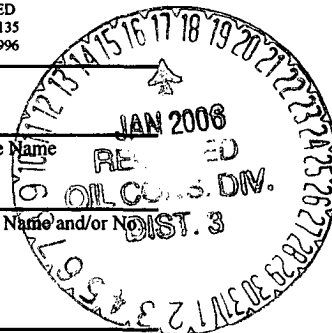


UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
SUNDRY NOTICES AND REPORTS ON WELLS

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



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)  
660' FSL, 850' FWL (SWSW) M-Sec 3-T20N-R6W

5. Lease Serial No.  
NMNM53926

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
FEDERAL 20-6-3 #3

9. API Well No.  
30-031-21069

10. Field and Pool, or Exploratory Area  
Fruitland Coal

11. County or Parish, State  
McKinley 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 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"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Drilling/Completion
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> Update

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 recompleate 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 recompletion 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.)

(10/29/05) Spud & drill 12-1/4" hole to 181'. Circ & cond hole. RIH w/4 jts 7" 20# J-55 ST&C csg; set @ 177' w/175 sx Class 'B' cem, 2% CaCl, & 1/4#/sk Flocele; circ 15 B/cem to surface. Test BOP & csg, ok. Drill out cem & plug. Continue drilling w/6-1/4" hole to TD 860'. Circ & cond hole. Logged well. Rn 21 jts 4-1/2" 10.5# J-55 ST&C csg; set @ 851' w/150 sx Class 'B' cem, 1/4#/sk Flocele, & 5#/sk Gilsonite. Circ 2 B/cem to surface. WOC

(11/2/05) MIRUSU Drill out cem inside 4-1/2" production csg; drill cem to float collar @ 809'. Press test csg, WH, BOPE to 2150#; roll hole w/2% KCl wtr. PT csg, WH, BOPE to 3000 psi, ok. Rn GR/CBL/CCL from 808' to surface. RIH w/3-1/8" gun, 4 spf w/120 deg phasing; perf Fruitland Coal as follows: 603'-608' (5'); 625'-626' (1'); 646'-648' (2'); 664'-676' (12'); 684'-690' (6'); total 26', 104 holes. BD perms w/672 gal 15% Dbl inhibited Fe acid in 5 settings, avrg press 955.  
(CONTINUED ON PAGE 2)

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  
January 9, 2006

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE USE

Approved by  
Title  
Date  
JAN 12 2006

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  
FARMINGTON FIELD OFFICE  
BY

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

SUNDRY NOTICE – FORM 3160-5

dated January 8, 2006

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SG INTERESTS I, LTD

FEDERAL 20-6-3 #3

(SWSW) M-SEC 3-T20N-R6W

McKINLEY COUNTY, NM

Pull tools above perfs & flush w/20 B/2% KCl wtr. Pump 1000 gal acid, 36,675 gal Silverstim fluid, & 70,000# 20/40 Ottawa Sand. CO to PBTD (809') w/wtr; POOH. PU & land 23 jts 2-3/8" 4.7# J-55 tbg; NC on bottom @ 752'; SN top of btm jt @ 720'. RIH w/2" x 1-1/4" x 6' x 7' x 10' insert pump, 2 ea 1-1/2" sinker bars, 26 - 3/4" rods, 1 ea 4' pony rod. Check pump action to 600 psi, ok.

Set pump jack & test well; WOPL