

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.

NMNM53926

6. If Indian, Allottee or Tribe Name

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

070 FARMINGTON NM

8. Well Name and No.

FEDERAL 20-6-4 #4

9. API Well No.

30-031-21068

10. Field and Pool, or Exploratory Area

Fruitland Coal

11. County or Parish, State

McKinley 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)

800' FSL, 725' FEL (SESE) P-Sec 4-T20N-R6W

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Vent

Coal Gas

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 Nov 30, 2005. For the purpose of de-watering the Coal Formatuion, and while waiting on sales line construction/connection (WO BLM Pipeline ROW), SG Interests is requesting approval to vent coal gas to the atmosphere for 30-90 days in addition to the allowed testing (venting) period of 30 days, with total volume not to exceed 50 MMCF. Some gas has been vented at the rate of 30 MCFPD.

Approved pursuant to
NTL 4A, Part III

TOTAL VOLUME NOT TO EXCEED 50 MMCF.

VENTING NOT TO EXCEED THE 90 DAY EXTENDED TIME LIMIT.

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

June 12, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Mark Hultquist

Title

PETE ENGE

Date

6-22-06

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

BLM-FFO

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