

Submit One Copy To Appropriate District
Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 S. First St., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103

Revised November 3, 2011

WELL API NO. 30-031-21071	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. NMNM24964	
7. Lease Name or Unit Agreement Name Federal 20-6-10	
8. Well Number 1	
9. OGRID Number 020572	
10. Pool name or Wildcat Basin Fruitland Coal	
4. Well Location Unit Letter <u>G</u> : 1905 feet from the <u>North</u> line and 1960 feet from the <u>Eastline</u> Section <u>10</u> Township <u>20N</u> Range <u>06W</u> NMPM <u>SWNE</u> County <u>McKinley</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6885	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input checked="" type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> <input type="checkbox"/> Location is ready for OCD inspection after P&A	
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☐ All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan.
☐ Rat hole and cellar have been filled and leveled. Cathodic protection holes have been properly abandoned.
☐ A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It shows the

OPERATOR NAME, LEASE NAME, WELL NUMBER, API NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE. All INFORMATION HAS BEEN WELDED OR PERMANENTLY STAMPED ON THE MARKER'S SURFACE.

- ☐ The location has been leveled as nearly as possible to original ground contour and has been cleared of all junk, trash, flow lines and other production equipment.
☐ Anchors, dead men, tie downs and risers have been cut off at least two feet below ground level.
☐ If this is a one-well lease or last remaining well on lease, the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. All flow lines, production equipment and junk have been removed from lease and well location.
☐ All metal bolts and other materials have been removed. Portable bases have been removed. (Poured onsite concrete bases do not have to be removed.)
☐ All other environmental concerns have been addressed as per OCD rules.
☐ Pipelines and flow lines have been abandoned in accordance with 19.15.35.10 NMAC. All fluids have been removed from non-retrieved flow lines and pipelines.
☐ If this is a one-well lease or last remaining well on lease: all electrical service poles and lines have been removed from lease and well location, except for utility's distribution infrastructure.

When all work has been completed, return this form to the appropriate District office to schedule an inspection.

SIGNATURE William Schwab III TITLE Registered Agent for SGI DATE 12/22/2021

TYPE OR PRINT NAME William Schwab III E-MAIL: tripp@nikaenergy.com PHONE: 970-259-2701

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

SG Interests I, Ltd.

Federal 20-6-10 #1

SWNE, Sec. 10, T20N-R6W

Lat 35.98136° N, Long -107.45747° W

McKinley County, NM

API # 30-031-21071

August 2021

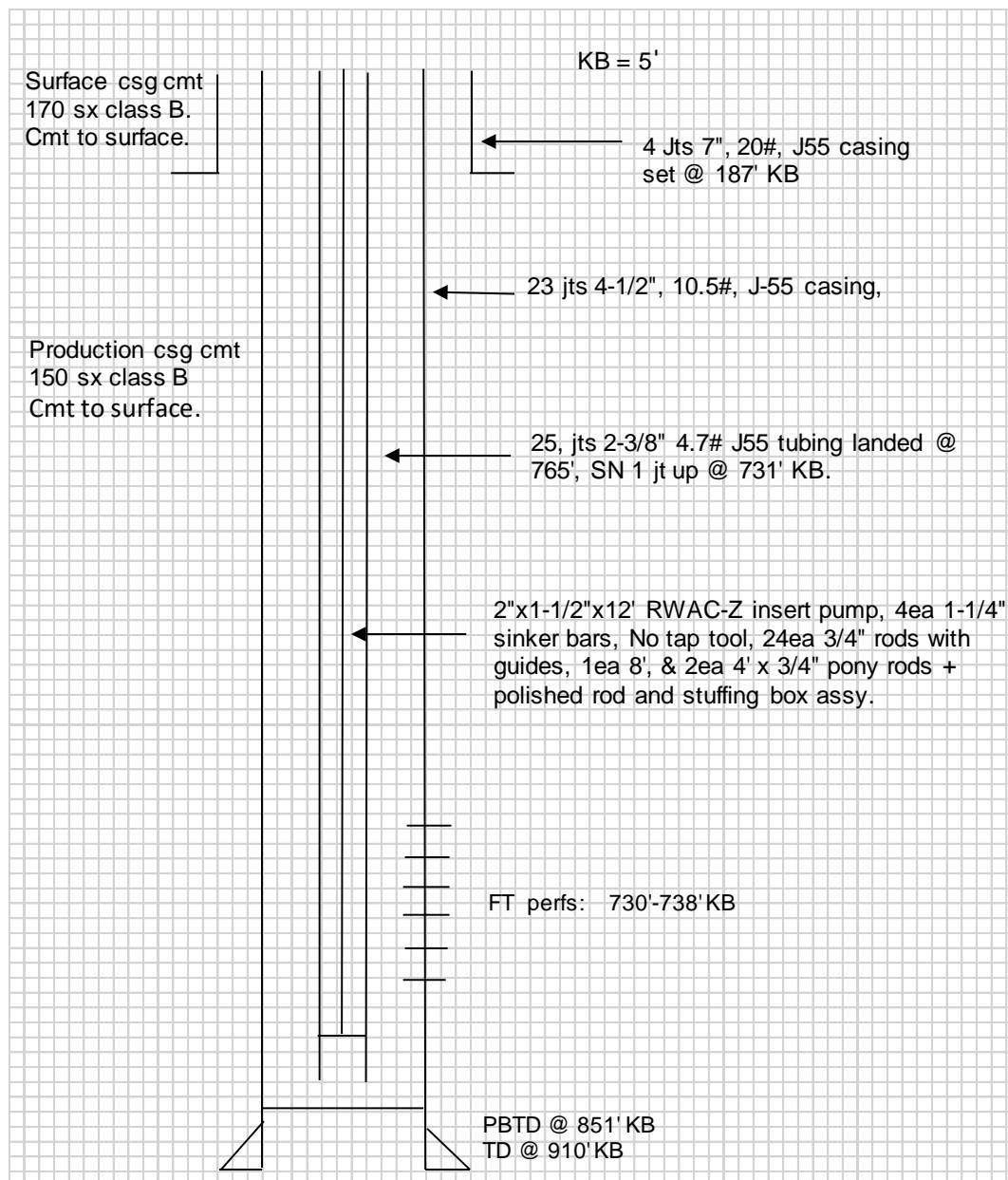
Pull rods, pump, & tubing, Set CIBP, test csg, P&A
TS

GL:	6885'
TD:	910' KB
PBTD:	Float Collar @ 851' KB
KB:	5'
CSG:	893' KB, 22 jts, 4 1/2", 10.5#, J55
Marker Jt:	586'-595'KB, (9')
Perforations:	730 - 738' gross interval
Rathole:	113'
Tbg:	25 jts 2-3/8", 4.7#, J-55 landed @ 816', SN 1jt up @ 782'
Pump & Rods:	2"x1-1/4"x12' insert pump, no tap tool, 4ea 1-1/4 sinker bars, 26ea 3/4" guided rods, 1ea, 8', 6', & 4' 3/4" pony rods
Current Production:	0
Expected Production:	30 MCFD
Well History:	11/05 Spud
	12/05 Completion
	3/08 Pump Change, Replace 2 cut joints tubing, No fill, add 4 sinker bars to rod string.
	7/08 Pump change, replace 3 split jts tubing
	11/08 Pump change, replace 1jt split tubing
	8/09 CO 4' fill, hole in jt # 18, install 3 guides per rod, install no tap tool, pump change
	1/11 CO, Acidize, pump change
	3/12 Replace Tbg, pump change
	12/14 Acidize, pump change

Directions: From Counselor Trading Post on US Hwy 550, travel south on Hwy 550 +/- 0.1 miles, turn right on dirt road with sign: "Star Lake Compressor-26 miles". This is the 0 miles point for this description. Follow dirt road:

- AT: 4.3 miles - Turn left at "Ojo Encino School" sign,
 " 11.0 miles - Transition to pavement with sign "N 474",
 " 15.4 miles - Turn right off pavement through cattle guard onto dirt road,
 " 17.8 miles - Take right fork,
 " 18.4 miles - Take left fork,
 " 18.9 miles - Turn left to location

Federal 20-6-10 #1

Current Wellbore Diagram:

Federal 20-6-10 #1

Procedure:

Note 1) Cell Phone service is nonexistent to limited on location.

Note 2) Comply with all safety and environmental requirements.

All P&A fluids (rig pits, flow back tanks, frac tanks)

Will be hauled to nearest available legal disposal site.

Note 3) BLM & NMOCD must be Notified 24 hrs in advance of any cementing

Note 4) This well will be TA'd with Rig. The P&A will be done Rig-less P&A.

Rig pit will be "salted" with 5-7 sx of sugar to keep cement from setting in pit.

- 1) Hold Safety Meeting. No rig anchors necessary and will already be pulled. Use water truck for fresh water tank.
- 2) MIRUSU. Check & record bradenhead, tubing & casing pressures. Record. Blow well down to rig pit.
- 2) POOH w rods & pump, laying down on trailer. Send Pump to Drake, rods/sinker bars, stuffing box, and ratigan to M&R yard.
- 3) NDWH, NUBOP. RU Tuboscope. POOH standing back good tubing. Lay down bad tubing. Keep separate. Check for corrosion and operation of valves. Replace valves and fittings as necessary. Replace bad tubing with yellow band for work-string and add for TD depth. TIH w/ bit, scraper, SN and tbg. Check for fill and/or scale. Report. If fill is below 730' KB do not CO. If fill is above 730' KB, RU bailer & CO until comfortably below 730' KB.
- 4) POOH w/ work string. RD Bailer. TIH w/ tubing and set CIBP, ± 710 " KB. Pull up 1 jt and circulate hole with fresh water.
- 5) RU Drake pump truck with electronic pressure recording equipment, plus vintage paper chart recorder per NMOCD regulations. Test casing to 500 PSI for 15 minutes or until regulators are satisfied with casing integrity.
- 6) If casing tests, POOH laying down tubing on trailer. NDWH. NUBOP.
- 7) Police location for trash, etc. RDMOSU.

Federal 20-6-10 #1

Procedure, Part Two:

- 1) Hold Safety meeting. MIRU Drake Cementing Unit, rig pit, cementing WH spool and poly-pipe spool. Record bradenhead, casing and tubing pressures. Report any problem pressures. Blow down casing gently in case of thermal expansion pressure.
- 2) Connect pressure pump to WH. Pressure test casing to 500 psi for 15 minutes. Record test on rig report. Use both electronic pressure recorders as well as a vintage chart recorder per NMOCD regulations.
- 3) NDWH & NU spool for circulation to rig pit. RU poly spooling unit.
- 4) RIH with 2" poly-pipe to PBTD \pm 710' KB. Connect poly-pipe to cementing unit.
- 5) Establish circulation with fresh water and circulate hole with 52 sx, Type III cement, displacing water/cement to sugar spiked rig pit. (10% excess capacity)
- 6) When cement is circulated to surface, shut down, Cleanout pump and piping to pit. RD Drake Cementing Unit.
- 7) Cut poly off at surface. Top off casing and after BLM approval, install P&A marker.
- 8) RDMO Drake Cementing.
- 9) MIRU Keystone and start surface remediation.

Cementing Program:

Interval	Size, Wt, Grade, Thread	Depth	Cement
Production	4-1/2", 10.5#, J-55, ST&C	710' KB	52 sx Type III (10% xcess capacity)
Cement & Additives	Water Requirements	Weight/Yield	
Type III	6.68 gals/sx	14.6 ppg / 1.37 cu.ft/sx	

Federal 20-6-10 #1

Important Numbers:Regulatory

BLM	505-564-7600	Main Switchboard
NMOCD	505-334-6178	

WO Issues:

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

Federal 20-6-10 #1

Vendor List

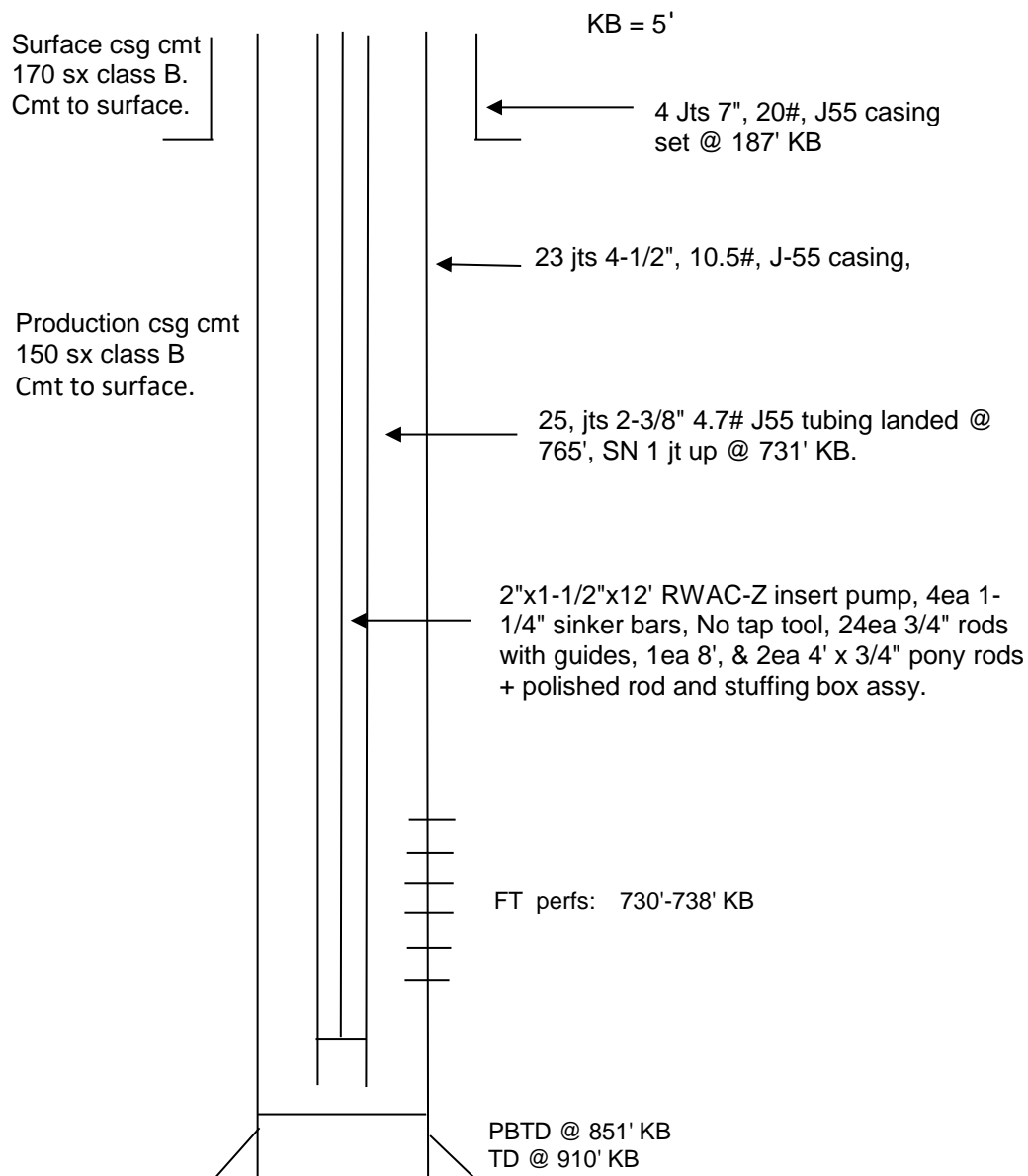
<u>Service or Material</u>	<u>Company or Contact</u>	<u>Phone Number</u>	
Dirt Contractor	Keystone Randy Schreffler	Off	505-334-8462
Pit Liner	Ore Systems Zane Galloway		
Anchors	Mote	Off Off	505-325-9711 505-325-1666
Rod Pumps etc.	Drake Pump Service Drake McCulloch	Cell	505-320-1180
PC Pump	Black Arrow Solutions Dave Cox	Cell	505-320-8158
Tubing Inspection	Tuboscope	Off	505-333-2224
Tubing	Cave Jim Cave	Off	505-325-3401
Wellhead Equipment	WSI	Off	505-326-0308
Logging / Perforating	Basin Well Logging Dana McGarrah	Off	505-327-5244
Water Hauling	Overright Trucking Mike Overright	Off	505-215-3035
Frac Tank & Heavy Hauling	CNJ Trucking Craig Nelson	Cell	505-320-8345
Light Trucking / Hotshot	Double S Hot Shot Debbie and Larry Slavin	Cell	505-334-3850
Rig Move	Drake Well Service Drake McCulloch	Cell	505-320-1180

Federal 20-6-10 #1

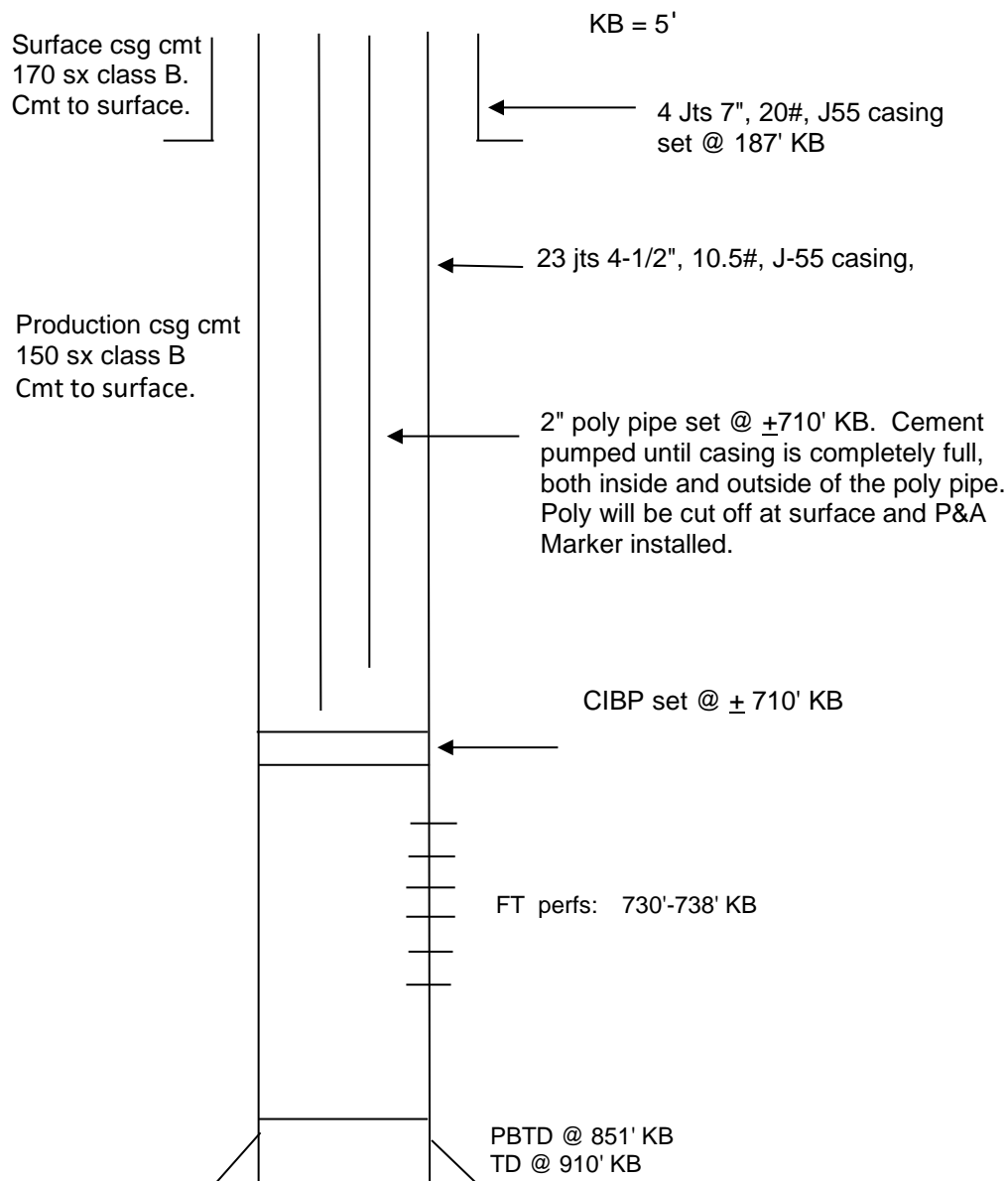
Vendor List Cont.

<u>Service or Material</u>	<u>Company or Contact</u>	<u>Phone Number</u>	
Cementing	Drake Well Service Drake McCulloch	Cell	505-320-1180
Porta Johns	Cabannas Hal Stone	Off	505-325-5835
		Cell	505-330-7566
Drywatch	Double S Hot Shot Debbie and Larry Slavin	Cell	505-334-3850
BOP Testing	Wilson & Co.	Off	505-334-3807
Roustabout	Keystone Randy Schreffler	Off	505-334-8462
BOP Rental	Drake Well Service Drake McCulloch	Cell	505-320-1180
Rig	Drake Well Service Drake McCulloch	Cell	505-320-1180

**Federal 20-6-10 #1
Wellbore Diagram
August 2021**



**Federal 20-6-10 #1
Post Plugging
Wellbore Diagram**



Well Name: FEDERAL 20-6-10	Well Location: T20N / R6W / SEC 10 / SWNE / 35.981298 / -107.45813	County or Parish/State: MCKINLEY / NM
Well Number: 1	Type of Well: OTHER	Allottee or Tribe Name:
Lease Number: NMNM24964	Unit or CA Name:	Unit or CA Number:
US Well Number: 3003121071	Well Status: Producing Gas Well	Operator: SG INTERESTS I LIMITED

Notice of Intent

Sundry ID: 2634779

Type of Submission: Notice of Intent	Type of Action: Plug and Abandonment
Date Sundry Submitted: 09/17/2021	Time Sundry Submitted: 10:07
Date proposed operation will begin: 10/18/2021	

Procedure Description: SG Interests I, Ltd. intends to plug, abandon, and reclaim the subject well per BLM regulatory guidelines. A P&A Onsite was held with AO Robert Switzer on August 31, 2021. See attached P&A Procedure, Reclamation Procedure, and before/after well bore diagrams.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

- P_A_Workover_Procedure_Federal_20_6_10_No_1_Aug_2021_20211210144839.pdf
- Reclamation_Plan_Fed_20_6_10_No_1_20211210144824.pdf
- Wellbore_Diagram_b_P_A_Federal_20_6_10_No_1_Aug_2021_20211210144804.pdf
- Wellbore_Diagram_a_P_A_Federal_20_6_10_No_1_Aug_2021_20211210144749.pdf

Well Name: FEDERAL 20-6-10	Well Location: T20N / R6W / SEC 10 / SWNE / 35.981298 / -107.45813	County or Parish/State: MCKINLEY / NM
Well Number: 1	Type of Well: OTHER	Allottee or Tribe Name:
Lease Number: NMNM24964	Unit or CA Name:	Unit or CA Number:
US Well Number: 3003121071	Well Status: Producing Gas Well	Operator: SG INTERESTS I LIMITED

Conditions of Approval

Additional Reviews

General_Requirement_PxA_20211213172345.pdf
2634779_NOIA_20_6_10_1_3003121071_KR_12132021_20211213172322.pdf
20N06W10GKpc_Federal_20_6_10_1_20211213153409.pdf

Operator Certification

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: WILLIAM SCHWAB III	Signed on: DEC 10, 2021 02:48 PM
Name: SG INTERESTS I LIMITED	
Title: President	
Street Address: 286 SAWYER DRIVE, SUITE A	
City: DURANGO	State: CO
Phone: (970) 259-2701	
Email address: TRIPP@NIKAENERGY.COM	

Field Representative

Representative Name: William Schwab		
Street Address: 286 Sawyer Dr.		
City: Durango	State: CO	Zip: 81301
Phone: (970)259-2701		
Email address: tripp@nikaenergy.com		

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK	BLM POC Title: Petroleum Engineer
BLM POC Phone: 5055647742	BLM POC Email Address: krennick@blm.gov
Disposition: Approved	Disposition Date: 12/13/2021
Signature: Kenneth Rennick	

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

AFMSS 2 Sundry ID 2634779

Attachment to notice of Intention to Abandon

Well: Federal 20 6 10 1

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.
3. The following modifications to your plugging program are to be made:
 - a) Add a plug to cover the Picture Cliffs formation top at 752 feet.

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.

K. Rennick 12/13/2021

BLM FLUID MINERALS P&A Geologic Report

Date Completed: 12/13/2021

Well No. Federal 20-6-10 #1 (API# 30-031-21071)		Location	1905	FNL	&	1960	FEL
Lease No. NMNM-24964		Sec. 10	T20N			R06W	
Operator SG Interests I, Ltd.		County	McKinley		State	New Mexico	
Total Depth	910'	PBTD	851'				
		Formation	Fruitland coal				
Elevation (GL)		6885'					
		Elevation (KB)	6890'				

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose Fm					
Nacimiento Fm			Surface	210	Surface/freshwater sands
Ojo Alamo Ss			210	298	Aquifer (freshwater)
Kirtland Shale			298	480	
Fruitland Fm			432	752	Coal/Gas/Possible water
Pictured Cliffs Ss			752	PBTD	Possible Gas
Lewis Shale					
Chacra					
Cliff House Ss					
Menefee Fm					
Point Lookout Ss					
Mancos Shale					
Gallup					
Greenhorn					
Graneros Shale					
Dakota Ss					

Remarks:

P & A

- CBL on file.

- Add a plug to cover the Pictured Cliffs top at 752'

- The plugs proposed in the P&A procedure, with changes as recommended above, will adequately protect any freshwater sands in this well bore.
- Fruitland perfs 730' – 738'.

Reference Well:

1) **Formation Tops**
Same

Prepared by: Chris Wenman

**GENERAL REQUIREMENTS FOR
PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES
FARMINGTON FIELD OFFICE**

1.0 The approved plugging plans may contain variances from the following minimum general requirements.

1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Authorized Officer, Farmington Field Office.

1.2 Requirements may be added to address specific well conditions.

2.0 Materials used must be accurately measured. (densometer/scales)

3.0 A tank or lined pit must be used for containment of any fluids from the wellbore during plugging operations and all pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.

3.1 Pits are not to be used for disposal of any hydrocarbons. If hydrocarbons are present in the pit, the fluids must be removed prior to filling in.

4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.

4.1 The cement shall be as specified in the approved plugging plan.

4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.3 Surface plugs may be no less than 50' in length.

4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, calculated using the bit size, or 100' of annular capacity, determined from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, as calculated from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.

4.6 A cement bond log or other accepted cement evaluation tool is required to be run if one had not been previously ran or cement did not circulate to surface during the original casing cementing job or subsequent cementing jobs.

5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by tagging with the work string.

- 5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, without regard to any excess.
- 5.2 Testing will not be required for any cement plug that is mechanically contained by use of a bridge plug and/or cement retainer, if casing integrity has been established.
- 5.3 Any cement plug which is the only isolating medium, for a fresh water interval or a zone containing a prospectively valuable deposit of minerals, shall be tested by tagging.
- 5.4 If perforations are required below the surface casing shoe, a 30 minute minimum wait time will be required to determine if gas and/or water flows are present. If flow is present, the well will be shut-in for a minimum of one hour and the pressure recorded. Short or long term venting may be necessary to evacuate trapped gas. **If only a water flow occurs with no associated gas, shut well in and record the pressures. Contact the Engineer as it may be necessary to change the cement weight and additives.**

6.0 Before setting any cement plugs the hole needs to be rolled. All wells are to be controlled by means of a fluid that is to be of a weight and consistency necessary to stabilize the wellbore. This fluid shall be left in place as filler between all plugs.

- 6.1 Drilling mud may be used as the wellbore fluid in open hole plugging operations.
- 6.2 The wellbore fluid used in cased holes shall be of sufficient weight to balance known pore pressures in all exposed formations.

7.0 A blowout preventer and related equipment (BOPE) shall be installed and tested prior to working in a wellbore with any exposed zone(s); (1) that are over pressured, (2) where the pressures are unknown, or (3) known to contain H₂S.

8.0 Within 30 days after plugging work is completed, file a Sundry Notice, Subsequent Report of Abandonment (Form 3160-5), five copies, with the Field Manager, Bureau of Land Management, 6251 College Blvd., Suite A, Farmington, NM 87402. The report should show the manner in which the plugging work was carried out, the extent, by depth(s), of cement plugs placed, and the size and location, by depth(s), of casing left in the well. Show date well was plugged.

9.0 All permanently abandoned wells are to be marked with a permanent monument as specified in 43 CFR 3162.6(d). Unless otherwise approved.

10.0 If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.

All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.

(October 2012 Revision)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 75319

CONDITIONS

Operator: SG INTERESTS I LTD Nika Energy Operating Durango, CO 81302	OGRID: 20572
	Action Number: 75319
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	1/31/2022
kpickford	Adhere to BLM approved plugs and COAs. See GEO Report	1/31/2022