

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

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

MAY 12 2011

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
☐ 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)
725' FNL, 2315' FWL (NENW) Non-Standard Well Location
C-Sec 25-T21N-R7W

5. Lease Serial No.
NMNM99739

6. If Indian, Allottee or Tribe Name
Office of Indian Affairs

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

8. Well Name and No.
FEDERAL 21-7-25 #2

9. API Well No.
30-043-21072

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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other
	Spud Notice

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 5/2/11. Drill 12-1/4" hole to 180' KB; RIH w/4 jts (168') 8-5/8" 24# J-55 csg; landed @ 173' KB. Cem w/125 sx Type III cem w/2% CaCl, 1/4#/sk Flocele. Cem to surface w/6 bbls returns to pit. (Witnessed by BLM Rep, Rick Romero). PT BOP & choke manifold (300# low; 2000# high). PT csg 700# for 30 min, all good. Drill out from under surface csg; drill 7-7/8" hole from 180' to TD 830'. Circ & cond hole. Logged well w/Bulk Density/GR/Caliper. RIH w/20 jts 4-1/2" J-55 10.5# csg (819'); landed @ 824' KB. Pump 10 B/fresh water, 20 B/gel wtr, 5 B/dyed wtr, 255 sx Type III cem w/3# LCM1. (Csg & cem job witnessed by BLM Rick Romero). Circ 15 Bbls to surface. RDMODR 5/9/11.

Report + Date TD Reached.

14. Thereby certify that the foregoing is true and correct

Name (Printed/Typed)

Marcia Stewart

Signature

Marcia Stewart

Title

Agent for SG Interests I Ltd

Date

May 11, 2011

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

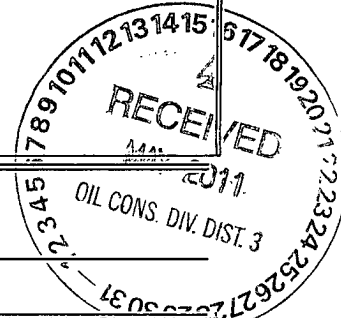
Date

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)



ASSETTED FOR RECORD

MAY 13 2011

FARMINGTON FIELD OFFICE
SM

NMOCD