

30-031-2113



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Blvd., Suite A
Farmington, New Mexico 87402

IN REPLY REFER TO:

NMNM 109381 (WC)
3162.3-2 (21110)

January 25th, 2016

Mr. William Schwab III
SG Interests I, Ltd. c/o Nika Energy Operating, LLC
PO Box 2677
Durango, CO 81302

OIL CONS. DIV DIST. 3

JAN 28 2016

Dear Mr. Schwab:

Our records indicate that SG Interests I, Ltd. is operator of the following well:

Cisco 20-5-18 #2 located 485' FNL & 330' FWL sec. 18, T. 20 N., R. 5 W., McKinley County, New Mexico, NMNM 109381. **Records indicate that this well has not produced since July, 2014.**

Title 43 CFR Section 3162.3-4 requires that the lessee shall promptly plug and abandon, condition as a service well, or condition as a water well, any well on a lease that is not used or useful for the purpose of the lease. Accordingly, you are required to advise this office by Sundry Notice within 30 calendar days of your intent to perform one of the following: a) Condition the well to a useful function, b) Temporarily abandon the well, c) Continued shut-in status, d) Permanently plug and abandon the well.

See attached General Requirements for Non-Producing wells on Federal leases.

The 30 calendar days commences upon receipt of this letter or seven days from the date it is mailed, whichever is less. Failure to comply within the 30 calendar days may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions, please contact Jack Savage at (505) 564-7736.

Sincerely,

Jack Savage
Petroleum Engineer, Petroleum Management Team

1 Attachment