

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

RCVD JAN19'07
OIL CONS. DIV.
DIST. 3

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM99733
2. Name of Operator SG Interests I, Ltd., c/o Nika Energy Operating, LLC		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 2677, Durango, CO 81302	3b. Phone No. (include area code) (970) 259-2701	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Unit F: 1920' FNL, 1920' FWL (SENW) Sec 34-T21N-R6W		8. Well Name and No. FEDERAL 21-6-34 #2
		9. API Well No. 30-043-21016
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		Sandoval County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input 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"/> Fracture Treat <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 Request to Vent Gas
	<input type="checkbox"/> Change Plans <input 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 Operations (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 recompleat 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well was completed in the Fruitland Coal Formation 7/13/06, and SG is in the process of obtaining BLM pipeline ROW's for sales. Due to the length of time before SG is able to put this well on line, SG is requesting approval to vent gas to the atmosphere for up to 30 days in order to evaluate anticipated production. Total volume vented will no where near exceed 50 MMCF. Any produced water will be trucked to an approved disposal facility.

Approved pursuant to NTL 4A Part III C.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Marcia Stewart

Title
Agent for SG Interests I Ltd

Signature
Marcia Stewart

Date
December 4, 2006

Approved by [Signature]	Title Petr. Eng.	Date 1/11/07
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.		

Title 18 U.S.C. Section 1001, makes 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.

(Instructions on reverse)

NMOCD