

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

5 Lease Serial No.
NMNM99733
6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.

RECEIVED
BLM

8. Well Name and No. **TON NM**
FEDERAL 21-6-34 #1

9 API Well No
30-043-21025

10 Field and Pool, or Exploratory Area
Basin Fruitland Coal

Sandoval County, NM

1. Type of Well
 Oil Well Gas Well Other

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

3a Address **PO Box 2677, Durango, CO 81302** 3b Phone No (include area code) **(970) 259-2701**

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)
**Unit A: 1289' FNL, 1291' FEL
Sec 34-T21N-R6W**

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 checked="" 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 <u>1st Delivery</u>
	<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 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 shall 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 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.)

1st Delivery - 6/29/07

Gas - 2 MCFD
Oil - 0
Water - 117 BWPD

SITP - 0#
SICP - 145#

RCUD JUL 19 '07
OIL CONS. DIV.
DIST. 3

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 **July 11, 2007**

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE USE

Approved by _____ Title _____ Date **JUL 17 2007**

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 **FARMINGTON DISTRICT OFFICE**
BY *[Signature]*

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

8