

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
AUG 09 2018

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

| | | |
|--|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NM 09979 |
| 2. Name of Operator SG Interests I, Ltd., c/o Nika Energy Operating | | 6. If Indian, Allottee or Tribe Name Navajo Tribal Trust |
| 3a. Address P. O. Bo 2677 Durango, CO 81302 | 3b. Phone No. (include area code) (970) 259-2701 | 7. If Unit of CA/Agreement. Name and/or No. SE Cha Cha |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 550' FSL & 2100' FEL, Section 15, T28N-R13W | | 8. Well Name and No. SE Cha Cha #37 |
| | | 9. API Well No. 30-045-24160 |
| | | 10. Field and Pool or Exploratory Area Cha Cha Gallup |
| | | 11. Country or Parish, State San Juan County, New Mexico |

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

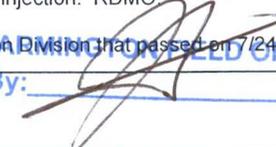
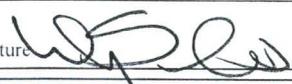
| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|--|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input checked="" 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 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 Operation: 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 recomplete 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

On June 20, 2018 during routine bradenhead test, the casing was found to have pressure. Attempted to blow casing down; failed indicating a tubing or packer failure.

MIRU 7/10/2018. Held pre-job safety meeting. Removed 8-5/8" Larkin wellhead and installed 8-5/8" X7-1/16" companion flange & NU 3k Dbl-BOP loaded with 2-3/8" Pipe Rams/Blind Rams without incident. Function test BOP - ok. SDFN. On 7/11/2018 held pre-job safety meeting. Equalize tubing & casing. RU 2.5 Pwr Swivel, tied on to tbg string & released 5.5 Prod Pkr, applying 1k psi RH torque. Pkr unset with no issues. TOOH w/171 jts 2-3/8" lines tbg & 5.5" Prod Pkr, laying down and marking bad joints. RIH with 5.5 Csg Scraper, 1 jt 2.375 IPC Tbg, 1-2.375 x 1.780 Seating Nipple (Mrkr Jt) & 127 Jts 2.375 IPC Tbg. SDFN. On 7/12/2018 Held pre-job safety meeting. Finish RIH with tbg & scraper to 5785', pumping 22bbls down tbg making sure tbg clear. Well circulated. Tag & taking weight. Tie on to tbg & pump 20 bbls to clear tbg. LD tag jts. RU Tuboscdope. Pull & scan tbg & scraper for a total of 169 jts 2.375 4.7# IPC tbg. Tally & ran scanned bit & 96 jts YB & BB used tbg. Tally & ran 9 new jts 2-3/8" 4.7# J-55 R-2 new API seamless tbg w/Permiun 1505 internal plastic coating. On 7/13/2018 finish running tbg to 5773' KB. Circulate clean to PBTD 5840'. POOH w/tbg & bit. Tally & ran 2-3/8" WLRG, 2-3/8"X1.43" "R" Profile Nipple w/1.39 NOGO, 6"X2-3/8" J-55 pup jt, 5-1/2"X2-3/8" Arrowset 1X Production Pkr, 5-1/2"X2-3/8" On Off Tool W/30" Seat Nipple, & 167 jts 2-3/8" J-55 w/1505 IPC tbg. Packer set @ 5419.19' KB. EOP 5430.51' KB. Load tbg @ 2780' & set slips. On 7/14/2018 load tbg & set pkr. PT csg to 300 psi; held 30 min. Pull off pkr & pump 13 gal concentrate pkr fluid. Latch on to pkr. ND BOP, NU Wellhead. PT to 300 psi, held 20 min. Secure well for weekend. On Monday, 7/16/2018 load tbg to work out all bubbles. Monica Kuehling of the New Mexico Oil Conservation Division arrived on LOC to perform MIT. MIT passed. (See copy of MIT and chart attached). Pump out plug, return well to injection. RDMO

Scheduled and completed repeat bradenhead test with Monica Kuehling of the New Mexico Oil Conservation Division that passed on 7/24/2018

| | |
|---|---|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) William (Tripp) Schwab, III | By:  |
| Signature:  | Title Agent for SG Interests I, Ltd. |
| | Date 07/27/2018 |

THE SPACE FOR FEDERAL OR STATE OFFICE 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 and Title 43 U.S.C Section 1212. make 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 page 2)

NMOCD

SEP 04 2018

DISTRICT III

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

NMOCDD

MECHANICAL INTEGRITY TEST REPORT

(TA OR UIC)

Date of Test 7-16-18 Operator Shiloh Energy API # 30-0 45 2460

Property Name SE Chama Well # 37 Location: Unit Sec 15 Twp 25 Rge B

Land Type:

State _____
Federal _____
Private _____
Indian _____

Well Type:

Water Injection _____
Salt Water Disposal
Gas Injection _____
Producing Oil/Gas _____
Pressure observation _____

Temporarily Abandoned Well (Y/N): (N) TA Expires: _____

Casing Pres. 0 Tbg. SI Pres. _____ Max. Inj. Pres. _____
Bradenhead Pres. 0 Tbg. Inj. Pres. _____
Tubing Pres. 0
Int. Casing Pres. N/A

Pressured annulus up to 359 psi. for 43 mins. Test passed/failed

REMARKS:

packer set 5499
topping 5492

fell to 320 last 10 min 10 minutes

schedule bradenhead witness test in 30 days

By Bobby Esposito
(Operator Representative)

Witness Marcia Kuehling
(NMOCDD)

(Position)

Revised 02-11-02

