

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

RCVD JAN 5 '12

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.

RECEIVED

5 Lease Serial No. **OIL CONS. DIV.**

NMNM99739

6. If Indian, Allottee or Tribe **None**

7. If Unit or CA/Agreement, Name and/or N

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. ☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

SG Interests I, Ltd. c/o Nika Energy Operating, LLC

3a. Address

P. O. Box 2677, Durango, CO 81302

3b. Phone No (include area code)

(970) 259-2701

8. Well Name and No

Federal 21-7-26 #2

9. API Well No.

30-043-21068

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

Sandoval County, New Mexico

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit C: 700' FNL, 1975' FWL

Sec 26-T21N-R7W (NENW)

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input 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 checked="" 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 Amended* Completion
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon Sundry
	<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 recompleat 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 recompleat 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.)

(See Sundry Notice dated 5/16/11). (TD reached 5/12/11). MIRUSU 10/27/2011. PU 3-7/8" bit, bit sub, scraper, 2 each 3-1/8" DC's & RIH on 2-3/8" work string to top of fill at 782'. Circulate hole clean. Run 2000# psi test on csg/BOP, Wellhead for 30 minutes, test good. Ran GR/CCL/CBL logs from 776' KB to surface. Perforated FT co with 3-1/8" csg gun, 4 SPF, 120 degree phasing, shot intervals 648-661' KB and 663-655' KB, 60 total perforations. Acidized as follows: Pumped 500 gal acid; pumped 24,722 gal of 9 CP Delta 140 w/481 sx of 20/40 PSA w/max BH sand concentration of 5.3 lb/gal. Pumped coated 478 sx of 20/40 SA w/SWNT at concentration of 2.4 gal/mlbs. Pumped 35 gal water frac G and 22,586 gal. of Delta 140. Avrg Rate of 23.5 BPM @ 685 psi. RIH & clean out to PBTD (787.03' KB). RU & swab well. TIH w/no turn tool, tag bar, 2-7/8" stator, 2-7/8" X 2-3/8" std X-over, and 21 jts new 4.7# 2-3/8" tbg. Landed tbg @ 707.81' KB. TIH w/rotor, 26 3/4" new guide rods, 5 guides per rod. Land w/used p rod & stuffing box. RD, MO 12/14/2011.

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

William Schwab

Date

December 29, 2011

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

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)

JAN 01 2012

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FARMINGTON FIELD OFFICE
BY *Sc*

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BUREAU OF LAND MANAGEMENT

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Farmington Field Office
Bureau of Land Management

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OIL CONS. DIV.

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Pressure Test Duration? Tubing Up to 1st Grade?

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Name (Printed/Typed)

William Schwab III

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Agent for SG Interests I Ltd.

Signature

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December 14, 2011

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FARMINGTON FIELD OFFICE
BY *SCV*