Ltd

Signature [Signature] Date January 30, 2013

THIS SPACE FOR FEDERAL OR STATE USE

Approved by Original Signed: Stephen Mason Title _____ Date FEB 05 2013

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)

NMOCD

SG Interests I, Ltd.
West Bisti 26-12-5 #1
NWNE, Sec. 5, T26N-R12W
San Juan County, NM
API # 30-045-29040
February 2013
Plug and Abandon.
TS

GL: 5929'
TD: 1337' KB
PBTD: 1293' KB
KB: 5'
CSG: 1337' KB, 31 jts, 4-1/2", 10.5#, J-55
Perforations: 1044'-1206' gross interval
Rathole: 87'
Tbg: Landed @ 1244' KB, NC, 39 jts 2-3/8", 4.7#, J55 tubing.
SN on top of btm jt @ 1212' KB
Pump & Rods: 2 x 1-1/4" x 8 x 12' RHACZ insert pump, RIH on 47ea 3/4"
rods.
Current Production: 0 MCFD, 0 BWPD
Expected Production: 50 MCFD, 5 BWPD

Well History:

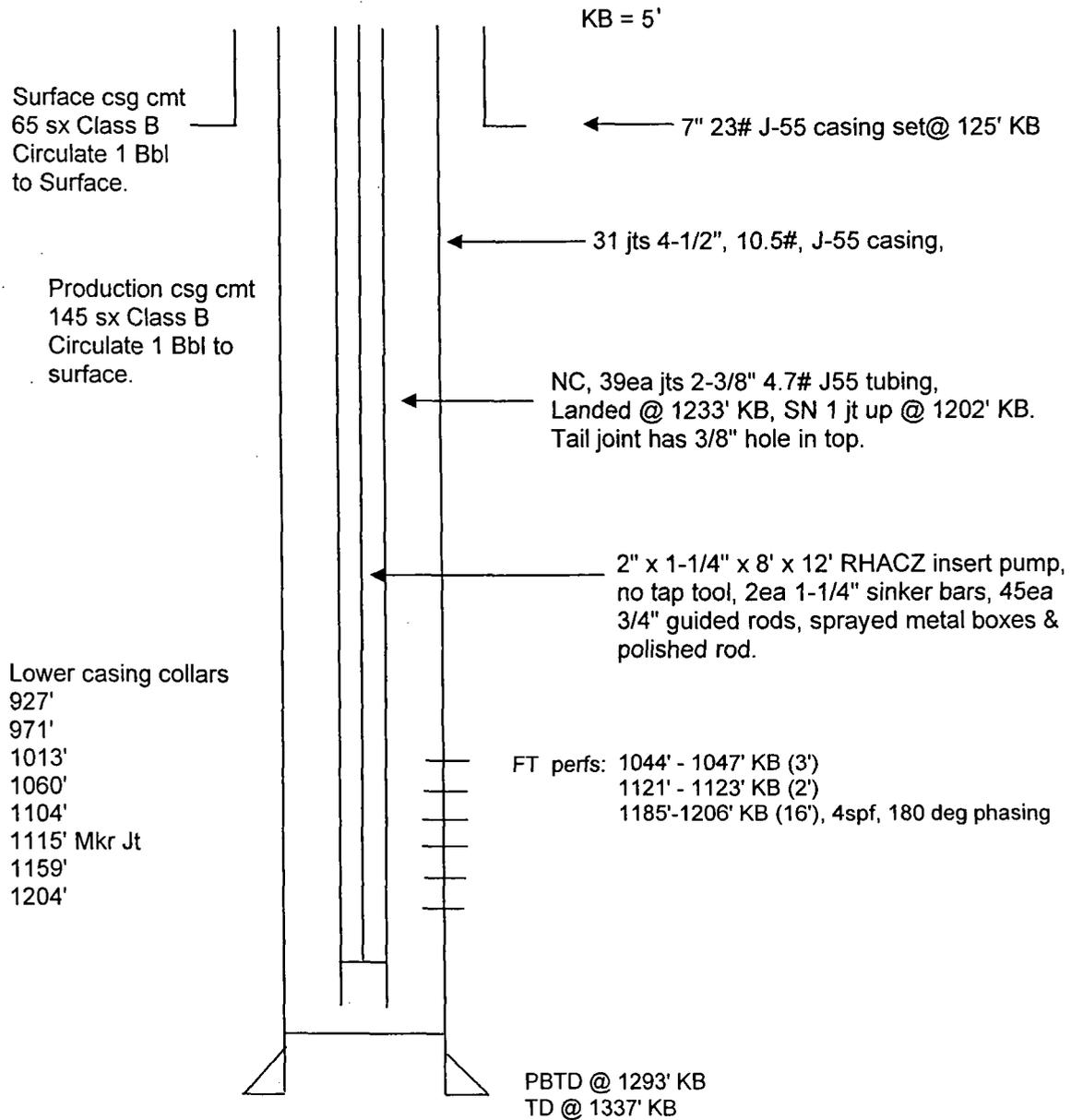
11/93 Spud
12/94 Initial Completion
1/95 First Sales
1/95 Clean out, Pump Change
9/96 Pump Change
7/07 57' Fill, CO to PBTD, Pumped BJ Chemical down
tbg to sit and break up gunk, replaced 2 rods and
15 rod boxes, ratigan, & stuffing box

Directions: Contact Well Tender

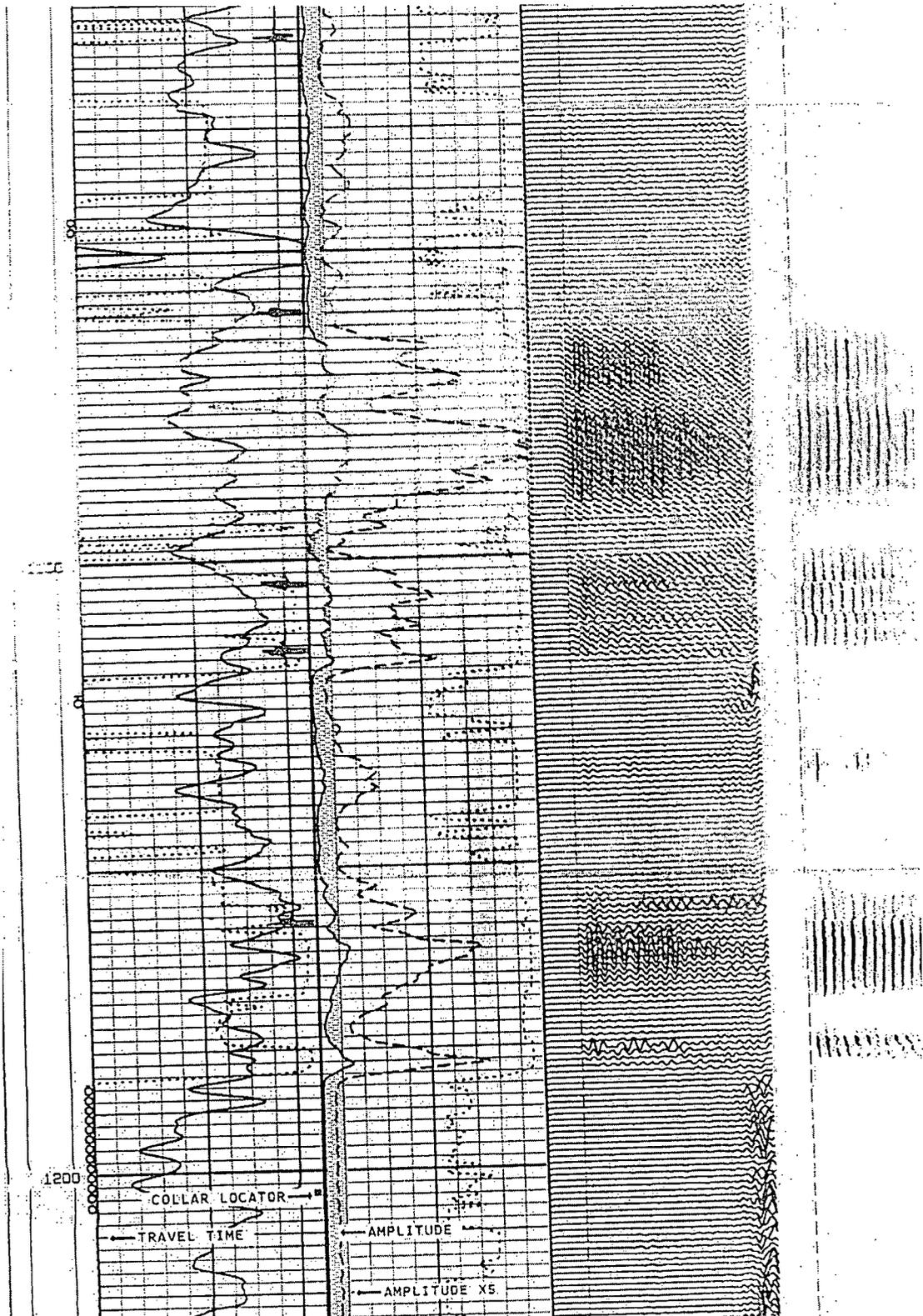
Note: 1) Cell Phone service is nonexistent to limited on location.

2) Comply with all safety and environmental requirements.
All workover fluids (rig pits, flowback tanks, frac tanks)
Will be hauled to nearest available legal disposal site.

Current Wellbore Diagram



Cement Bond Log



Procedure:

BLM & NMOCD must be Notified 24 hrs in advance of P&A cementing operations.

Note Stipulations and notification requirements and comply with all safety and environmental regulations.

**Will need additional jts 2-3/8", J-55 for work string.
Pull from SG Stock @ Cave.**

Material Transfer pump to inventory at Energy pump, Separator to stock, PJ to stock at M&R yard. Clean and inspect tankage, junk if bad, if OK take to M&R yard and transfer into inventory. Blow all piping out clean, cut off and seal below surface. Clean entire location and prepare for final reclamation.

- 1) Test rig anchors, Set pit for flush with several bags of sugar (approx 50 lbs) to prevent flush cement from setting up. DO NOT DIG PIT. MIRUSU. Record bradenhead, casing and tubing pressures. Report any problem pressures. Blow down and kill well as necessary.
- 2) POOH, laying down, with polished rod, guided rods, sinker bars, no tap tool & insert pump.
- 3) NDWH & NUBOP, NU Tuboscope non destructive testing tool. TOOH, standing back good tubing and laying down red and green band. Note condition of tubing and report same. Yellow band or better may be used for P&A work. (Will need a total of 41 jts 2-3/8" tubing for work string, make up bad tbg with yellow band from Cave stock). ND Tuboscope.
- 4) PU 3-7/8" bit, scraper, and 2-3/8" workstring. TIH & CO to PBTD @ 1293'. Circulate casing clean with water. POOH, LD bit and scraper.
- 5) RU Wireline, RIH w/ CIBP and SA \pm 1025' KB, POOH, RD Wireline. There is good cement bond at this point and above this point to surface.
- 6) PU Retrievable packer, SN & tubing & RIH to 1000' KB. Drop SV & pressure test tbg to 500 psi. Retrieve SV. Pressure test and chart CIBP to 500 psi for 15 minutes. Blow down. If OK, continue. If not, test & find leak.

Procedure cont.:

- 7) POOH standing back tbg and LD packer. TIH with muleshoe, SN & tbg to top of CIBP.
- 8) Mix 54 sx Type III cmt and spot plug from 1025' to 200' (6.68 gallons wtr/sx, 14.6 ppg, 1.37 cu ft/sx). Allow cmt to set.
- 9) Mix 13 sx Type III cmt. Spot Cmt to surface with pump hose, topping off casing. Allow cmt to harden. LD tubing.
- 10) After 8 hours if cement is not visible, RIH, tag TOC and refill casing with cement. LD Tbg.
- 11) NDBOP and cut casing off below surface. Install P&A marker with cement to comply with regulations. RDMOSU.
- 12) Material transfer & haul good tubing to Cave to put in stock. Take bad tubing to M&R Yard for structural pipe.

Important Numbers:

<u>Entity</u>	<u>Phone Number</u>	<u>Comments</u>
BLM	505-599-8907	rig hot line
BLM	505-334-1266 Steve Mason Jim Lovato	Emergency after normal business hours.
NMOCD	505-334-6178	Monica Kuehling
Tripp Schwab	970-259-2701 970-769-3589 970-769-3589	Office Mobile Home
Brad McKinney	970-749-2163	Mobile
RJ McKinney	480-694-6519	Mobile

Vendor List

<u>Service or Material</u>	<u>Company or Contact</u>		<u>Phone Number</u>
Tubing	Cave Jim Cave	Off	505-325-3401
Capillary String	SB Services Tony Lovato	Cell	505-330-4702
Anchors	MoTe	Off	505-325-9711
Cementing & Hardware	Baker/BJ Harry Mitchell	Off	505-327-6222
Wellhead Equipment	WSI Linda	Off	505-326-0308
Water Hauling	Overright Trucking Mike Overright	Cell	505-330-2324
Light Trucking / Hotshot	Lindrith Oilfield Service Dillon	Cell	505-320-4275
Porta Johns	Cabannas Hal Stone	Off Cell	505-325-5835 505-330-7566
Pump & Rods	Energy Pump	Off	505-564-2874
Rig Move	Lindrith Oilfield Service Dillon	Cell	505-320-4275
Rig	JC Well #1	Off	505-327-9931
Logging	Blue Jet Wireline Danny Seip	Off	505-325-5584
Wireline	Phoenix Services Jeff	Off	505-325-1125
Storage	M&R Trucking Yard	Off	505-334-5541