

Office
 District I – (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II – (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III – (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV – (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

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

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------|
| 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.) | | WELL API NO. 30-031-20888 |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | | 5. Indicate Type of Lease FEDERAL <input checked="" type="checkbox"/> |
| 2. Name of Operator SG Interests I, Ltd. | | 6. State Oil & Gas Lease No. NM24964 |
| 3. Address of Operator PO Box 2677, Durango, CO 80302 | | 7. Lease Name or Unit Agreement Name Pot Mesa |
| 4. Well Location Unit Letter <u>G</u> ; <u>1785</u> feet from the <u>North</u> line and <u>2175</u> feet from the <u>East</u> line Section <u>10</u> Township <u>20N</u> Range <u>06W</u> NMPM County <u>McKinley</u> | | 8. Well Number #2 |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6891' GL | | 9. OGRID Number 020572 |
| | | 10. Pool name or Wildcat SWD, Mesa Verde |

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

| | | | |
|------------------------------------------------|-------------------------------------------|--------------------------------------------------|------------------------------------------|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | | | |
| OTHER: <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SG Interest Proposes to comply with the required well bore MIT in email dated 2/1/2022. The test will comply with the requirements put forth in the email. The test will be performed during the Month of March and a solid date will be confirmed with the Aztec OCD office to comply with the required witness by an OCD Inspector.

Spud Date:

Rig Release Date:

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

SIGNATURE Wm Schwab III TITLE Agent for SG Interests I, Ltd. DATE 02/18/2022

Type or print name William Schwab III E-mail address: tripp@nikaenergy.com PHONE: 970-259-2701

For State Use Only

APPROVED BY: Monica Kuehling TITLE Deputy Oil and Gas Inspector DATE 3/1/2022

Conditions of Approval (if any):

SG Interests I, Ltd.**Pot Mesa #2 SWD**

UL G, NE 1/4, Sec. 10, T20N-R6W
 Lat 35.981667 °N, Long -107.45889 °W
 McKinley Co, NM
 API # 30-031-20888

March 2022

Perform MIT with NMOCD Witness
 TS

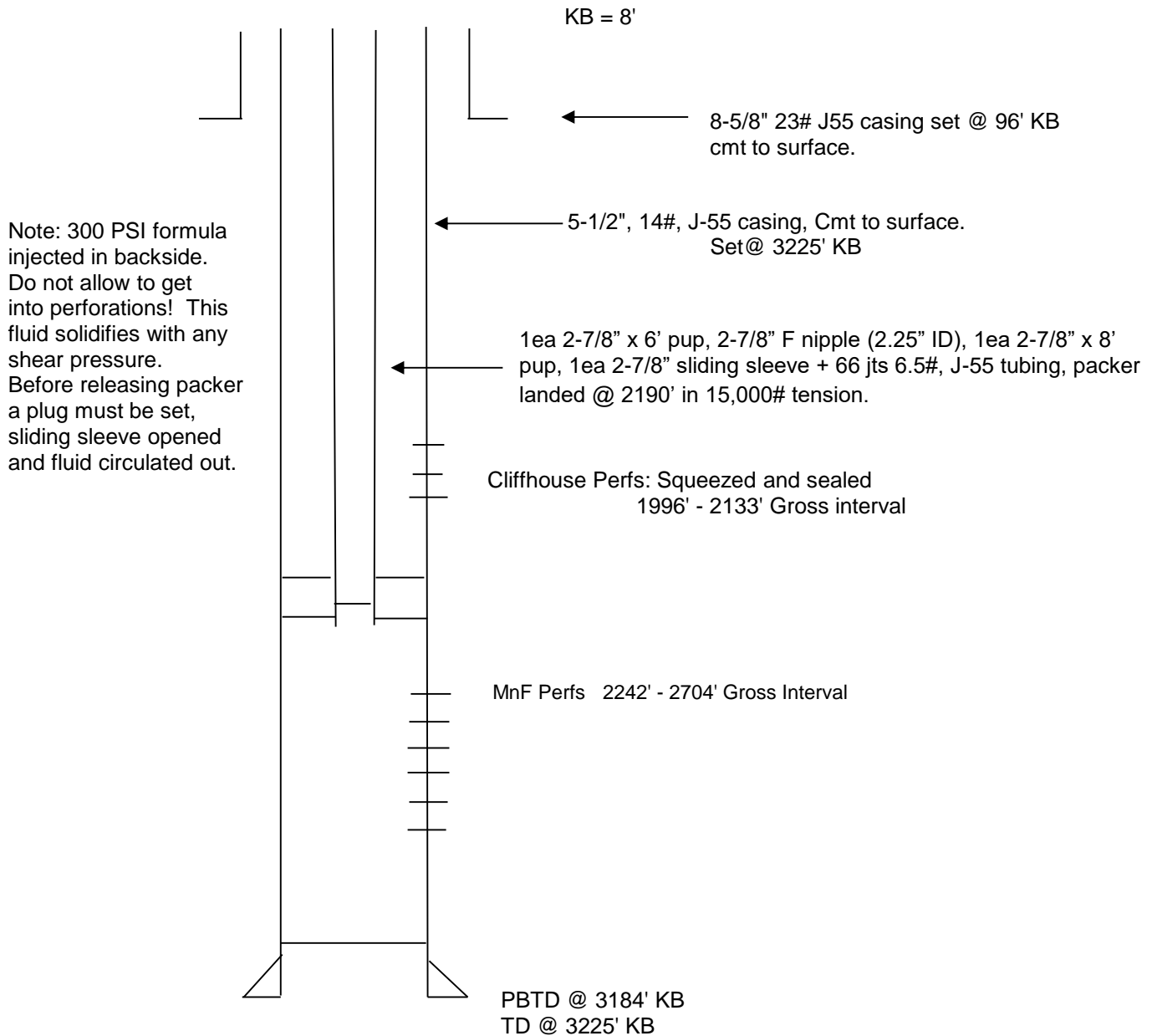
| | |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GL: | 6891' |
| TD: | 3225' KB |
| PBTD: | 3184' KB |
| KB: | |
| CSG: | 5-1/2", 14#, J-55 (govt. reports say 15.5#) |
| Perforations: | 2242'-2704' gross interval |
| Rathole: | 480' |
| Tbg: | 1ea 2-7/8" x 6' pup, 2-7/8" F nipple (2.25" ID), 1ea 2-7/8" x 8' pup, 1ea 2-7/8" sliding sleeve + 66 jts 6.5#, J-55 tubing, packer landed @ 2190' in 15,000# tension. |
| Current Production: | average 50 BWPD injected @ 400 psi. |
| Well History: | 11/85 Initial Completion, perf & acidize Menefee |
| | 3/86 Abandon Menefee, complete in Cliffhouse as SWD |
| | 2/06 Squeeze Cliffhouse, Re-open Menefee as SWD |
| | 3/07 Acidize Menefee w/ coil tbg jet |
| | 7/08 Acidize Menefee |
| | 6/09 Acidize Menefee |
| | 10/09 MIT Test |
| | 9/10 Acidize Menefee |
| | 3/11 Acidize Menefee |
| | 5/13 Acidize 24 Bbls and MIT Test |
| | 11/13 Acidize 24 Bbls |
| | 6/14 Acidize 24 Bbls |
| | 11/14 Acidize 21 Bbls |
| | 8/15 MIT & Acid |
| | 8/16 Acidize |
| | 4/20 Acidize |

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,
- " 14.5 miles – Turn right off pavement through cattle guard onto dirt road,
- " 17.8 miles – Turn right off main road and follow existing North El Pintado Compressor sight access road to Compressor site,
- " 18.5 miles – Travel NE through Compressor site to NE Corner of site,
- " 18.6 miles – Location is NE ± 70'.

Pot Mesa #2 SWD
March 2022 MIT Procedure

Current Wellbore Diagram



Pot Mesa #2 SWD
March 2022 MIT Procedure

Procedure:

Note: 1) Have Well Tender on Location to Kill Injection Pump and Restart after test is done.

2) Make sure test chart recorder company has current calibration with backup.

3) Cell Phone service is nonexistent to limited on location.

- 1) Safety Meeting. Check & record bradenhead, tubing & casing pressures. Perform Braden head test with OCD personnel.
- 2) MIRU Drake Test Pump Truck. Have Well Tender Shut in Injection Pump last thing the night before, or first thing in the morning. If first thing in the morning, allow tubing pressure to stabilize a minimum of 30 min. Record Pressures again.
- 3) MIRU Wilson Pressure Test Recorder Company. Chart recorder must have a 1000# spring, with a 1 hour clock, with a chart matching the spring range and clock rate.
- 4) Connect test pump to casing. Pressure test lines w/ water. If lines test OK pressure up casing to 350 psi. Chart pressure for 30 minutes in front of NMOCD witness. Record all pressures at end of test.
- 5) Blow down lines. RDMO Test Pump Truck, and Test Recorder Company.
- 6) Well Tender will start onsite injection pump and set at previous rates.

Pot Mesa #2 SWD
March 2022 MIT Procedure

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 |

Pot Mesa #2 SWD
March 2022 MIT Procedure

Vendor List:

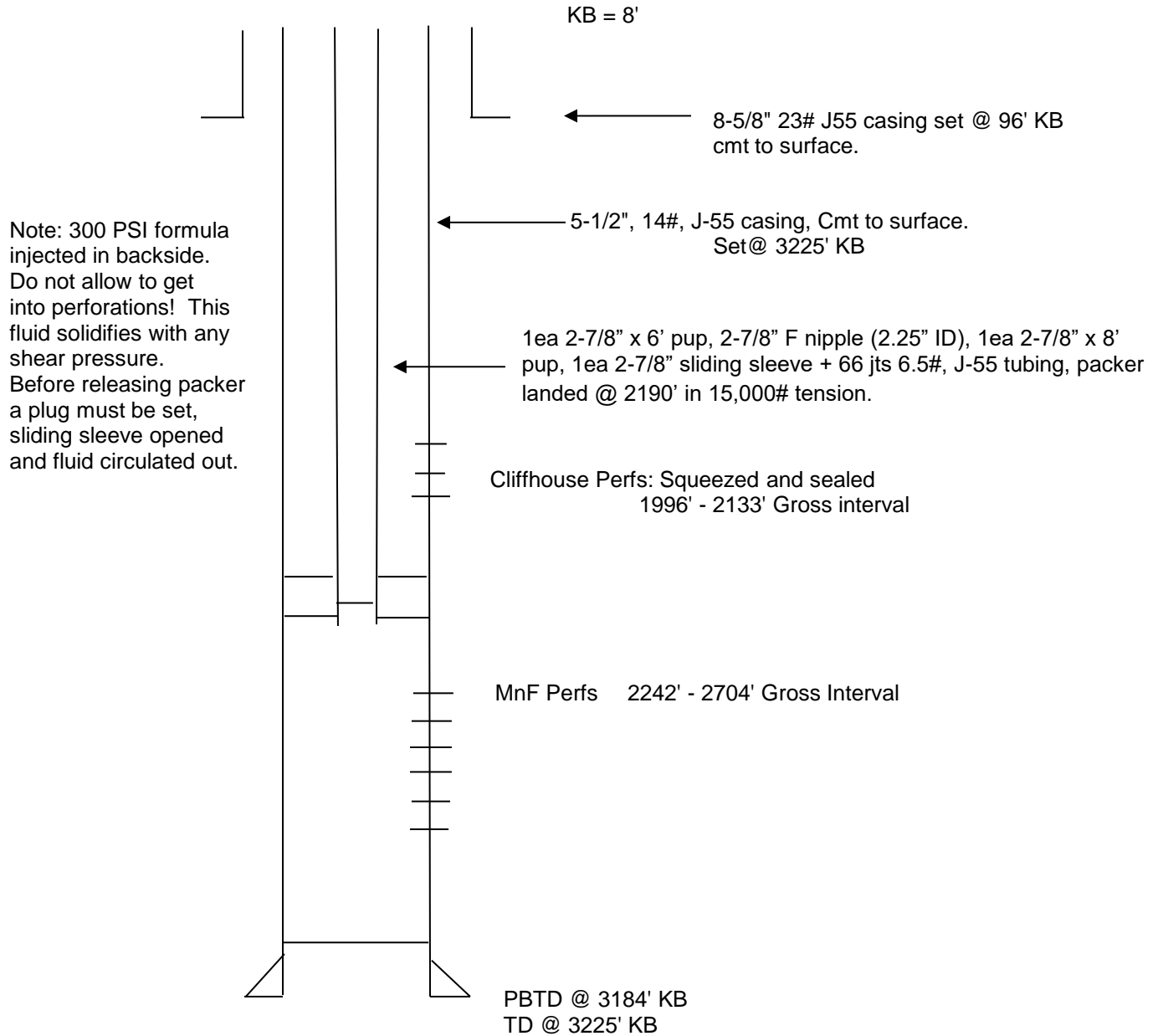
| <u>Service or Material</u> | <u>Company or Contact</u> | <u>Phone Number</u> | |
|-----------------------------------|----------------------------------------------|----------------------------|------------------------------|
| Dirt Contractor | Keystone Randy Schreffler | Off | 505-334-8462 |
| Pit 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 |

Pot Mesa #2 SWD
March 2022 MIT Procedure

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 | Off | 505-325-5835 |
| | Hal Stone | Cell | 505-330-7566 |
| Drywatch | Double S Hot Shot Debbie and Larry Slavin | Cell | 505-334-3850 |
| BOP & MIT 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 |
| Pressure Test Truck & Rig | Drake Well Service Drake McCulloch | Cell | 505-320-1180 |

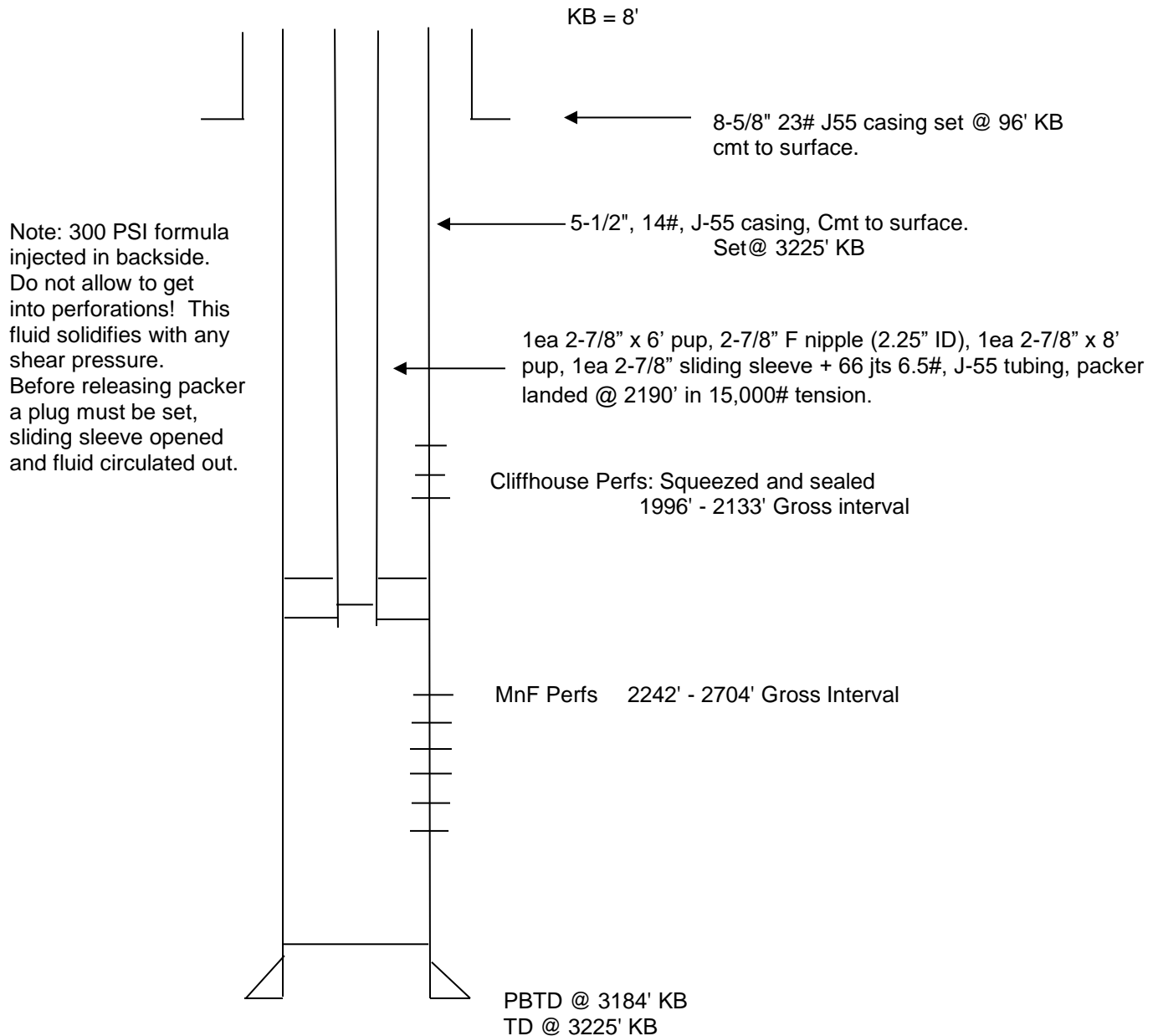
SG Interests, Ltd.
Pot Mesa #2
Wellbore Drawing
03/2022



**SG Interests, Ltd.
Pot Mesa #2
Wellbore Drawing
03/2022**

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SG Interests, Ltd.
Pot Mesa #2
Wellbore Drawing
03/2022



**SG Interests, Ltd.
Pot Mesa #2
Wellbore Drawing
03/2022**

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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Santa Fe, NM 87505

CONDITIONS

Action 82747

CONDITIONS

| | |
|-------------------------------------------------------------------------------|------------------------------------------------------------|
| Operator: SG INTERESTS I LTD Nika Energy Operating Durango, CO 81302 | OGRID: 20572 |
| | Action Number: 82747 |
| | Action Type: [C-103] NOI Temporary Abandonment (C-103I) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|----------------------------------------------------------------------------------------------------------------------------------|----------------|
| mkuehling | Bradenhead test required prior to MIT - Time and date of testing decided as weather permits - kill check required after testing. | 3/1/2022 |