

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION  
2040 Pacheco St.  
Santa Fe, NM 87505

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.  
30-043-21000

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

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)

1. Type of Well:

OIL  
WELL ☐

GAS  
WELL ☒

OTHER

2. Name of Operator

SG INTERESTS I LTD, c/o Nika Energy Operating

3. Address of Operator

PO BOX 2677, DURANGO, CO 81302 (970) 259-2701

4. Well Location

Unit Letter C : 660 Feet From The NORTH Line and 1980 Feet From The WEST Line

Section 16 Township 20N Range 6W NMPM McKinley County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

6843' GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: Drilling & Completion Update ☒

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent date, including estimated date of starting any proposed work) SEE RULE 1103.

12/26/05 MIRUDR; spud well. Drill 12-1/4" surface hole to 178'. RIH w/4 jts 8-5/8" 24# J-55 ST&C csg; set @ 174' KB w/150 sx Class 'B' cem w/2% CaCl, 1/4#/sk Flocele. Circ 15 B/cem to surface. Continue drilling w/7-7/8" hole to TD 630'. Logged well. RIH w/16 jts 4-1/2" 10.5# J-55 ST&C csg; set shoe @ 614' (float collar @ 574'). Rn 20 B/chemical wash before cem. Cem w/230 sx Class 'G' cem w/1/4#/sk Flocele, 5#/sk Gilsonite. Circ 15 B/cem to surface.

1/2/06 MIRUSU PU 3-3/4" bit, scraper, & RIH on 2-3/8" tbg. RU power swivel, pump, & drill cem, FS, & cem to 609'; circ hole w/rig pit wtr. Rolled hole w/2% KCl wtr, POOH. Loaded csg & PT csg, WH, & BOP to 3000 psi, ok. Rn GR/CBL/CCL from csg to surface. RIH w/3-1/8" csg gun & perf Fruitland Coal Zone 431'-441' (10'), 4 spf, 120 (Continued on Page 2 attached)

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

SIGNATURE Marcia Stewart

TITLE Agent for SG Interests

DATE 03/08/06

TYPE OR PRINT NAME Marcia Stewart

TELEPHONE NO. (970) 259-2701

(This space for State Use)

APPROVED BY H. Villanueva

DEPUTY OIL & GAS INSPECTOR, DIST. 3

DATE

MAR 09 2006

CONDITIONS OF APPROVAL, IF ANY:

SUNDRY NOTICE DATED MARCH 6, 2006  
SG INTERESTS I LTD  
STATE 20-6-16 #2 GAS WELL  
(NENW) SEC 16-T20N-R6W  
McKINLEY COUNTY, NM

CONTINUED – PAGE 2

deg phasing - all shots fired. RIH w/2-3/8" tbg to bottom of perfs; spot & BD w/500 gal 15% DI HCl FE acid. Pump overflush 10 B/2% KCl wtr dn csg. Frac well down csg thru 4" frac valve w/19,710 gal "SilverStim" and 40,000# 20/40 Brady sand w/Sandwedge. PU 2-3/8" NC, 1 jt 2-3/8" tbg, SN, & RIH on 2-3/8" tbg; CO to PBTD (609') w/2% KCl wtr. Swab well. PU & land 15 jts 2-3/8" 4.7# J-55 tbg w/NC on bottom jt @ 504'; SN on top of bottom jt @ 471'. PU 2" x 1-1/4" x 6' x 7' x 10' RHACZ insert pump, bucket test, & RIH on 2 ea 1-1/2" sinker bars plus 16 ea 3/4" rods plus 1 ea 3/4" x 2' pony rod – land/seat w/polish rod. Load tbg w/2% KCl wtr, ck pump action to 400 psi, ok.

Well ready for production equipment (2/15/06).