

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 re-enter 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

NM99737

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

FEDERAL 21-7-19 #3

9. API Well No.

30-043-21049

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)

Lot 4: (SWSW) Sec 19-T21N-R7W

759' FSL, 1202' FWL

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 Request for

Lease

Extension

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 8/20/07. Drilled to TD 675'. Set 4-1/2" csg @ 655' KB 8/22/07. (See BLM Sundry Notice dated August 30, 2007) SG anticipates completing this well in the Spring of 2008 and producing to a gas sales line. This lease is due to expire Sept 30, 2007; therefore, SG is requesting an extension of this lease.

- This well is considered in an active drilling status. Lease is entitled to a two(2) extension pursuant to 43 CFR 3107.

RCVD OCT 2 '07

OIL CONS. DIV.

DIST. 3

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Marcia Stewart

Signature

Marcia Stewart

Title

Agent for SG Interests I Ltd

Date

September 25, 2007

THIS SPACE FOR FEDERAL OR STATE USE

ACCEPTED FOR RECORD

Approved by

Title

Date

SEP 27 2007

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

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)

NMOCED