

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.

NMNM99732

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

FEDERAL 21-6-30 #4

9. API Well No.

30-043-21103

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 i: 1980' FSL, 660' FEL (NESE)

Sec 30-T21N-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
Drilling & Completion

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 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.)

Spudded well 5/4/06. Drilled 12-1/4" surface hole to 187'. Circ & cond hole. Rn 4 jts 8-5/8" 24# J-55 ST&C csg (175.54'); set @ 184' KB w/140 sx Class 'G', 2% CaCl, 1/4#/sk Flocele. Circ 4 B/cem to surface. Test BOP, csg, ok. Drill cement & new hole to TD 960'. Logged well. RIH w/23 jts 4-1/2" 10.5# J-55 csg (945.11'); set @ 954' KB w/250 sx Class 'G', 1/4#/sk Flocele, 5#/sk Gilsonite. Circ 15 B/cem to surface. RDMO (5/10/06). (5/22/06) PU 3-7/8" bit scraper, 6 ea 3-1/8" DC's, & RIH on 2-3/8" tbg work string. Tag FL @ 911'. RU power swivel; drill out FC & cem to 942' KB. Roll hole w/2% KCl wtr. RU & rn GR/CBL/CCL from PBTD (942') to surface - good bonding. PT csg to 3000 psi, ok. Perf Fruitland Coal Zone 773'-792' w/3-1/8" csg gun, 4 spf, 120 deg phasing; all shots fired. RIH w/2-3/8" tbg open ended to 780'; RU HES. BD formation & acidized w/500 gal 15% DI HCL FE acid;

(Continued on Page 2 Attached)

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

Name (Printed/Typed)

Marcia Stewart

Title

Agent for SG Interests I Ltd

Signature

Date

June 27, 2006

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)

ACCEPTED FOR RECORD

JUL 06 2006

FARMINGTON FIELD OFFICE

SUNDRY NOTICE – FORM 3160-5
dated June 27, 2006

Page 2

SG INTERESTS I, LTD
API No. 30-043-21103
FEDERAL 21-6-30 #4
(NESE) I-SEC 30-T21N-R6W
SANDOVAL COUNTY, NM

overflush 7 bbls. Frac as follows: Pmpd 500 gal acid prior to pad; pmpd 39,617 gal SilverStim T Frac Fluid; pmpd 770 sx 20/40 Brady Sand w/max concentration of 5.24#/gal. Max treating press 670 psi; ISIP 453 psi. RIH w/bailer – no progress. RIH w/NC & CO w/2% KCl wtr to PBTD, losing 60 bbls to formation, POOH. RIH & CO to PBTD. Swabbed well. Land 26 jts 2-3/8" 4.7# J-55 tbg w/NC on bottom @ 855'; SN on top bottom jt @ 821'. PU 2 x 1-1/2" x 8' RWAC-DV insert pump, bucket test, & RIH on 2 ea 1-1/2" sinker bars, 30 ea 3/4" rods, & 1 ea 3/4" x 8' pony rod, land. Space out & seat w/polish rod. Load tbg & ck pmp action w/rig to 600 psi, ok. RD Move out (6/14/06).

WO Pipeline