

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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 reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Serial No. NM-53926
2. Name of Operator SG Interests 1, Ltd, c/o NIKA Energy Operating, LLC	6. If Indian, Allottee or Tribe Name
3a. Address PO Box 2677, Durango, CO 81302-2677	7. If Unit or CA/Agreement, Name and/or N
3b. Phone No. (include area code) (970) 259-2701	8. Well Name and No. Corrales #2
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 465' FSL, 2300' FWL, (SESW) Sec 3-T20N-R6W	9. API Well No. 30-031-20898
	10. Field and Pool, or Exploratory Area Pot Mesa Mesaverde
	11. County or Parish, State McKinley County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" 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 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input checked="" 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 recomple 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.)

SG Interests I, Ltd. Proposes to Temporarily Abandon the Corrales #2 following all guidelines and rules of the BLM & State of New Mexico Oil & Gas Conservation Division. The tubing and rods will be pulled. A CIBP will be set above the current Mesaverde completion (1774' - 1896). CIBP to be set @ +/- 1725 + 36 sx cmt. MIT will be performed per BLM & NMOCD guidelines.

In the event the MIT fails, SGI, 1 Ltd. proposes to P&A the Corrales #2 per BLM & NMOCD guidelines. Leak area will be determined & cement will be spotted 50' below leak to surface. Casing will be cut off 4' below surface and P&A marker will be installed per BLM & NMOCD guidelines.

Plug Picured Cliffs/Fruitland 745'-549'

Plug Old Mono-surface inside outside 46" 362'-Surface

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

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

Name (Printed/Typed) William Schwab III	Title Agent for SG Interests, Ltd.
Signature 	Date May 12, 2005

THIS SPACE FOR FEDERAL OR STATE USE

Approved by 	Title PE	Date MAY 23 2005
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 FDO	

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)

FARMINGTON