

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

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 21-6-30 #3

9. API Well No.

30-043-21001

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

Sandoval County, NM

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)

Unit M: 660' FSL, 660' FWL (SWSW)

Sec 30-T21N-R6W

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☒ Alter Casing

☐ Casing Repair

☒ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other

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.)

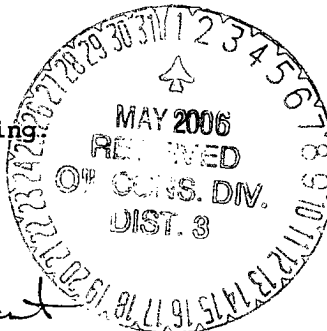
SG is requesting approval to change the drilling hole size and casing plans on the approved APD as follows:

Surface casing size will be 8-5/8" rather than 7".

New Production hole size will be 7-7/8" with 4-1/2" casing.

All other details of the APD remain the same.

See attachment



RECEIVED  
070 FARMINGTON NM  
APR 27 AM 6 48

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

April 24, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

[Signature]

Title

Pat. Eng

Date

4/28/06

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

8



"tripp schwab"  
<tripp@nikaenergy.com>  
04/25/2006 09:05 AM

To "Jim Lovato" <jim\_lovato@blm.gov>  
cc "Marcia Stewart" <marcia@nikaenergy.com>  
bcc  
Subject drilling program change

Jim,

Per our conversation this morning;

'SG Interests I Ltd. is requesting approval to change the drilling hole size and casing plan as follows:

Surface hole will remain 12-1/4".  
Surface casing will change from 7", 20#, J55 to 8-5/8", 24#, J55.  
Production hole will be upsized from 6-1/4" to 7-7/8".  
Production casing will remain the same 4-12", 10.5#, J55.

The cement slurry will not change but the volumes will adjust accordingly as follows:

Surface pipe will have 100% annular volume excess cement pumped to surface.  
Production string will have 50% annular volume excess cement pumped to surface.

The wells SG is requesting the approvals for are as follows:

|                    |                   |
|--------------------|-------------------|
| Federal 21-6-30 #3 | API# 30-043-21001 |
| Federal 21-6-29 #4 | API# 30-043-21004 |
| Federal 21-6-30 #4 | API# 30-043-21103 |
| Federal 21-6-32 #2 | API# 30-043-21011 |
| Federal 21-6-29 #3 | API# 30-043-21015 |

Thank you for your help with this change. Please call with any questions. Hard copy Sundry notices will follow in the mail.

Tripp Schwab  
Nika Energy, LLC.  
Box 2677  
Durango, CO 81302  
970.259.2701 office  
970.385.1598 fax