

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

RECEIVED

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

JUL 20 2010

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

Farmington Field Office  
Bureau of Land Management

5	Lease Serial No.
	NMNM99732
6	If Indian, Allottee or Tribe Name
7	If Unit or CA/Agreement, Name and/or No
8	Well Name and No
	FEDERAL 21-6-32 #1
9	API Well No
	30-043-21069
10	Field and Pool, or Exploratory Area
	Basin Fruitland Coal
	Sandoval County, NM

1	Type of Well
	<input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> 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 G: 2150' FNL, 1920' FEL (SWNE) Sec 32-T21N-R6W

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 Drilling & Completion
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Update
	<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 5/21/10. Drilled 12-1/4" surface hole to 180' KB. RIH w/169' of 8-5/8" 24# J-55 ST&C csg; set @ 175' KB. Pumped water spacer; then 125 sx Type IV cem w/2% CaCl & 1/8#/sk Poly E Flake. Cem to surface w/6 bbls return to pit. PT BOP & csg (1500# high; 250# low), good. Continued drilling new 7-7/8" hole to TD 896'. Circ & cond hole. Ran Bulk Density, GR/Caliper open-hole log from 822' (LTD) to surface. Rn 23 jts 4-1/2" 10.5# J-55 ST&C csg (886.52'); set @ 891' KB. Pump 10 B/dyed wtr spacer; cem w/260 sx Class 'G', plus 1/8#/sk Poly-E Flake, 3#/sk Gilsonite. Circ 10 B/cem to surface. RDMODR (5/26/10) (5/27/10) Wellhead stolen (drywatch on loc all night until 7:00 am next day; no one on loc 7:00 am-9:00 am, when wellhead stolen). Cut down surface & reweld cover over csg; WO replacement wellhead.

Continued on Page 2 Attached

RCVD JUL 22 '10  
OIL CONS. DIV.  
DIST. 3

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)	Title
Marcia Stewart	Agent for SG Interests I Ltd
Signature	Date
Marcia Stewart	July 16, 2010

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	

ACCEPTED FOR RECORD

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)

FARMINGTON FIELD OFFICE  
BY SCV

NMOCD

SUNDRY NOTICE – FORM 3160-5

Dated July 16, 2010

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SG INTERESTS I, LTD

API No. 30-043-21069

FEDERAL 21-6-32 #1

(SWNE) G-Sec 32-T21N-R6W

SANDOVAL COUNTY, NM

MIRUSU (6/18/10) PU 3-7/8" bit/scraper, 3-1/8" DC & 23-3/4" tbg, RIH; tag cem @ 816.41' KB. Rolled hole w/2% KCl wtr, POOH. Tested BOP, WH, & csg to 3000#, 30 min; lost 250#, less than 10%, test good. RU & rn GR/CCL/CBL from PBTD (816') to surface. Good cem to surf. Perf Fruitland Coal w/3-1/8" csg gun, 4 spf, 120 deg phasing, 709'-725' KB (72 holes). WO frac crew.

Frac well (7/3/10) as follows: 500 gal acid; formation broke @ 245 psi. Pumped 35,150 gal/13 cp Delta 140 w/Sw Max frac fluid. Pumped 731 sks/20/40 PRS w/max BH sand concentration of 5.3#/gal. Pumped coated 701 sks/20/40 PRS w/Sw Max@ concentration of 2.0 gal/Mlbs, starting at the 7.0# treatment sand stage. Pumped 303 gal waterfrac 'G' & 35,046 gal/Delta 140. Recovering frac fluid. Swabbed well. TIH w/tag bar, 2-7/8" 4.7# J-55 stator, one 4' 2-7/8" sub, 2-7/8" x 2-3/8" std X-over, and 23 jts 2-3/8" tbg; landed tbg EOT @ 754.43' KB. ND BOP; NU WH. TIH w/rotor, 28 3/4" guide rods, one 6' & one 4' pony rods, and polish rod. RD Released rig 7/9/10.

WO Production Equipment.