

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

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

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

5. Lease Serial No.
NMNM99739

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
FEDERAL 21-7-35 #1

9. API Well No.
30-043-21060

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)
*Lot B: 860' FNL, 1725' FEL(NWNE)
Sec 35-T21N-R7W*

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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Casing Update

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.)

Spud well 7/28/08. Drilled 12-1/4" hole to 225'. Rn 5 jts 8-5/8" 24# J-55 csg; set @ 217' KB w/160 sx Class 'G' w/2% CaCl, 1/8#/sk Polyflake; circ 12 B/cem to pit. ✓ Bumped plug @ 350# over displacement press; fload held ok. WOC. BOPE tesing - WO parts for BOP. BOP tests ok (250# low, 1500# high) ✓ but csg failed; BLM gave ok to continue drlg. ✓ Continue drlg w/7-7/8" hole 225' to 735'. JetWest Logging could not get deeper than 530'. PU & RIH w/7-7/8" bit & drill additional 10' for a TD of 745' (reached TD 7/31/08). ✓ Circ & cond hole. Rn open hole logs. Rn 16 jts 4-1/2" 10.5# J-55 csg + 20' marker jt; guide shoe on btm; FC on top of btm jt + 7 turbolizers. Set csg @ 738' w/10 sx mud flush, 210 sx Class 'G' w/1/4#/sk Flake, 3#/sk Gilsonite; circ 9 B/good cem to pit. ✓ Bumped plug; float held, ok. RDMODR 8/4/08. ✓

SUBMIT PT ON 4 1/2" CSG NEXT REPORT

RCVD AUG 12 '08
OIL CONS. DIV.

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

Name (Printed/Typed) <i>Marcia Stewart</i>	Title <i>Agent for SG Interests I Ltd</i>	DIST. 3
Signature <i>Marcia Stewart</i>	Date <i>August 5, 2008</i>	

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
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	

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 *86*

ACCEPTED FOR RECORD
AUG 08 2008
FARMINGTON FIELD OFFICE
BY *T. Salvo*