

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.  
NMNM24964  
6. If Indian, Allottee or Tribe Name  
RCVD MAR 4 '08

7. If Unit or CA/Agreement, Name and/or No.  
OIL CONS. DIV.  
DIST. 2

1. Type of Well  
☐ Oil Well ☒ Gas Well ☐ Other  
2. Name of Operator  
SG Interests I, Ltd., c/o Nika Energy Operating, LLC Bureau of Land Management Field Office  
3a. Address  
PO Box 2677, Durango, CO 81302  
3b. Phone No. (include area code)  
(970) 259-2701

8. Well Name and No.  
FEDERAL 20-6-9 #4  
9. API Well No.  
30-031-21085  
10. Field and Pool, or Exploratory Area  
Basin Fruitland Coal  
McKinley County, NM

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Unit 1: Sec 9-T20N-T6W  
1980' FSL, 660' FEL (NESE)

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 checked="" type="checkbox"/> Other <input type="checkbox"/> Extend
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

3. 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 of APD approval pertaining to this well (due to expire 6/15/08). The well has not been drilled. SG has constructed a gathering system to produce other completed Fruitland wells. However, SG has one operating disposal well (Pot Mesa #2 SWD), and it can take only a fraction of the large amounts of produced water. Consequently we have been able to put only 3-4 wells on line at one time. SG's new disposal well (Federal 21-6-28 SWD #33) is almost completed (this week) to the Entrada Formation and we anticipate being able to put most completed SG wells in this area to sales when the new disposal well is up and running. Pending evaluation of other Fruitland wells after they have had some time to produce gas and be de-watered, SG will be able to evaluate the economic feasibility of drilling the subject well. No changes have been made in the drilling/completion plan. No changes have occurred in the land status.

*This final approval will expire 06/15/10.*

4. 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 26, 2008

THIS SPACE FOR FEDERAL OR STATE USE  
Approved by *Cynthia Marquez* Title LGE Date 02/27/08  
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 these 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)

Current NMOCD rules and regulations must be met at time of drilling

NMOCD