

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

REVISED
~~SPUD~~
NOTICE

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

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 <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
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/or No.
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. 30043-21047
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		Sandoval County, NM

RCVD JAN 27 '10
OIL CONS. DIV.
DIST. 3

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 Add well to El Pintado CDP Gathering System
	<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.)

SG Interests is requesting approval to add this well to their El Pintado CDP Gathering System (Order No. CTB-587, approved Febr 27, 2008 & Amended Order No. CTB-587 A, approved June 11, 2009) in the NW/4 of Sec 10-T20N-R6W, McKinley County, NM. This well will produce from the Basin Fruitland Coal Formation, as are all other wells going thru the CDP; there will be a gas allocation meter on this wellsite, and production charts will be integrated by R&L Chart Service; well will be maintained and production allocated per Order as are all other wells going thru the CDP, Produced water will be trucked to our Federal 21-6-28 SWD #33 disposal well during the de-watering stage and until a pipeline can be built from the well to the disposal well. We are preparing an Application to NMOCD for same. Please see attached map.

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

Name (Printed/Typed) Marcia Stewart	Title Agent for SG Interests I Ltd
Signature <i>Marcia Stewart</i>	Date December 8, 2009

THIS SPACE FOR FEDERAL OR STATE USE		
Approved by <i>[Signature]</i>	Title Petr. Eng.	Date 1/25/10
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.		

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)

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

NMOCD