

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

**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. NMNM99732
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) Unit M: 660' FSL, 660' FWL (SWSW) Sec 30-T21N-R6W		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

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
	<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 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 4/25/06. Drill 12-1/4" hole to 180' KB; circ & cond hole. Rn 4 jts 8-5/8" 24# J-55 ST&C csg (167.13'); set @ 176' KB w/140 sx Class 'G' w/2% CaCl, 1/4#/sk Flocele. Circ 10 B/cem to surf. Test BOP, csg (low 250 psi, high 1500 psi), ok. Drill cement & new 7-7/8" hole to TD 910' KB. RU logging crew, logged well. Rn 23 jts 4-1/2" 10.5# J-55 ST&C csg (877.12'); set @ 885' w/250 sx Class 'G', 1/4#/sk Flocele, 5#/sk Gilsonite. Circ 15 B/cem to surface (5/3/06). Shoe @ 885' KB; float collar @ 845'; marker jt @ 596'-610'. (5/17/06) PU 3-7/8" bit, scraper, 6 ea 3-1/8" DC's & RIH on 2-3/8" work string; tag cem @ 844'. Drill cem, FC & cem to 880'; circ clean & roll hole w/2% KCl wtr, POOH. RU & rn CBL/CCL/GR logs from PBTD (880') to surface; good bond. PT csg, wellhead to 2280 psi, ok. Perf coal intervals 698'-716' (18') & 774'-777' (3'); total 21', 84 holes w/3-1/8" csg gun, 4 spf, 120 deg phasing - all shots fired.  
(Continued on Page 2 Attached)

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

June 27, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
	Office	

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 or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

JUL 06 2006

NMOCDD

FARMINGTON FIELD OFFICE

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SUNDRY NOTICE – FORM 3160-5  
dated June 27, 2006

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SG INTERESTS I, LTD  
API No. 30-043-21001  
FEDERAL 21-6-30 #3  
(SWSW) M-SEC 30-T21N-R6W  
SANDOVAL COUNTY, NM

PT csg to 3000 psi, ok. Set RBP @ 741' – BD perfs 774-777' w/2% KCl & 72 gal 15% FE acid overflushing w/7 B/2% KCl wtr. Bled off & re-set RBP @ 680' – BD perfs 698'-716' w/2% KCl wtr & 428 gal 15% FE acid overflushing w/7 B/2% KCl wtr. Frac as follows: Pumped 500 gal acid prior to pad; pmpd 34,262 gal SilverStim T Frac Fluid; pmpd 874 sx 20/40 Brady Sand w/max BH proppant of 5.07#/gal. Max treating press 785 psi; ISIP 567 psi. Attempt to clean out w/2% KCl wtr; not enough circ; lost 60 B/fluid, POOH. PU & RIH w/bailer – made bailer runs; swabbed well. Land 24 jts 2-3/8" 4.7# J-55 tbg w/NC on bottom @ 807'; SN on top of bottom jt @ 772'. PU 2" x 1-1/2" x 10' insert pump, bucket test & RIH on 2 ea 1-1/2" sinker bars, 28 ea 3/4" rods, 1 ea 3/4" x 4' pony rod. Space out & seat w/polish rod. Load tbg & ck pump action to 600 psi, ok. RDSU – move out (6/8/06).

WO Pipeline.