

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

RECEIVED

MAY 12 2008

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

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No

NMNM113429

6. If Indian, Allottee or Tribe Name

RCVD MAY 13 '08

7. If Unit or CA/Agreement, Name and/or No.

OIL CONS. DIV.

DIST. 3

8. Well Name and No.

FEDERAL 21-6-28 SWD #33

9. API Well No.

30-043-21054

10. Field and Pool, or Exploratory Area

Entrada/Morrison

Sandoval County, NM

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

Disposal Well

2. Name of Operator

SG Interests I, Ltd., c/o Nika Energy Operating, LLC

3a. Address

PO Box 2677, Durango, CO 81302

3b. Phone No. (include area code)

(970) 259-2701

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

Unit M: SEC 28-T21N-R6W
660' FSL, 660' FWL (SWSW)

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

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☐ Acidize

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Subsequent Report

☐ Alter Casing

☐ Fracture Treat

☐ Reclamation

☐ Well Integrity

☐ Final Abandonment Notice

☐ Casing Repair

☐ New Construction

☐ Recombine

☒ Other

☐ Change Plans

☐ Plug and Abandon

☐ Temporarily Abandon

Completion

☐ Convert to Injection

☐ Plug Back

☐ Water Disposal

Update

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.)

(See Sundry Notice dated Jan 14, 2008). PT BOPE, blind rams, pipe rams, fill & kill line valves (inner & outside), choke manifold valves (inside & outside) to 2500 psi for 10 min, 250 psi for 5 min, all ok. PT 9-5/8" csg, csg head, & valves to 1500 psi for 30 min, ok. Cem (1st stage) w/295 sks (360 cu ft-65 bbls) Type 5 cem w/0.125#/sk Poly-E-Flake, 3#/sk Gilsonite, 0.1% CFR-3, & 0.5% Halad-R9. Plug did not bump; floats held. Open stage tool w/pump trk & circ 20 b/mud; circ thru stage tool w/rig pump; WOC. Cem (2nd stage) w/980 sks (1411 cu ft-251 bbls) 50/50 Pozmix w/5#/sk Gilsonite & 0.125#/sk Poly-E-Flake; followed by 100 sx (122 cu ft-22 bbls) Type 5 cem w/0.125#/sk Polyflake, 5#/sk Gilsonite, 0.3% CFR-3, 0.6% Halad-9, & 0.3% HR-5. W/50 B/displacement left, CP up to 3500 psi. Surge press w/no gain. Shut csg & leave in tension. Closing plug for stage tool @ 3600'; stage tool @ 4988'; WOC. Rig released 1200 hrs 1/12/08.

(Continued on Page 2 attached)

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

Name (Printed/Typed)

William Schwab

Title

Agent for SG Interests I Ltd

Signature

Date

May 9, 2008

THIS SPACE FOR FEDERAL OR STATE 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, 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

MAY 12 2008

FARMINGTON FIELD OFFICE

SUNDRY NOTICE – dated May 9, 2008

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FEDERAL 21-6-28 SWD #33
(SWSW) SEC 28-T21N-R6W
Sandoval County, NM
API No. 30-043-21054

1/22/08: RIH w/6-1/4" blade bit, 6 - 3-1/8" DC's & 2-7/8" tbg; tag up @ 3768' (1220' above stage tool @ 4988'). PU swivel. Drill cem to PBTD, 6565'. PT 7" csg, 500# for 10 min, ok. Circ well clean w/2% KCl wtr @ PBTD. RU wireline & run GR/CLL/CBL from PBTD (6563' WLM) to surface. Cem bond looked good from PBTD to 4080'. PT 7" csg from 5050' to PBTD, 4500#, ok. PT 7" csg from surface to PBTD, 500#, 10 min, ok. Top of cem @ 3660' KB.

Perf lower Entrada w/4 spf @ 120 deg phasing as follows: 6492'-98', 6484'-87', & 6460'-67' (all shots fired). TIH w/packer; set @ 5050'. Brk dn & acidize perfs w/800 gal 15% DI HCL Fe acid; had slight break (100#) w/acid on perfs. Flush acid to btm perf (plus 5 bbls) & SD. TOO H w/pkr.

RIH w/perf guns; perf Middle Entrada w/4 spf @ 120 degree phasing as follows: 6388'-92', 6400'-31', 6439'-43' (all shots fired). Acidize perfs w/1500 gal 15% DI HCL Fe acid & 200 - 7/8" balls (good ball action; balled off @ 3300#). Overflush csg 7 bbls & SD. POOH w/press gauges, making press gradient stops every 1000'.

MI frac equipment & pmp 500 gal 15% HCL, 58,466 gal Delta 200 w/SWNT frac fluid, 1100 sx 20/40 Brady sand; Total fluid pmpd 1376 bbls. SI. Tbg on slight vacuum; CP 0#. RD frac valve, isolation tool, & load out; unset frac pkr & RIH; tagged fill @ 6230' (158' above top perf), POOH. PU 6-1/4" bit & RIH on 2-7/8" tbg; tag @ 6230'. Attempt CO w/reverse circ & 2% KCL, no luck. LD 10 jts tbg; RIH w/5 stds tbg & PU pwr swivel; CO to 6498'; partial returns & sticky pipe, POOH. RIH w/bit/scraper to 6388', POOH slowly thru DV tool (lost total 160 B/KCL wtr to formation during CO).

Set RBP @ 6380'; RTTS @ 6028'; PT RBP to 2000#, pk. RU wireline w/full lubricator & perf Upper Entrada 6312'-34' (22'); 6348'-59' (11'); & 6362'-70' (8') (total 41' w/4" csg gun, 4 spf, 120 deg phasing); total 164 holes (all shots fired). RD. Set RTTS @ 6068'. PT lines to 4000 psi, ok. BD w/2% KCl 1400 psi @ 7 bpm. Pmpd 1600 gal 15% Fe acid; 200 Bio balls, & overflushed 5 bbls; some ball action, but no balloff. RU swabbing equipment; made 18 swab runs w/last run from 3300' but stuck swab @ 80'. Attempted to work swab loose for 2 hrs, but pulled out of rope socket. Unseat RTTS; pull 2 stds; recover swab bar. RIH & reset RTTS; made 30 swab runs, recovering total 223 bbls, 100% plus overload.; FL 900' last run. RIH w/bit/scraper; CO formation sand to top of RBP & circ clean (lost 140 B/2% KCL wtr in Upper Entrada during CO), POOH.

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Change rams, slips, & elevators for 3-1/2" tbg. PU pkr & RIH on 163 jts 3-1/2" tbg; set @ 5057'; load backside, close rams, & PT 500 psi -5 min, ok. PT surface lines 2500 psi, ok. Ran BHP bombs to mid perf @ 6341'; pmpd total 950 B/2% KCL wtr during test; POOH, stopping every 1000' to record press gradient. Slight vacuum on well. Unseat pkr, POOH. RIH w/retrieving head on 2-7/8" tbg; tagged 14' fill. RU pmp, swivel, CO; latch on & release RBP, POOH. RIH w/bailer & tag fill @ 6330'; bail to 6385', where bailer stopped. POOH w/4 jts tbg full. RIH w/NC on tbg; brk thru hard fill & CO to 6436'; tbg plugged & stuck. Worked pipe & appeared to loose ground. RIH w/free point tools; free to top of seating nipple @ 6373'; WO orders. RIH w/chemical cut; cut tbg @ 6372' (left fish in hole – top down: 1'-2-7/8" tbg, SN, 2 jts 2-7/8" tbg, 61.27', & NC). Cut very clean, POOH. Notified NMOCD of csg test for 3/6/08.

RIH w/196 jts 3-1/2" 9.3# J-55 tbg & pkr assy; set tbg @ 6258'; set pkr @ 6245' w/12K compression between csg collars 6216' & 6260' KB; PT tbg & pkr assy to 1800#.

MIT Test – 700 psi still on csg; 400 psi on tbg from day before. RU press recorder to csg. Bled csg down to 0 psi. Press up to 500 psi & held for 30 min, ok. Bled off, but chart would not return to 0; ice in the line. Second MIT run 3/7/08.