

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. 30-031-21072
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 20-6-2
8. Well Number #3
9. OGRID Number 020572
10. Pool name or Wildcat Fruitland Coal (71629)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6926 GR

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
P. O. Box 2677, Durango, CO 81302

4. Well Location
 Unit Letter M : 660 feet from the South line and 660 feet from the West line
 Section 2 Township 20N Range 6W NMPM McKinley County

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPL
 DOWNHOLE COMMINGLE
 CLOSED-LOOP SYSTEM
 OTHER:

SUBSEQUENT REPORT OF:

- REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB
 OTHER:

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.

See Attachments with procedure and remediation procedure.

A Right of Entry request for remediation has been submitted to the NM State Land Office due to the fact this lease has expired.

NMOC

FEB 13 2019

DISTRICT III

Notify the OCD 24hrs. prior to beginning operations.

Spud Date: 10/25/2005

Rig Release Date: 10/29/2005

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

SIGNATURE William Schwab III TITLE Agent for SG Interests I, Ltd. DATE _____

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

For State Use Only

APPROVED BY: Bob Bell TITLE IFE Supervisor DATE 2/22/19

Conditions of Approval (if any): AV

SG Interests I, Ltd.

State 20-6-2 #3

NENE, Sec. 2, T20N-R6W

Lat 35.98850° N, Long -107.44844° W

McKinley County, NM

API # 30-031-21072

February 2019

P&A

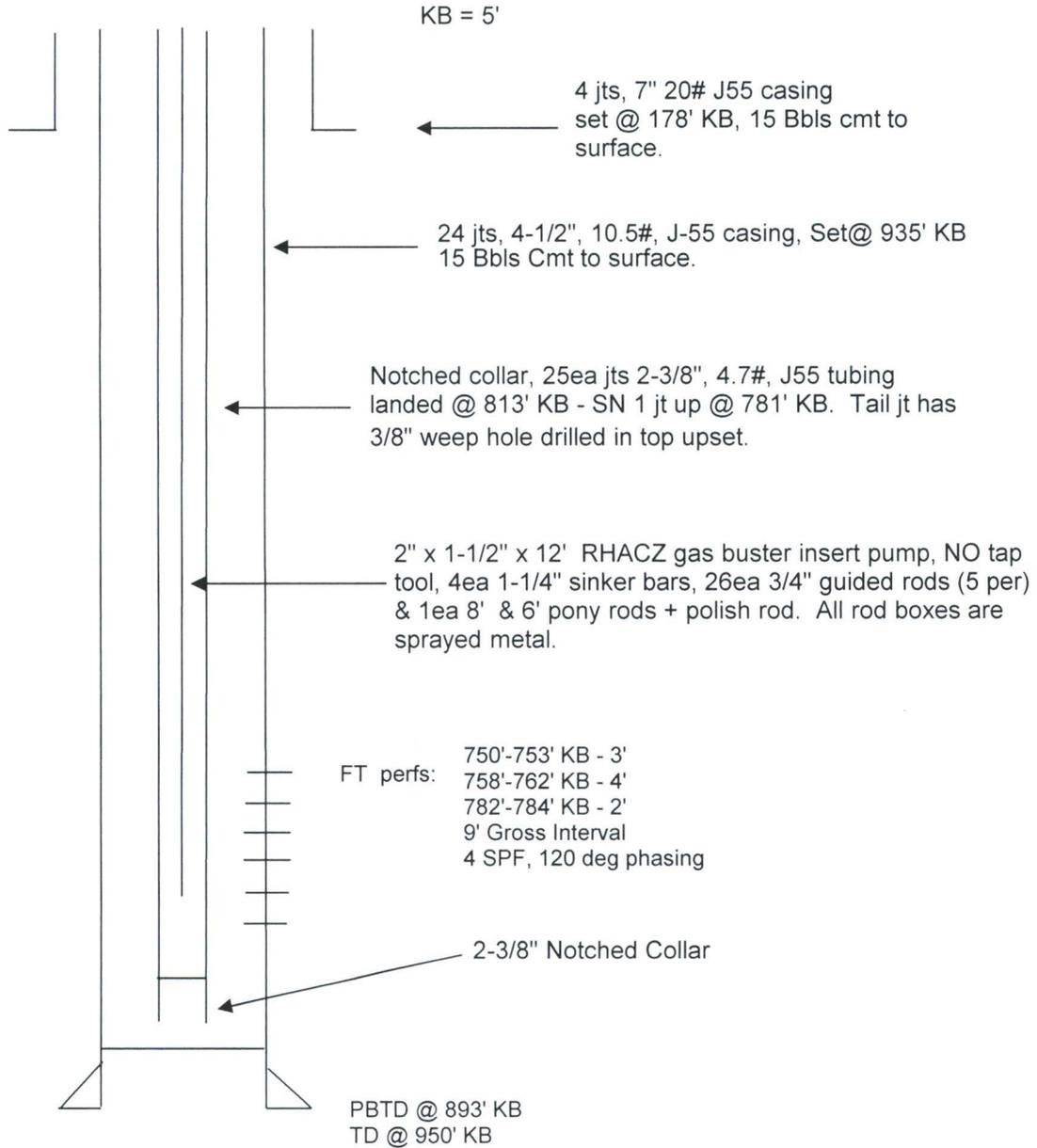
TS

GL: 6926'
TD: 950' KB
PBSD: 893' KB
KB: 5'
CSG: 935' KB, 24 jts, 4-1/2", 10.5#, J-55
Perforations: 750'-784' gross interval
Rathole: 109'
Tbg: NC, 25 jts 2-3/8" 4.7#, J55 tubing Landed @ 813' KB,
SN on top of btm jt @ 781' KB
Pump & Rods: 2 x 1-1/2" x 12' RHACZ insert pump, No Tap tool, 4ea
1-1/4" sinker bars, + 26ea 3/4" guided rods, 1ea 3/4" x 8'
& 6' pony rods. 5 guides per rod. Sprayed metal
boxes.
Current Production: 0 MCFD, 0 BWPD
Expected Production: 0 MCFD, 0 BWPD
Well History: 12/05 Initial Completion
3/07 First Sales
5/12 Pump Change, add sprayed metal boxes, rod
guides & no tap tool. Tail jt has 3/8 weep hole.

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

AT: 4.3 miles - Turn left at "Ojo Encino School" sign,
" 11.0 miles - Transition to pavement with sign "N 474",
" 15.4 miles - Turn right off pavement through cattle guard onto dirt road,
" 17.8 miles - Take right fork,
" 18.1 miles - Take left road to 250' to location.

Current Wellbore Diagram



Procedure:

Note: 1) Take accurate tallies and counts of tbg, rods and setting depths.

Report same.

Note: 2) May have to replace tubing string if needed. Send tubing in to be inspected.

Note: 3) Cell Phone service is nonexistent to limited on location.

Note: 4) Comply with all safety and environmental requirements.

All workover fluids (rig pits, flow back tanks, frac tanks)

Will be hauled to nearest available legal disposal site.

Note: 5) NMOCD must be Notified 24 hrs in advance of P&A cementing operations.

Note: 6) Will need 2 jts 2-3/8", J-55 for work string. Pull from SG Stock @ Cave.

Note: 7) PU 5-7 sacks of sugar to keep cmt from setting in rig pit.

- 1) Test rig anchors if needed. Set surface working pit and fresh water tank. Use produced water from Pot Mesa #2 for kill water if needed. 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. RU Tuboscope. POOH, standing back good tubing. Laydown reject tubing. Pull yellow band from M&R stock or Cave for work string.
- 5) RIH with bit and scraper checking for scale and/or fill. If fill is 750' KB or below, do not CO. If fill is above 750' KB, TOO H, RU bailer and CO to 750' KB. TOO H, standing back tubing, lay bailer on bank.
- 6) RIH and set CIBP @ $\pm 740'$ KB. Pull up one jt & circulate hole with fresh water.
- 7) RU XXXX Testing & test casing to 500#. RD XXXX. 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). TOOH 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 M&R yard.

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	740' less KB	60 sx Class G (includes 3 sx excess)

<u>Cement & Additives</u>	<u>Water Requirements</u>	<u>Weight/Yield</u>
Class G	5.0 gals/sx	15.8 ppg / 1.15 cu. ft/sx

Important Numbers:

Regulatory

BLM	505-564-7600	Main Switchboard
NMOCD	505-334-6178	Monica Kuehling

WO Issues:

Tripp Schwab	970-259-2701 970-769-3589 970-769-3589	Office Mobile Home
Brad McKinney	970-749-2163	Mobile
Levi Casaus	970-426-1272	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	Mote	Off	505-325-9711 Off 505-325-1666
Rod Pumps etc.	Energy Pump and Supply Gary Noyes	Off	505-564-2874
PC Pump	Weatherford ALS Dave Cox	Off	505-564-8381
Tubing Inspection	Tuboscope Bruce Hare	Off	505-333-2224
Tubing	Cave Jim Cave	Off	505-325-3401
Cement	Halliburton Josh Lynch	Off	505-210-2120
Wellhead Equipment	WSI	Off	505-326-0308
Logging / Perforating	Basin Well Logging Dana McGarrah	Off	505-327-5244
Water Hauling & Frac Tank	CNJ Trucking Craig Nelson	Off	505-320-8345
Frac Tank & Heavy Hauling	Lindrith Backhoe	Cell	505-320-5460
Light Trucking / Hotshot	Double S Hot Shot Debbie and Larry Slavin	Cell	505-334-3850
Rig Move	CNJ Craig Nelson	Off	505-320-8345

Vendor List Cont.

Porta Johns	Cabannas Hal Stone	Off Cell	505-325-5835 505-330-7566
Drywatch	Double S Hot Shot Debbie and Larry Slavin	Cell	505-334-3850
BOP Testing	TBD		
Roustabout	Keystone Randy Schreffler		505-334-8462
BOP Rental	TBD		
Rig	TBD		



**Stephanie Garcia Richard
Commissioner of Public Lands**

RIGHT OF ENTRY REQUEST FOR REMEDIATION

Company Name SG Interests, I Ltd./Agent Nika Energy
Address PO Box 2677
City, State, Zip Durango, CO 81301
Contact Person: William (Tripp) Schwab
Telephone #: 970-259-2701
Email: tripp@nikaenergy.com

Purpose of request: To plug, remediate and abandon the State 20-6-2 #3 gas well. The lease for this well is no longer in effect and the well must be Plugged & Abandoned in accordance with NM Oil and Gas Rules.

Section 2 Township 20N Range 06W Unit Letter M

Qtr/Qtr SWSW County Mc Kinley

GPS Location (decimal degrees): Latitude 35.98850° N W Longitude -107.44844° W N

If this is a remediation for a spill please attach a copy of the OCD C-141 form.

Is the completed C-141 attached? Yes No

Square footage of spill impacted surface: N/A

Estimated square footage of total disturbance: N/A

Reclamation Plan (*attach addl. sheet if necessary*) Remove production equipment, Plug well, reclaim and reseed surface of location and short access road. See attachments for details.

Driving directions from nearest state highway or road (*attach a map of the location*):
See P&A Procedure Attachment

Lease number associated with the ROE request: formerly VA3112 (API #30-031-21072)

Well Name and/or Operator (if applicable): State 20-6-2 #3, SG Interests I, Ltd.

Time expected to complete remediation: 1-3 Months, depending on weather

Personnel present on State Land SG Agent + Contractors

Equipment & materials present on State Land Vehicles, Rig, Cementers, various contractors equip

\$50.00 application fee and \$500.00 permit amount (based on 180 days) renewable for up to 3 yrs.

Payable to: The Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87504-1148

** When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.*

SG Interests I, Ltd.

Federal 20-6-2 #3

SWSW, Sec. 2, T20N-R6W

McKinley County, NM

API #30-031-21072

Lat 35.98850° N, Long -107.44844° W

February 2019

Reclamation Plan:

The site will be re-contoured to the original topography within the capacity to do so, as to not cause unnecessary erosion. Any foreign material (gravel/rock/concrete) will be stripped and removed from the site. Gravel can be used as back fill below topsoil. Former lessee will contact local NMSLO personnel once re-contouring has been complete to discuss erosion control features. Access roads will have berms installed to prevent ingress after completion.

The applicant will seed all disturbed areas, including access roads, with the seed mixture(s) listed below. The seed mixture will be planted in the amounts specified in pounds of pure live seed per acre. The seed will contain no primary or secondary noxious weeds; commercial seed will be either certified or registered seed.

The seed mixture will be seeded using a seed drill equipped with a depth regulator, not to exceed 1 ½ inches. The seed mixture will be evenly and uniformly planted over the disturbed area. Where drilling is not possible, seed will be broadcast and the area raked or chained to cover the seed. When broadcasting, the lbs/ acre will be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Group	Common Name	Scientific Name	% of Seed Mix
Grass	galleta	<i>Pleuraphis jamesii</i>	25
Grass	indian ricegrass	<i>Achnatherum hymenoides</i>	25
Grass	Needleandthread	<i>Hesperostipa comata</i>	20
Shrub	fourwing saltbush	<i>Atriplex canescens</i>	15
Shrub	big sagebrush	<i>Artemisia tridentata</i>	15

The overall rate in which this seed mixture should be planted is 12 lbs/ acre (pure live seed) for drilling or 24 lbs/ acre for broadcast methods.

NMSLO will NOT release the operator from the responsibility until goals have been met. The goal is to achieve native plant cover and diversity levels equal to or exceeding the natural potential levels in undisturbed soils adjacent to the project area.

After a failed attempt to revegetate an area, a second reseeding may be required by the state land office, but in no event shall such second reseeding be required more than two years after the initial one. For best results the area should be fenced with five string barbed wire to exclude livestock and to encourage recruitment.

The Noxious Weed component should include identification of the species of concern and the methods used to eradicate those species from the site. Eradication techniques may include mechanical treatment, chemical treatment, follow-up and monitoring.

Note: This Reclamation Plan is a copy of a plan received by Nika Energy in 2016 for the State 21-6-36 #3 (API # 30-043-20999). The State 20-6-2 #3 is located within 1.5 miles of the 36 #3 well. Revisions may be made after sight inspection by NMSLO personnel.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 71629	Pool Name Fruitland Coal
Property Code 032735	Property Name STATE 20-6-2		Well Number 3
OGRID No. 020572	Operator Name SG INTERESTS I, LTD.		Elevation 6926

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	2	20N	6W		660	South	660	West	McKinley

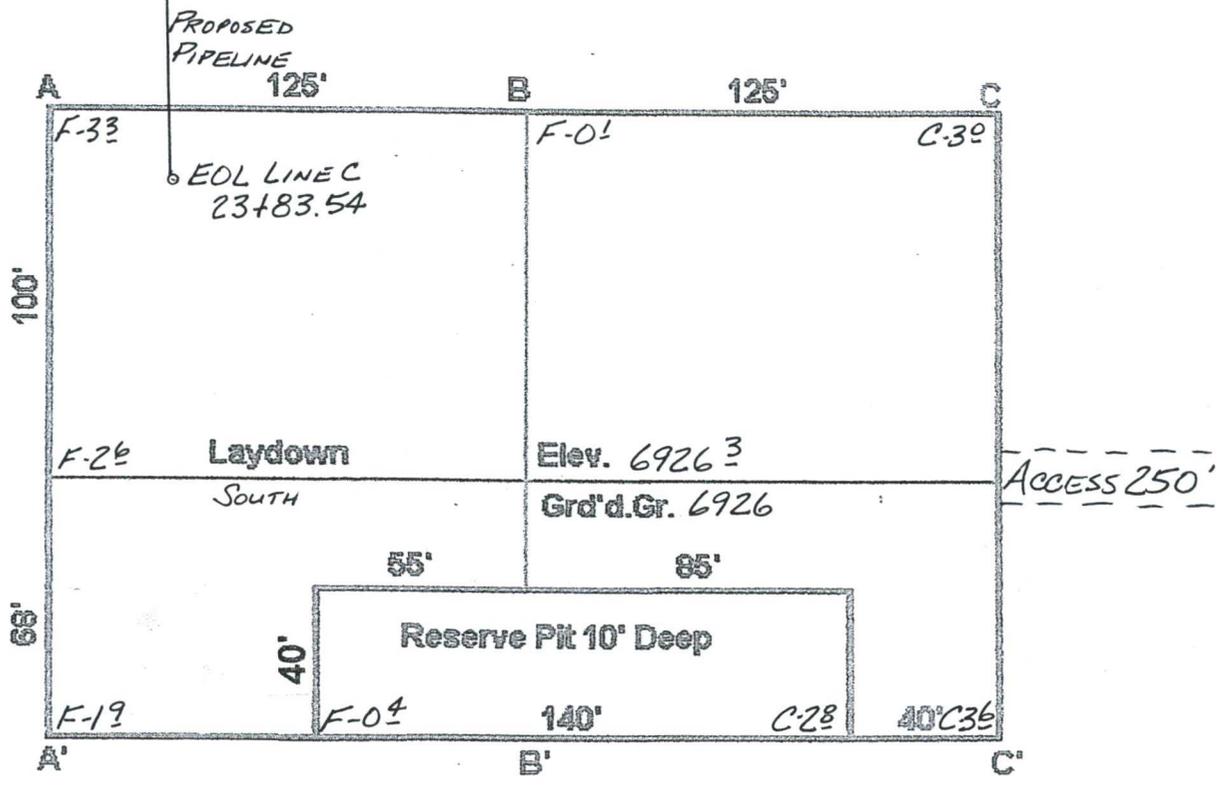
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
"Dedicated Acres" 320 "Joint or Infill" "Consolidation Code" "Order No."									

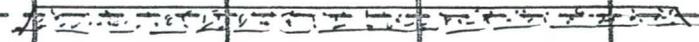
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

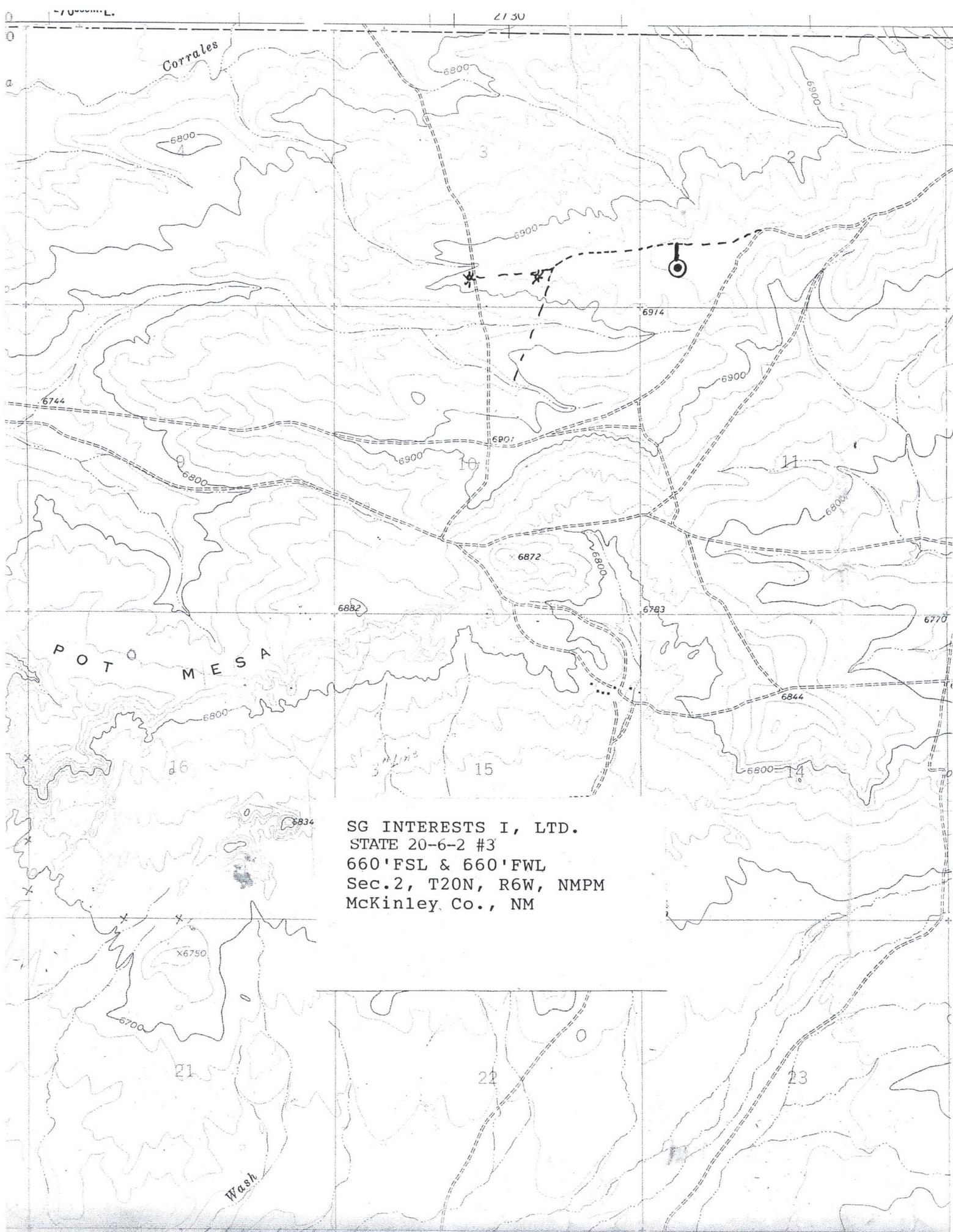
16 34 35 CC 12.730m.		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Lynn Gamer</i> Signature Lynn Gamer Printed Name Operations Manager Title and E-mail Address lynn@nikaenergy.com Date January 21, 2005	
N 89° 29' W Lot No. (TYP.) 4		80.230m. 2	
N 0° 01' W 200m.		N 0° 01' W 20.00m	
SEC. 2		N 0° 01' W 20.00m	
40.00m 660'		40.00m	
Lat. 35.98850° N Long. 107.44844° W S 89° 55' W		80.120m.	
		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 17 Jan 2005 Date of Survey Signature and Seal of Professional Surveyor <i>William E. Mahnke II</i> Certificate Number 8466	

SG INTERESTS I, LTD.
 STATE 20-6-2 #3
 660' FSL & 660' FWL
 Sec. 2, T20N, R6W, NMPM
 McKinley Co., NM



SCALE : 1"=50'

A-A'	Vert: 1"=30'	Horiz: 1"=50'	C/L
6930	-----	-----	-----
6920	-----		-----
	-----	-----	-----
B-B'	6930	-----	-----
6920	-----		-----
	-----	-----	-----
C-C'	6930	-----	-----
6920	-----		-----
	-----	-----	-----



SG INTERESTS I, LTD.
STATE 20-6-2 #3
660'FSL & 660'FWL
Sec.2, T20N, R6W, NMPM
McKinley Co., NM

Access Description for State 20-6-2 #3

From Counselor Trading Post on U.S. Hwy. 550, travel south on US 550 \pm 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.

4.3 miles- Turn left at "Ojo Encino School" sign,

11.0 miles- Transition to pavement with sign "N 474",

15.4 miles- Turn right off pavement through cattle guard onto dirt road,

17.8 miles- Take right fork,

18.1 miles- Location is 250' south of dirt road.