

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

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

NOV 04 2008

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.



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)
Lot B: 860' FNL, 1725' FEL(NWNE)
Sec 35-T21N-R7W

5. Lease Serial No.
NMNM99739
6. If Indian, Allottee or Tribe Name
None
7. If Unit or CA/Agreement, Name and/or No
None
8. Well Name and No
FEDERAL 21-7-35 #1
9. API Well No.
30-043-21060
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 Completion Update
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input 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 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.)

MIRUSU 9/13/08. PU 3-7/8" bit, scraper, 2 ea 3-1/8" DC's & RIH on 2-3/8" tbg. Tagged PBTD @ 694' KB (TD 745' KB). Rolled hole w/2% KCl, POOH. PT csg, WH, & BOPE to 3000 psi for 30 min, ok. ✓ Blue Jet rn CCL/CBL/GR logs from PBTD (694') to surface csg. Pert 495'-517' (22', 88 holes), all shots fired. Frac well as follows (9/25/08): 500 gal 15% acid; 925 B/gel w/o Zeta Flow thru end of treatment; 87,000# 20/40 Brady Sand; 265 gal flush. 943 B/fluid to recover. Made 2 bailer runs recovering frac sand. Swabbed well. Land 17 jts 2-3/8" (565.51') 4.7# J-55 tbg w/NC on bottom @ 572' KB; SN on top of btm jt @ 537' KB. PU 2" X 1-1/2" X 8' RWAC-DV insert pmp, bucket test, & RIH on 1 ea STR tool (no tap), 21 ea 3/4" rods & landing w/polish rod. Check pmp action to 550 psi, okay. WOPL ✓.

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
October 27, 2008

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)

NMOCDB 11/2

ACCEPTED FOR RECORD

NOV 05 2008

FARMINGTON FIELD OFFICE
BY J. Salazar

NOV 05 2008