

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

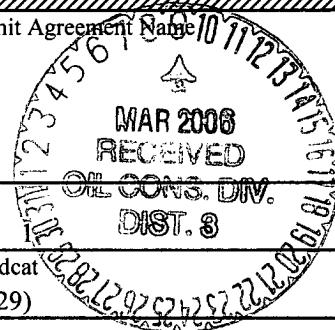
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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. 30-031-21080
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name STATE 20-6-16
8. Well No.
9. Pool name or Wildcat Fruitland Coal (71629)



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 A : 660 Feet From The NORTH Line and 1100 Feet From The EAST Line
Section 16 Township 20N Range 6W NMPM McKinley County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
6862' GR

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
11. NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: <input type="checkbox"/>	OTHER: <u>Drilling & Completion Update</u> <input checked="" type="checkbox"/>

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.

12/15/05 MIRUDR. Spud well 12/16/05; drld 12-1/4" hole to 178'. RIH w/4 jts 8-5/8" 24# J-55 ST&C csg; set @ 174' KB w/150 sx Class 'B' w/2% CaCl, 1/4#/sk Flocele. Circ 10 B/cem to surf. Drill cem & shoe to 178'. Continue drilling w/7-7/8" hole to TD 736'. Logged well. RIH w/17 jts 4-1/2" 10.5# J-55 ST&C csg; set shoe @ 653' KB (float collar @ 614' KB); Rn 10 bbls/chemical wash before cem; Cem w/230 sx Class 'G' w/1/4#/sk Flocele, 5#/sk Gilsonite. Circ 14 bbls to surface. SD for Christmas.

12/27/05 MIRUSU PU 3-3/4" bit, scraper, & RIH on 2-3/8" tbg; RU power swivel & drill cem to FC @ 614'. Circ hole clean w/2% KCl wtr, POOH. Load csg & PT to 3000 psi. Rn GR/CCL/CBL logs from PBTD (614') to surface. Perf Fruitland Coal Zone 460' to 472' w/3-1/8" csg gun, 4 spf, 120 deg phasing (12' - total 48 holes) - all shots fired. (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 03/06/06
TYPE OR PRINT NAME Marcia Stewart TELEPHONE NO. (970) 259-2701

(This space for State Use)

APPROVED BY H. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 8 DATE MAR 09 2006
CONDITIONS OF APPROVAL, IF ANY:

SUNDRY NOTICED DATED MARCH 6, 2006
SG INTERESTS I LTD
STATE 20-6-16 #1 GAS WELL
(NENE) SEC 16-T20N-R6W
McKINLEY COUNTY, NM

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RIH w/op-ended 2-3/8" tbg to 472'; spot acid & BD perfs w/500 gal 15% FE acid, POOH; overflush w/10 B/2% KCl wtr. Frac well down csg thru 4" frac valve w/22,200 gal "SilverStim" and 47,000# 20/40 Brown sand w/Sandwedge. RIH w/NC on bottom, 1 jt 2-3/8" tbg, SN on 2-3/8" tbg; CO to PBTD & circ clean w/2% KCl wtr. Pull NC to top of perfs (460'-472'); install closed tbg valve; swab well. PU & land 15 jts 2-3/8" 4.7# J-55 tbg w/NC on bottom @ 505'; SN on top of bottom jt @ 470'. PU 2"x1-1/4" x 6' x 7' x 10' RHAZ insert pump, bucket test, & RIH on 2 ea 1-1/2" sinker bars & 16 ea 3/4" rods plus 1 ea 2" x 3/4" pony rod – seat w/polish rod.

Well ready for production equipment.