

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

5. Lease Serial No.

NM-53926

6. If Indian, Allottee or Tribe Name

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 1, Ltd, c/o NIKA Energy Operating, LLC

3a. Address

PO Box 2677, Durango, CO 81302-2677

3b. Phone No. (include area code)

(970) 259-2701

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

465' FSL, 2300' FWL, (SESW) Sec 3-T20N-R6W

8. Well Name and No.

Corrales #2

9. API Well No.

30-031-20898

10. Field and Pool, or Exploratory Area

Pot Mesa Mesaverde

11. County or Parish, State

McKinley 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input checked="" 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 recomple 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 I, Ltd. Proposes to Temporarily Abandon the Corrales #2 following all guidelines and rules of the BLM & State of New Mexico Oil & Gas Conservation Division. The tubing and rods will be pulled. A CIBP will be set above the current Mesaverde completion (1774' - 1896). CIBP to be set @ +/- 1725 + 36 sx cmt. MIT will be performed per BLM & NMOCD guidelines.

In the event the MIT fails, SGI, 1 Ltd. proposes to P&A the Corrales #2 per BLM & NMOCD guidelines. Leak area will be determined & cement will be spotted 50' below leak to surface. Casing will be cut off 4' below surface and P&A marker will be installed per BLM & NMOCD guidelines.

Plug Perforated Casing / Fruitland 795' - 544'

Plug Oil Atam - surface 362' - surface inside & outside 4 1/2" casing

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

Name (Printed/Typed)

William Schwab III

Title

Agent for SG Interests, Ltd

Signature

Date

May 12, 2005

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Original Signed: Stephen Mason

Title

Date

MAY 25 2005

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