

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.

REVISED  
SPUD  
NOTICE

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NM99731
2. Name of Operator SG Interests I, Ltd., c/o Nika Energy Operating, LLC		6. If Indian, Allottee or Tribe Name AUG 31 AM 11:25 RECEIVED BLM 210 FARMINGTON NM
3a. Address PO Box 2677, Durango, CO 81302	3b. Phone No. (include area code) (970) 259-2701	7. If Unit or CA Agreement, Name and No 25
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) LOT 4: (SWSW) SEC 19-T21N-R6W 713' FSL, 743' FWL		8. Well Name and No FEDERAL 21-6-19 #3
		9. API Well No. 30-043-21047
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		Sandoval County, NM

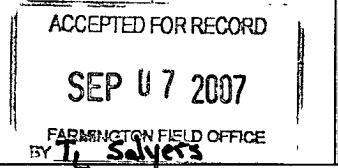
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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 SPUD
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> NOTICE
	<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 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 8/11/07. Drilled 12-1/4" surface hole to 171'. Rn 4 jts 8-5/8" 24# J-55 ST&C csg (161'); set @ 166' KB w/160 sx Class '5' plus 2% CaCl, 1/4#/sk Flocele. Circ 10 B/cem to surface. WOC. PT BOP (250 low; 2000 high) & csg, choke manifold (600 psi), good. Continued drilling w/7-7/8" hole from 171' to 910' TD. Circ & cond hole. Rn 23 jts (897.87') 4-1/2" 10.5# J-55 ST&C csg; set @ 902.87' w/270 sx Type '5' cem, 1/4#/sk Superflake, 3#/sk Gilsonite. Circ 20 bbls cem to surface. RDMODR (8/15/07).

Report date reached TD & PT on prod



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

Name (Printed/Typed) Marcia Stewart	Title Agent for SG Interests I Ltd	RCVD SEP 10 '07 OIL CONS. DIV. DIST. 3
Signature Marcia Stewart	Date August 30, 2007	

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)

NMOCD