

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-043-20999
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-2284
7. Lease Name or Unit Agreement Name State 21-6-36
8. Well Number 3
9. OGRID Number 020572
10. Pool name or Wildcat Fruitland Coal

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, LLC

3. Address of Operator
P. O. Box 2677, Durango, CO 81302

4. Well Location
 Unit Letter M 662 feet from the South line and 724 feet from the West line
 Section 36 Township 21N Range 6W NMPM Sandoval County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR 6886'

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Plug & Abandon subject well, reference attached procedure.

OIL CONS. DIV DIST. 3
JAN 28 2016

Notify NMOCD 24 hrs
 prior to beginning
 operations

Spud Date: N/A

Rig Release Date: N/A

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

SIGNATURE [Signature] TITLE Agent for SG Interests I, Ltd. DATE 1/28/2016

Type or print name William Schwab, III E-mail address: tripp@nikaenergy.com PHONE: (970) 259-2701

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR DATE 1-28-16
DISTRICT #3

Conditions of Approval (if any):

KC
 8

SG Interests I, Ltd.

Federal 21-6-36 #3
SWSW, Sec. 36, T21N-R6W
Sandoval County, NM
API # 30-043-20999
January 2016
P&A
TS

GL: 6886'
TD: 933' KB
PBTD: 890' KB
KB: 5'
CSG: 933' KB, 23 jts, 4-1/2", 10.5#, J-55
Perforations: 730'-784' gross interval
Rathole: 106'
Tbg: Landed @ 843' KB. NC, 26 jts 2-3/8", 4.7#, J-55 tubing.
SN on top of Btm jt @ 807' KB
Pump & Rods: 2" x 1-1/4" x 10' insert pump, 2ea 1-1/2" sinker bars & 30
ea 3/4" sucker rods + polished rod.
Current Production: 0 MCFD, 0 BWPD

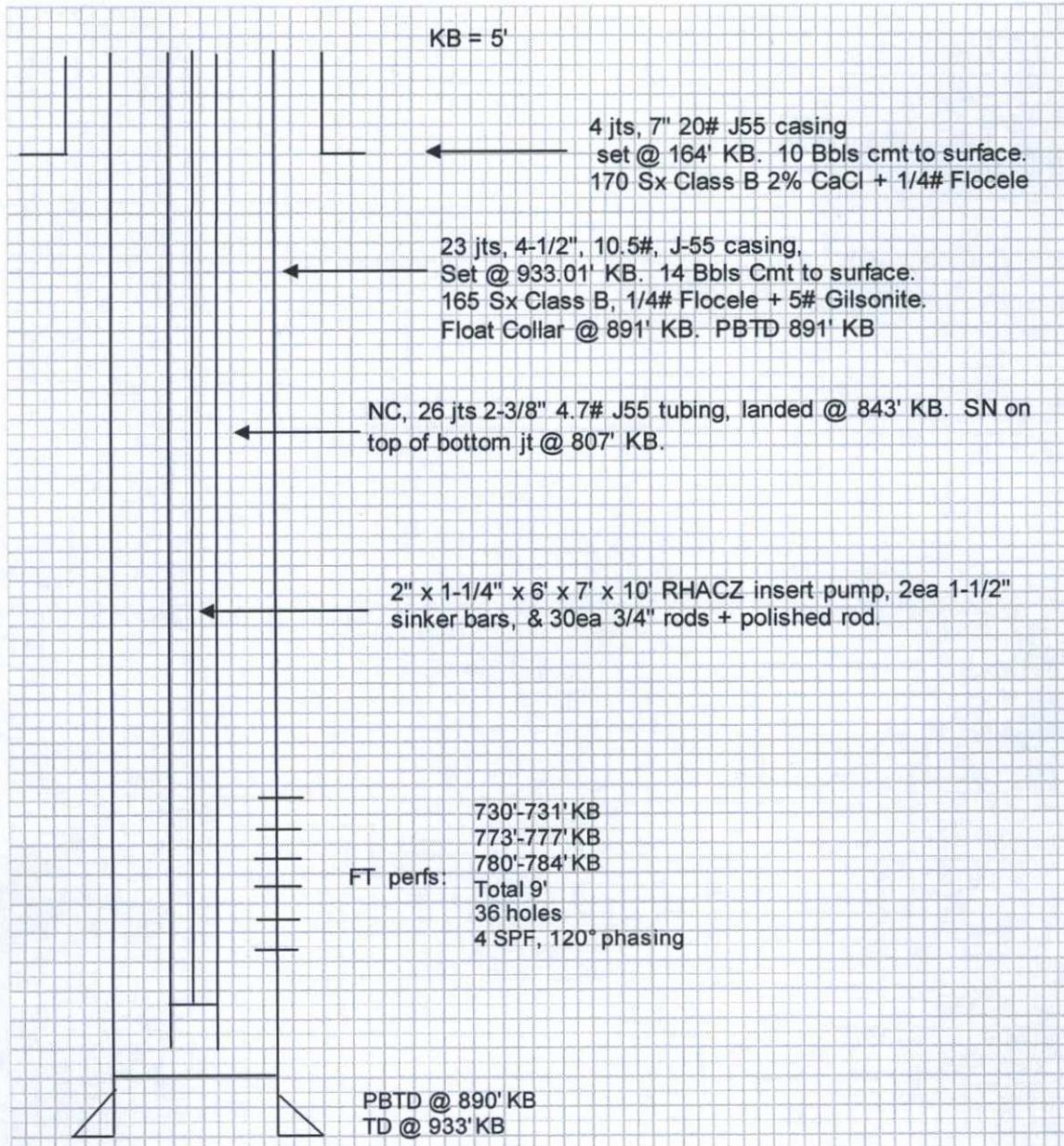
Well History: 12/05 Initial Completion
3/07 First Sales

Directions:

From Counselor Trading Post on U.S. Hwy. 550, travel south on U.S. 550
±0.1 miles, turn right on dirt road with sign "Star Lake Compressor-26 miles".
This is the 0 miles point for this description. Follow dirt road:

- 4.30 miles- Turn left at "Ojo Encino School" sign,
- 11.00 miles- Transition to pavement with sign "N 474",
- 15.40 miles- Turn right off pavement through cattle guard onto dirt road, signed
SG Interests – El Pintado CDP South. Continue on dirt road in a
south westerly direction,
- 16.60 miles- Turn right immediately after old cattle guard, follow lease road north
± 200' to location.

Current Wellbore Diagram



Notes: 1) Cell Phone service is nonexistent to limited on location.

*2) Comply with all safety and environmental requirements.
All workover fluids (rig pits, flowback tanks, frac tanks)
Will be hauled to nearest available legal disposal site.*

3) NMOCD must be Notified 24 hrs in advance of P&A cementing operations.

4) Will need 2 jts 2-3/8", J-55 for work string. Pull from SG Stock @ Cave.

Procedure:

- 1) Test rig anchors, set surface working pit and fresh water tank. Use produced water from Pot Mesa #2 for kill water. Fill fresh water tank with 160 Bbls fresh water.
- 2) MIRUSU. Record bradenhead, casing and tubing pressures. Report any problem pressures. Blow down and kill well as necessary.
- 3) POOH, with rods and pump, laying down on trailer. Send pump to Energy Pump and rods/sinker bars to M&R yard.
- 4) NDWH & NUBOP. Drop SV and test tubing to 500#. Replace bad jts as necessary. Retrieve SV. POOH, standing back.
- 5) RIH with bit and scraper checking for scale and/or fill. If fill is 730' KB or below, do not CO. If fill is above 730' KB, TOO, RU bailer and CO to 730' KB. TOO, standing back tubing.
- 6) RIH and set CIBP @ $\pm 725'$ KB. Pull up one jt & circulate hole with fresh water.
- 7) RU Wilson Testing & test casing to 500#. RD Wilson. Blow down. If casing does not test look for leak & remediate. Additional instruction will be provided based on conditions.
- 8) RU swab & swab casing as dry as possible, (approximately 12 Bbls). TOO to $\pm 200'$ KB, laying down tubing on float.

- 9) RU Halliburton, Mix 60 sx Class G cement and cement from CIBP to surface. POOH with remaining tubing and fill casing to surface. Allow to set overnight. Use open topped tank for flush and cleanup of the cementing equipment. Pour 5 sx of sugar into tank prior to cementing operations to prevent cement set up.
- 10) Next day inspect casing for cement to surface. If needed mix on surface and fill.
- 11) NDBOP and cut casing off below surface. Install P&A marker with cement to comply with regulations. RDMOSU.
- 12) Reclaim location per APD & P&A stipulations.
- 13) Haul tubing to Cave for inspection.

CASING AND CEMENTING PROGRAM:

<u>Interval</u>	<u>Size, Wt, Grade, Thread</u>	<u>Depth</u>	<u>Cement</u>
Production	4-1/2", 10.5#, J-55, ST&C	890' KB CIBP @ ±725' KB	60 sx Class G (includes 3 sx excess)
		<u>Water Requirements</u>	<u>Weight/Yield</u>
		5.0 gals/sx	15.8 ppg / 1.15 cu. ft/sx

Important Numbers:

<u>Entity</u>	<u>Phone Number</u>	<u>Comments</u>
BLM	505-599-8907	
NMOCD	505-334-6178	Brandon Powell Monica Kuehling
Tripp Schwab	970-259-2701 970-769-3589 970-769-3589	Office Mobile Home
Brad McKinney	970-749-2163 505-402-0705	Mobile Mobile
Levi Casaus	505-402-0294	Mobile
RJ McKinney	480-694-6519	Mobile

Vendor List:

<u>Service or Material</u>	<u>Company or Contact</u>	<u>Phone Number</u>
Dirt Contractor	Bridge Dozer Robert Bridge	Home 505-289-4048 Cell 505-249-6942
Pit Liner	see Dirt Contractor	
Anchors & Hot Oil	Mote	Off 505-325-9711 Off 505-325-1666
Cement	Halliburton Justin Kiddoo	Off 505-324-3500 Cell 505-330-3081
Wellhead Equipment	WSI Linda	Off 505-326-0308
Logging / Perforating	Basin Perforating Dana McGarrah	Off 505-327-5244
Water Hauling	B&B Vac Dustin Bridge	Home 505-289-4048 Cell 505-320-1211
Frac Tank & Heavy Hauling Trash basket	Lindrith Backhoe Doyle Post	Cell 505-320-5460
Light Trucking / Hotshot	Lindrith Backhoe Doyle Post	Cell 505-320-5460
Porta Johns	Cabannas Hal Stone	Off 505-325-5835 Cell 505-330-7566
Roustabout	NRG	Cell 505-444-3186
BOP Rental	TBD	
BOP Testing	Wilson & Company	Off 505-334-3807
Drywatch	TBD	

Vendor List Continued:

Down hole Rod Pump	Energy Pump & Supply Leo Noyes	Off	505-564-2874
Down hole PC Pump	Weatherford ALS Noel Rogers	Off	505-564-8381
Slickline Services	Phoenix Services Jeff	Off	505-325-1125
Tubulars	Cave Enterprises Jim Cave	Off	505-325-3401
Workover Rig	JC Services		
Packer/Bridge Plug	Select Tools		