

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.

RCVD FEB 28 '07
OIL CONS. DIV.
FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

DIST 3

5. Lease Serial No.

NMNM24964

6. If Indian, Allottee or Tribe Name

2007 FEB 21 AM 11:56

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

RECEIVED

BLM

FBI

8. Well Name and No.

FEDERAL 20-6-9 #2

9. API Well No.

30-031-21082

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

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)

Unit C: Sec 9-T20N-T6W
990 FNL, 1650' FWL (NENW)

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 Extend

APD Approval

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.)

SG Interests is requesting an extension for APD approval pertaining to this well (due to expire 3/22/07). The well has not been drilled. SG is waiting for a ROW approval from BLM to construct and activate a gathering system to evaluate other Fruitland wells drilled and completed in 2006 (we anticipate the gathering system to be in operation by Spring, 2007). Pending evaluation of these wells, SG wants the option to drill the subject well if economically warranted. No changes have been made in the drilling/completion plan. No changes have occurred in the land status.

APD will expire 3/22/2008

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

February 20, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Troy L. Salvers

Title

Petroleum Eng.

Date

2/23/2007

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

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)

NMOC