

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

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.*

2017 20 2017

5. Lease Serial No. NMSF-077976  
6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well  
 Oil Well     Gas Well     Other

7. If Unit of CA/Agreement, Name and/or No.  
14-08-00018196

2. Name of Operator SG Interests I, Ltd c/o Nika Energy Operating, LLC

8. Well Name and No. SE Cha Cha Unit #40

3a. Address P. O. Box 2677, Durango, CO 81302

3b. Phone No. (include area code)  
(970) 259-2701

9. API Well No. 30-045-25317

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Unit C: 700' FNL, 1980' FWL Section 17-T28N-R13W (NENW)

10. Field and Pool or Exploratory Area  
SE Cha Cha Gallup

11. Country or Parish, State  
San Juan County, NM

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"/> Hydraulic Fracturing        | <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 checked="" 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 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.)

SG Interests I, Ltd proposes to Plug & Abandon the subject well, reference attached procedure.

OIL CONS. DIV DIST. 3  
JAN 26 2018

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

**BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS**

Notify NMOCD 24 hrs  
prior to beginning  
operations

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

Agent for SG Interests I, Ltd  
Title

Signature *W Schwab III*

Date 11/20/2017

**THE SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by *AG Elmadani*

Title PE Date 1/23/18

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 FFO

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.

NMOCD

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# SG Interests I, Ltd.

## Cha-Cha #40

NENW, Sec. 17, T28N-R13W

Lat 36.667897° N, Long -108.244745° W

San Juan County, NM

API # 30-045-25317

November 2017

Plug & Abandon

TS

GL: 6024'  
TD: 5800' KB  
PBTD: 5728' KB  
KB: 11'  
CSG: 144 jts, 5-1/2", 15.5#, J-55, SA 5780' KB. Set in  
7-7/8" hole. TOC 1450' KB.

Perforations: 5384'-5708' gross interval  
Rathole: 20'  
Tbg: 2-3/8" seating nipple + 176ea jts 2-3/8", landed @  
5683' KB

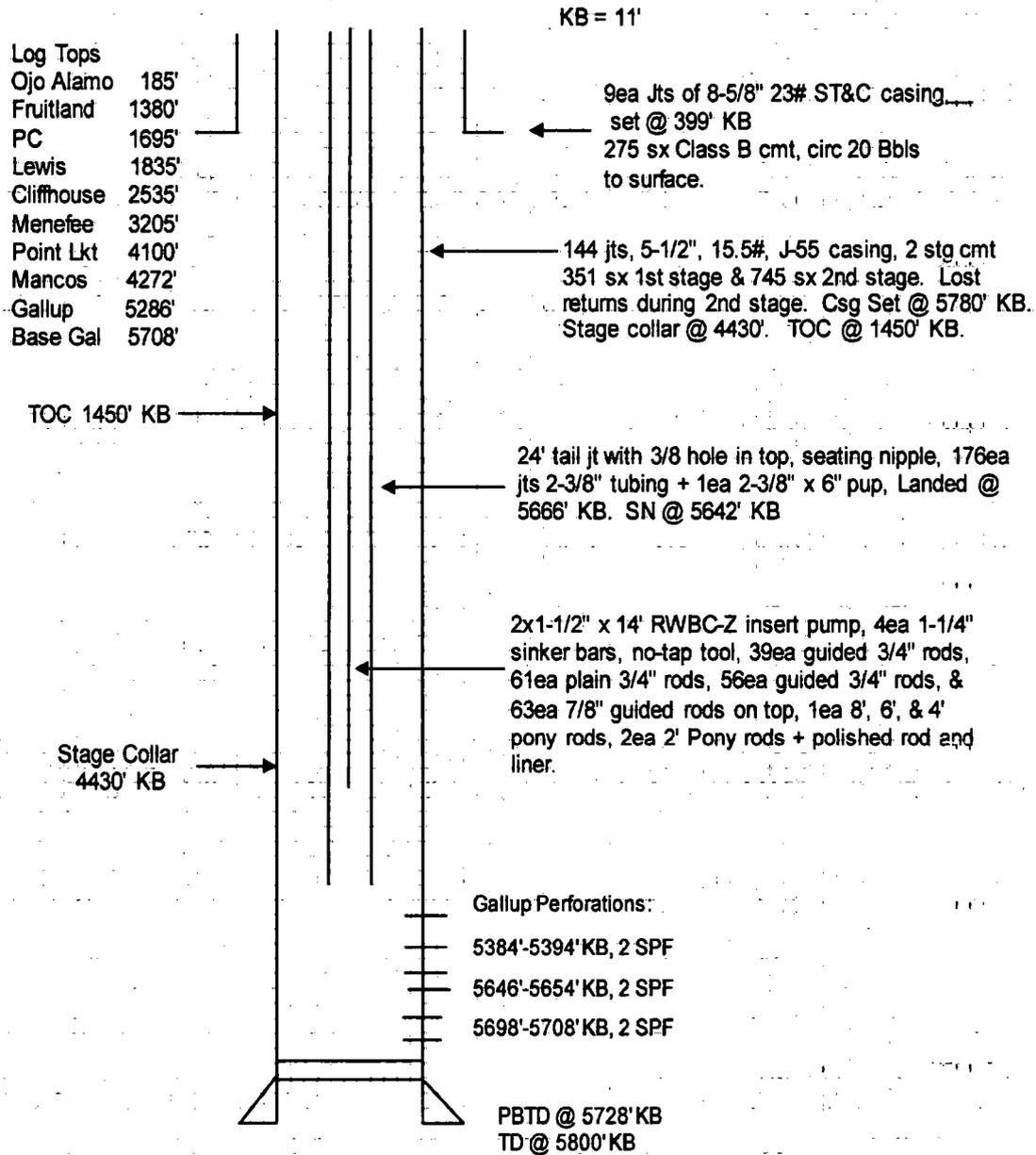
Pump & Rods: 2x1-1/4"x8x10x12 RHAC insert pump, 30ea guided 3/4"  
rods, 160ea plain 3/4" rods & 4ea plain 7/8" rods +  
polished rod and liner.

Current Production: 0 BOPD, 0 BWPD

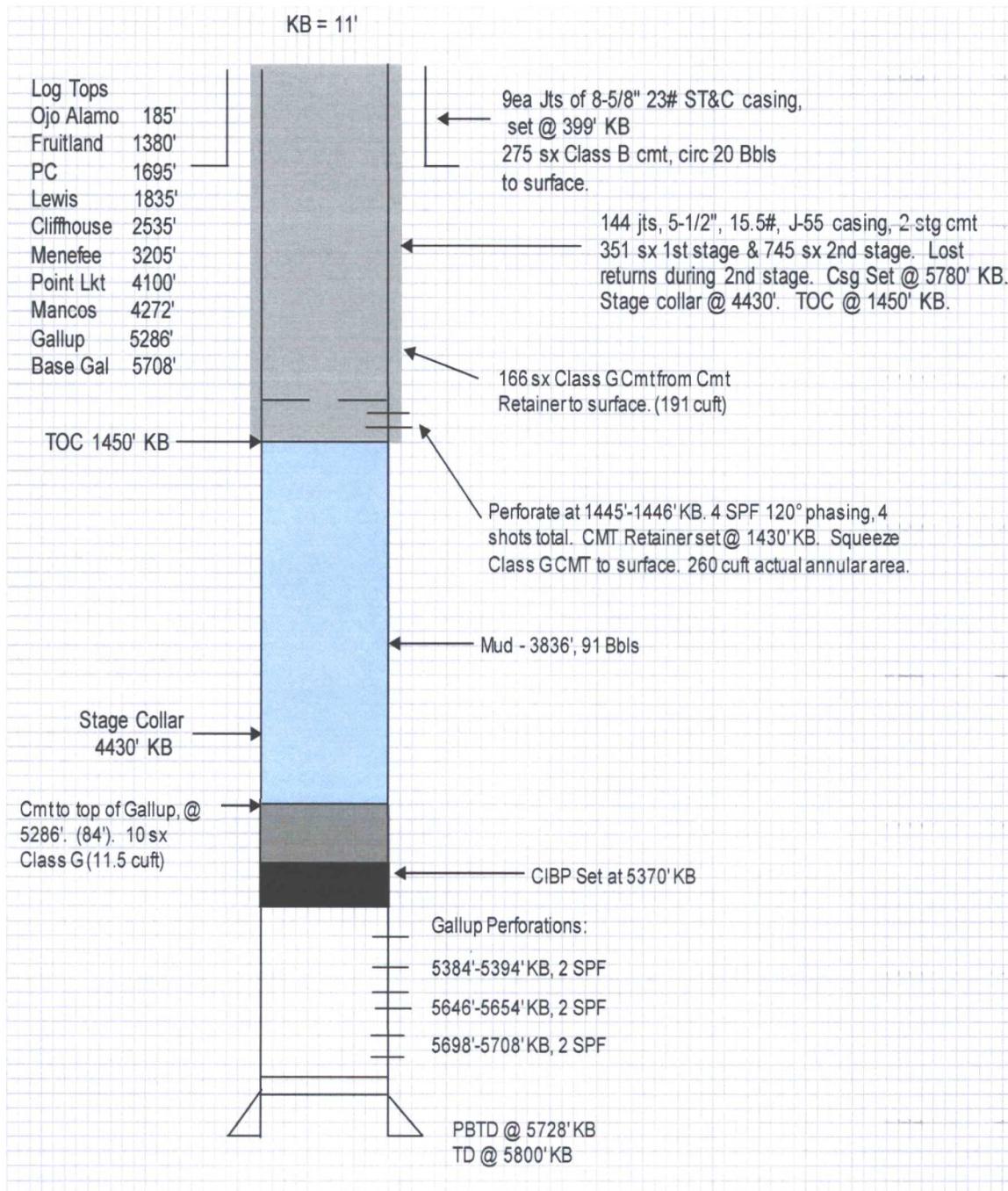
Well History: 4/82 Initial Completion  
7/82 First Sales  
10/84 Pump change, replaced split tubing  
5/85 Pump change, ran 40 rods on btm w/ PATCO  
scrapers, replaced jt for pin hole.  
2/86 Replaced 6 jts, replaced 19 rod boxes, changed  
pump.  
10/91 Pump change  
2/92 Replaced 2 jts, changed pump.  
10/95 Replaced 5 jts, changed pump.  
8/05 Replaced 8 jts, 34 rods & pump. Ran 30 3/4"  
guided rods on btm, 160 plain 3/4" rods, & 4 7/8"  
rods on top.  
3/14 Acidize, drill out scale, CO, run new pump, guide  
7/8" rods.  
3/15 Acidize with special anti-iron precipitation acid  
treatment, new pump, replace tubing.

Directions: From the Farmington intersection of US 63 & NM 371 head west and south on the Bisti Hwy 5 miles. Take right onto gravel "Hemstreet Memorial Road". Continue west on Hemstreet ± 0.92 miles. Take left fork onto dirt lease road. Continue southwesterly 0.38 miles. Take right fork 0.03 miles to location. Drive slowly, as there are residences in this area.

Current Wellbore Diagram



### Cement Plan



- Notes: 1) Cell Phone service is good on location. Emergency room is located 5 miles in Farmington, NM.
- 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) May need to hot oil or water tubing after unseating pump to trip rods. One workover required the rods to be cut and the tubing stripped out, because the pump was scaled into place.
- 4) Take accurate tallies and counts of tbg, rods and setting depths. Report same. Test tubing with Tuboscope during first trip. Replace any bad tubing, to make a good workstring.
- 5) This is an oilwell and care needs to be taken to contain any oil on location to pit and blowdown tank.
- 6) Set 400 Bbl frac tank and fill with 300 Bbls fresh water. Use for Cmt, flush, and circulation.
- 7) Have 50 Lb. sacks of sugar available to keep cement that is flushed to surface from setting up in rig pit.

Procedure:

- 1) MIRUSU. Check & record bradenhead, tubing & casing pressures. Blow well down to flow back tank. Report any irregular pressures.
- 2) Unseat pump LD polish rod and stuffing box, pull 2 rods. If rods are parted, POOH w rods and run fishing tool to retrieve rods. Reinstall polish rod and stuffing box. If needed - Pump hot water down tbg to clear paraffin. Reseat pump if rods are not parted. Load tbg & test to 1000# or pump maximum. Kill w/ produced water from Tank battery #3 if necessary. POOH with rods and pump, laying down on trailer. Check for rod wear, corrosion, scale, rod guide wear, etc. Separate any bad rods. Check condition of polish rod, liner, stuffing box and ratigan. Mark if bad. Send ratigan and stuffing box in to be rebuilt by Energy Pump.



Important Numbers:

Notification Schedule:

| Entity            | Phone Number | Comments                           |
|-------------------|--------------|------------------------------------|
| <u>Regulatory</u> |              |                                    |
| BLM               | 505-564-7600 | Main<br>Switchboard                |
| BLM               | 505-664-7743 | Troy Salyers<br>Petroleum Engineer |
| NMOCD             | 505-334-6178 | Monica<br>Kuehling                 |

WO Issues:

|               |  |                          |
|---------------|--|--------------------------|
| Tripp Schwab  | 970-259-2701<br>970-769-3589<br>970-769-3589 | Office<br>Mobile<br>Home |
| Brad McKinney | 970-749-2163                                 | Mobile                   |
| Levi Casaus   | 970-426-1272                                 | Mobile                   |
| RJ McKinney   | 480-694-6519                                 | Mobile                   |

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
FARMINGTON DISTRICT OFFICE  
6251 COLLEGE BLVD.  
FARMINGTON, NEW MEXICO 87402

Attachment to notice of  
Intention to Abandon:

Re: Permanent Abandonment  
Well: SE Cha Cha #40

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) 564-7750.
  - a) Add Plug from (4489'-4389') ft. to cover the Mancos top. BLM picks top of Mancos at 4439 ft.
  - b) Add Plug from (2586'-2486') ft. to cover the Cliff House (La Ventana Ss) tops. BLM picks top of Cliff House at 2536' ft.
  - c) Add Plug from (2199'-2099') ft. to cover the Chacra tops. BLM picks top of Chacra at 2149' ft.
  - d) Add Plug from (1650'-1550') ft. to cover the Picture Cliffs tops. BLM picks top of Picture Cliff at 1600' ft.

Operator will run a CBL to verify cement top. Submit the electronic copy of the log for verification to the following addresses: [aelmadani@blm.gov](mailto:aelmadani@blm.gov) [Brandon.Powell@state.nm.us](mailto:Brandon.Powell@state.nm.us) [jwsavage@blm.gov](mailto:jwsavage@blm.gov)

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

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