

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

SEP 12 2011

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

Farmington Field Office
Bureau of Land Management

5 Lease Serial No
NMNM99739

6.1 If Indian, Allottee or Tribe Name

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

8 Well Name and No.
FEDERAL 21-7-27 #1

9. API Well No.
30-043-21071

10 Field and Pool, or Exploratory Area
Basin Fruitland Coal

Sandoval County, NM

RCVD SEP 20 '11
OIL CONS. DIV.

DIST. 3

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: Sec 27-T21N-R7W
1200' FNL, 700' FEL (NENE)

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 Completion
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Sundry
	<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 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.)

(See Sundry Notice dated 5/23/2011). (TD reached 5/18/11). MIRU 8/15/11. RIH w/3-7/8" bit, bit-sub, csg scraper, two 3-1/8 DC's & 23.25 jts new 2-3/8" tbg to plug at 823.68' KB. Circ hole clean. Run 2000 psi test on csg, BOP, wellhead for 30 min, OK. Run GR/CCL/CBL logs from PBTD 822' KB to surface. Perf FT coals w/3-1/8" csg gun, 4 SPF, 120° phasing, shot intervals 690-692' KB and 675-686' KB, total 52 holes. Acidize and frac as follows: Pumped 500 gal 15% acid; pumped 26,356 gal 9 cp Delta 140 w/SW-ABC frac fluid; pumped 541 sx of 20/40 Brady w/max BH sand concentration of 5.1 lb/gal. Pumped coated 536 sx of 20/40 Brady w/SW-ABC @ concentration of 2.5 gal/mlbs starting @ the 1.0# treatment sand stage, pumped 3,402 gal water frac G and 22,229 gal Delta 140. Avg rate 23.0 BPM @ 530 psi. RIH & clean out to PBTD (824' KB) > RU and swab well. TIH w/no-turn tool, tag bar, 2-7/8" stator, one 4' 2-7/8" pup jt, 2-7/8" X 2-3/8" sta x-over, and 22 jts 2-3/8" tbg. Landed tbg at 742.48' KB. TIH w/rotor, 29 3/4" new guided rods, 5 guides per rod and sprayed metal boxes, one 2' pony rod, and polish rod. RDMOSU 8/26/11.

Tubing Weight & Grade? NO C-104 rec'd as of 9-20-11

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed) William Schwab III	Title Agent for SG Interests I Ltd
Signature <i>William Schwab III</i>	Date September 8, 2011

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Office		

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.

ACCEPTED FOR RECORD

(Instructions on reverse)

SEP 12 2011

NMOCD A

FARMINGTON FIELD OFFICE
BY *Sen*