

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION  
2040 Pacheco St.  
Santa Fe, NM 87505

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.  
30-043-20999

5. Indicate Type of Lease  
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PORPOSALS 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

PO BOX 2677, DURANGO, CO 81302 (970) 259-2701

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

10. Elevation (Show whether DF, RKB, RT, GR, etc.)  
6886' GR

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 ☐  
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐  
CASING TEST AND CEMENT JOB ☐  
OTHER: Drilling & Completion Update ☒

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent date, including estimated date of starting any proposed work) SEE RULE 1103.

(11/10/05) Spud & drill 12-1/4" hole to 175' KB. Circ & cond hole. RIH w/4 jts 7" 20# J-55 ST&C csg; set @ 164' KB w/170 sx Class 'B' w/2% CaCl, 1/4#/sk Flocele. Circ 10 bbls to surface. Drill cem & shoe. Continue drilling with 6-1/4" hole to TD 950'. Logged well. RIH w/23 jts 4-1/2" 10.5# J-55 ST&C csg; set @ 933.01' KB w/165 sx Class 'B', 1/4#/sk Flocele, 5#/sk Gilsonite. Circ 14 bbls to surface. WOC

(11/17/05) MIRUSU RIH w/3-7/8" bit, scraper on 2-3/8" tbg; CO to PBTD (890'). Circ hole clean w/2% KCl wtr. Press test csg to 3000 psi, ok. Rn GR/CBL/CCL logs. Perf coal zone w/3-1/8" csg gun, 4 spf, 120 deg phasing as follows: 730'-731' (1'); 773'-777' (4'); 780'-784' (4'); total 9', 36 holes. PU SPIT tool; straddle ea set perms. BD & acidize w/total 500 gal 15% DI FE acid; overflush w/10 B/KCl wtr. Pumped 500 gal 15% FE acid, 5500 gal pad. Frac w/12,000 gal SilverStim SWNT, 35,300# (Continued on Page 2 attached)

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

SIGNATURE Marcia Stewart TITLE Agent for SG Interests DATE 01/06/06  
TYPE OR PRINT NAME Marcia Stewart TELEPHONE NO. (970) 259-2701

(This space for State Use)

APPROVED BY H. Villanueva

DEPUTY CHIEF OF GAS REGULATION DIST 30  
TITLE

DATE FEB 14 2006

CONDITIONS OF APPROVAL, IF ANY:

SUNDRY NOTICE – FORM 3160-3  
dated January 5, 2006

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SG INTERESTS I, LTD  
STATE 21-6-36 #3  
(SWSW) M-SEC 36-T21N-R6W  
SANDOVAL COUNTY, NM

Prem 20/40 Brady Sand, 422 gal flush. Clean out hole to PBTD w/2% KCl wtr. Swab well. Land 26 jts 2-3/8" 4.7# J-55 tbg w/NC @ 843'; SN on top of btm jt @ 807'. RIH w/insert pump, 2 ea 1-1/2" sinker bars, 30 ea. 3/4" rods; land, seat w/polish rod. Ck pump action to 600 psi, ok.

Set pump jack; well on test; WOPL