

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

MAY 17 2011

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

5 Lease Serial No  
NMNM99739  
6 If Indian, Allottee or Tribe Name  
RCVD MAY 27 '11

7 If Unit or CA/Agreement, Name and/or No  
OIL CONS. DIV.  
DIST. 3

1 Type of Well  
☐ Oil Well ☒ Gas Well ☐ Other

8 Well Name and No  
FEDERAL 21-7-26 #2

2 Name of Operator  
SG Interests I, Ltd., c/o Nika Energy Operating, LLC

9 API Well No.  
30-043-21068

3a Address  
PO Box 2677, Durango, CO 81302

3b. Phone No (include area code)  
(970) 259-2701

10. Field and Pool, or Exploratory Area  
Basin Fruitland Coal

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Unit C: 700' FNL, 1975' FWL  
Sec 26-T21N-R7W (NENW)

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 Notice
	<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 recomplate 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 recomplate 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 5/8/11. Drld 12-1/4" hole from 0'-180'. Circ & Cond hole. RIH w/169' 8-5/8" 24# J-55 csg; landed @ 174' KB. Rn 125 sx Type III cem w/2% CaCl, 1/4#/sk /Flocele. Cem to surface & 15 bbls return to pit. (Csg & cem job witnessed by BLM, Rick Romero). PT BOP's, manifold (250# low, 2000# high); PT csg 700# for 30 min, all good. Drld out from under surf csg w/7-7/8" hole from 180' to TD 825'. Circ & cond hole. Logged well w/Bulk Density/GR/Caliper. RIH w/20 jts 4-1/2" (819') 10.5# J-55 ST&C csg; set @ 824' KB w/237 sks Type III cem, 3# LCM1; Circ 16 bbls. RDMODR 5/15/11.

ACCEPTED FOR RECORD

MAY 23 2011

FARMINGTON FIELD OFFICE

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Marcia Stewart

Title

Agent for SG Interests I Ltd

Signature

Date

May 16, 2011

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