

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 08 2011

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

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.

Farmington Field Office

5. Lease Serial No. NM36941
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

SG Interests I, Ltd

3a. Address

PO Box 2677, Durango, Colorado 81301

3b. Phone No. (include area code)

970-259-2701

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

1100 FNL, 1120 FWL, Section 15, T21N, R06W

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

8. Well Name and No

Alamos Canyon #1

9. API Well No.

30-043-20457

10. Field and Pool or Exploratory Area

Chacra

11. Country or Parish, State

Sandoval

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input 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 checked="" 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 recompleat 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 recompleat 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.)

BP

The Subject well was plugged back to 1125' KB in June of 2011. The casing had pressure tested to 500# prior to setting the CIBP @ 1325' KB and spotting 13 sx of Type III cement on top of the CIBP. The plug will hold 500+ pressure but the casing above will not pass an MIT. The pressure will leakoff at an average of 14# per minute from 500#. In two days SGI was unable to pin point the leak and moved out the service unit. SGI has determined that it would be prudent to P&A the subject well and drill a new well to the Fruitland at a later date.

With approval, SGI plans to spot a cement plug from the current top of cement @ 1125' KB to the surface using Type III cement. Previous logs as well as a Casing Bond log run in June of 2011 show cement to surface outside of the production casing, so no casing squeezes are planned at this time. After the cement has hardened the casing will be cut off just below the surface and a P&A marker will be installed per BLM guidelines. The location will then be cleared and remediated per BLM guidelines.

SGI does NOT plan to dig a cement flush pit but will circulate and flush to a laydown tank with 50#'s of sugar inside. All cement and water will be hauled off and disposed of in a BLM and NMOCD approved manner.

*OCD needs a copy of the June 2011 CBL run

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)

William Schwab III

Title Agent for SG Interests I, Ltd.

Signature

Date 07/06/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Original Signed: Stephen Mason

Title

Date

JUL 11 2011

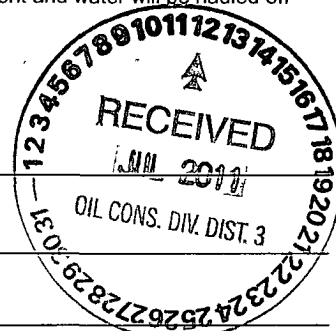
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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 A



GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c) and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

SG Interests I, Ltd.
Alamos Canyon #1
NWNW, Sec. 15, T21N-R6W
Sandoval County, NM
API # 30-043-20457
July 2011
Plug & Abandon
TS

GL: 6839'
TD: 1615' KB
PBSD: 1125' KB
KB: 10'
CSG: 1480' KB, 35 jts, 4-1/2", 10.5#, K-55
Perforations: 1355'-1403' gross interval
Tbg: Landed @ 1103' KB, 36 jts 2-3/8" tubing.

Well History: 07/1980 Initial Completion
06/2004 First Sales
06/2011 T&A, Casing will not test after plug back.

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:

4.3 miles – Turn left at "Ojo Encino School" sign,
11.0 miles – Transition to pavement with sign "N 474",
12.0 miles – Turn left off onto dirt road,
15.0 miles – Arrive location

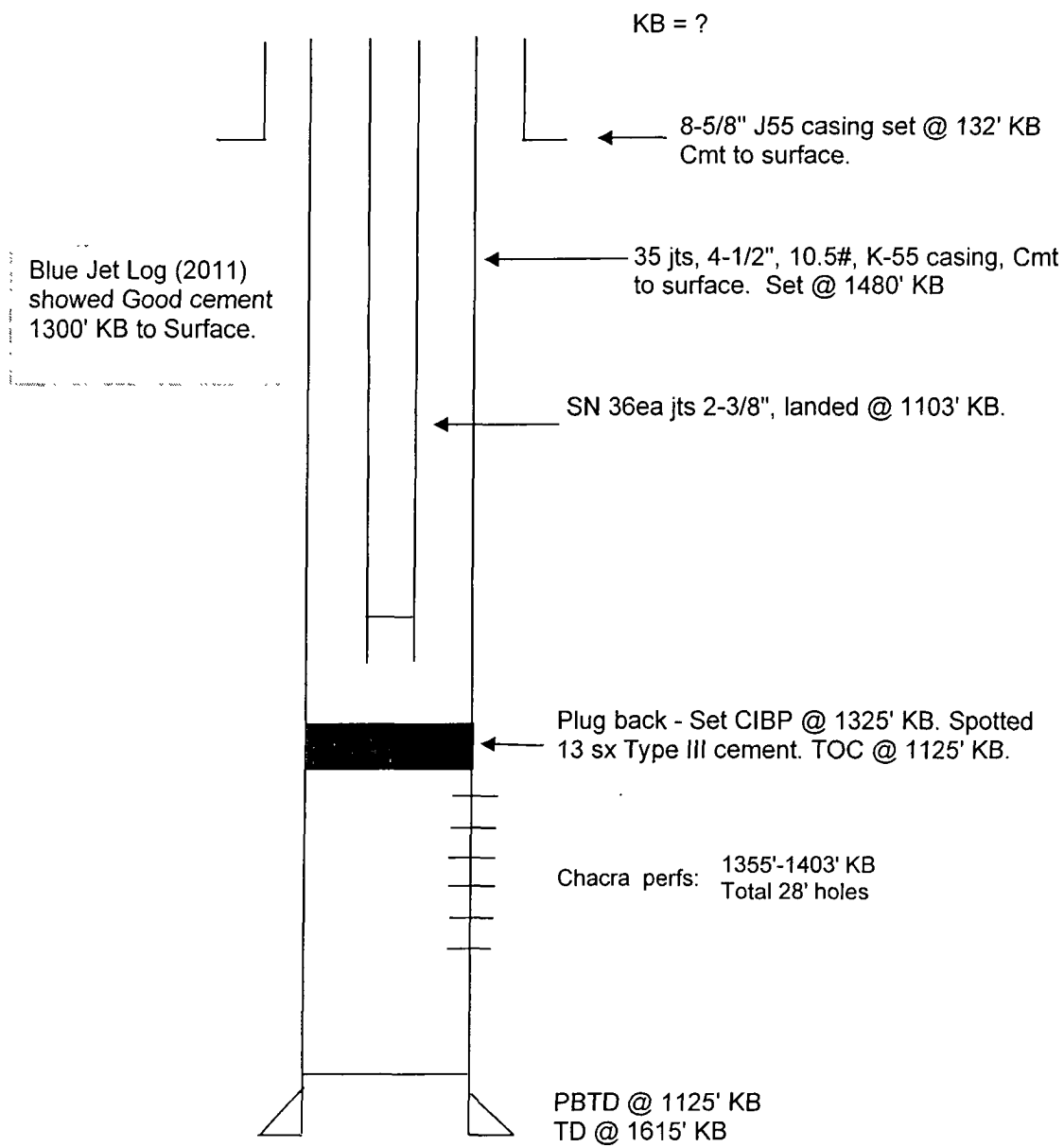
Directions are incomplete. Contact SG to lead in.

Note: 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) There will NOT be a cmt pit opened on this P&A. Cementing circulation and washout will be done into a laydown tank with sugar for this purpose.

Current Wellbore Diagram



Procedure:

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

Note Stipulations and notification requirements and comply with all safety and environmental regulations.

- 1) Set pit for flush with several bags of sugar (approx 50 lbs) to prevent flush cement from setting up. DO NOT DIG PIT. MIRUSU. Record bradenhead, casing and tubing pressures. Report any problem pressures. Blow down and kill well as necessary.
- 2) Drop Standing Valve and test tubing.
- 3) NDWH & NUBOP. TOO H, standing back tubing. Note condition of tubing and report same. Depending on condition of tbg, it may be used for P&A work.
- 4) TIH 3-7/8" bit & CO to TOC above CIBP @ 1125' (CIBP @ 1325'). Circulate casing clean with water. TOO H, LD bit and scraper.
- 5) Mix 81 sx Type III cmt w 2% CaCl. Spot Cmt to surface. Allow cmt to harden. LD tubing.
- 6) NDBOP and cut casing off below surface. Install P&A marker with cement to comply with regulations. RDMOSU.
- 7) Haul tubing to Cave for inspection.

Important Numbers:

<u>Entity</u>	<u>Phone Number</u>	<u>Comments</u>
BLM	505-599-8907	
BLM	505-334-1266 Jim Lovato	Emergency after normal business hours.
NMOCD	505-334-6178	No contact given
Tripp Schwab	970-259-2701 970-769-3589 970-769-3589	Office Mobile Home
Brad McKinney	970-749-2163 505-402-0705	Mobile Mobile
Ricky Toledo	505-402-0208	Mobile
Levi Casaus	505-402-0294	Mobile

Vendor List

<u>Service or Material</u>	<u>Company or Contact</u>		<u>Phone Number</u>
Tubing	Cave Jim Cave	Off	505-325-3401
Capillary String	BJ Dyna Coil Steve Crawford	Off	505-324-0034
Anchors	MoTe		
Cementing & Hardware	Baker Harry Mitchell	Off	505-327-6222
Cementing Hardware	Weatherford		
Wellhead Equipment	WSI Linda	Off	505-326-0308
Water Hauling	B&B Vac	Home	505-289-4048
	Dustin Bridge	Cell	505-320-1211
	Overright Trucking Mike Overright	Cell	505-330-2324
Light Trucking / Hotshot	Lindrith Oilfield Service Dillon	Cell	505-320-4275
Porta Johns	Cabannas	Off	505-325-5835
	Hal Stone	Cell	505-330-7566
Pump & Rods	Energy Pump	Off	505-564-2874
No tap tool	CDI	Off	505-325-6556
Rig Move	Dawn Trucking	Cell	505-320-5286
Rig	JC Well Service #1		
Logging	Blue Jet Wireline Danny Seip	Off	505-325-5584

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON FIELD OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401**

Attachment to notice of

Re: Permanent Abandonment

Intention to Abandon:

Well: 1 Alamos Canyon

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."

2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 599-8907.

3. The following modifications to your plugging program are to be made:

a) After plug has set, tag top of cement and refill casing with cement if necessary.

Office Hours: 7:45 a.m. to 4:30 p.m.