

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

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|---|
| WELL API NO. 30-043-20999 |
| 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 21-6-36 |
| 8. Well No. #3 |
| 9. Pool name or Wildcat FRUITLAND COAL (71629) |

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, 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

11. **NOTICE OF INTENTION TO:**

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐
OTHER: Vent Coal Gas ☒

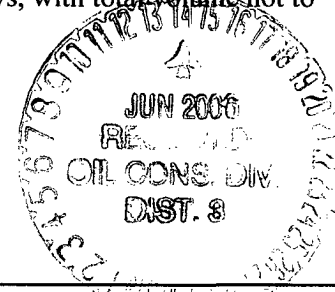
SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER: ☐

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.

This well was completed Dec 7, 2005. For the purpose of de-watering the Coal Formation, while waiting on sales line construction/connection (WO BLM Pipeline ROW), should it become necessary SG Interests is requesting approval to vent coal gas to the atmosphere for 30-90 days in addition to the allowed testing (venting) period of 60 days, with total volume not to exceed 50 MMCF. There has been no venting prior to the date of this document.

After 60 Additional days will have to file form C129 per our conversation



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 06/12/06
TYPE OR PRINT NAME Marcia Stewart TELEPHONE NO. (970) 259-2701

(This space for State Use)

APPROVED BY Henry Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 8 DATE JUN 14 2006
CONDITIONS OF APPROVAL, IF ANY: