District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office

9837

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action:
- ☐ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
- ☒ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method
- ☐ Modification to an existing permit
- ☐ Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: **Black Hills Gas Resources** OGRID #: **013925** RCVD DEC 17 '08
Address: **P.O. Box 249 / 3200 North First Street Bloomfield, NM 87413** OIL CONS. DIV.
Facility or well name: **Many Canyons 29-04-28 #121** DIST. 3
API Number: **30-039-30231** OCD Permit Number:
U/L or Qtr/Qtr **Unit E / SW/NW** Section **28** Township **29 North** Range **4 West** County: **Rio Arriba**
Center of Proposed Design: NAD: ☐1927 ☒ 1983
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☐ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☐ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☐ Lined ☐ Unlined Liner type: Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____ Volume: _____ bbl Dimensions: L ____ x W ____ x D ____

3.
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation: ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other _____
☐ Lined ☐ Unlined Liner type. Thickness _____mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____

4
☐ **Below-grade tank:** Subsection I of 19.15 17 11 NMAC
Volume: _____bbl Type of fluid: _____
Tank Construction material. _____
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other _____
Liner type: Thickness _____mil ☐ HDPE ☐ PVC ☐ Other _____

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

28

6.

Fencing: Subsection D of 19.15.17.11 NMAC *(Applies to permanent pits, temporary pits, and below-grade tanks)*

☐ Chain link, six feet in height, two strands of barbed wire at top *(Required if located within 1000 feet of a permanent residence, school, hospital, institution or church)*

☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet

☐ Alternate. Please specify: _____

7.

Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☐ Other_____

☐ Monthly inspections (If netting or screening is not physically feasible)

8.

Signs: Subsection C of 19 15.17.11 NMAC

☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

☐ Signed in compliance with 19.15.3.103 NMAC

9.

Administrative Approvals and Exceptions:

Justifications and/or demonstrations of equivalency are required. Please refer to 19 15 17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

☐ Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.

☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval

10.

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. **Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.**

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	☐ Yes ☐ No ☐ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map, Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☐ No

11.
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- ☐ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19 15 17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15 17 10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19 15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15 17.9
- ☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19 15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number _____

☐ Previously Approved Operating and Maintenance Plan API Number: _____ *(Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

13.
Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19 15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19 15.17 11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19 15.17 9 NMAC and 19.15 17 13 NMAC

14.
Proposed Closure: 19.15.17.13 NMAC
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

Type: ☐ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System ☐ Alternative

Proposed Closure Method.
- ☐ Waste Excavation and Removal
- ☐ Waste Removal (Closed-loop systems only)
- ☐ On-site Closure Method (Only for temporary pits and closed-loop systems)
  - ☐ In-place Burial ☐ On-site Trench Burial
- ☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15.
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17 13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17 13 NMAC

16.
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☐ No

Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17.13 NMAC

17.
Siting Criteria (regarding on-site closure methods only): 19.15.17 10 NMAC
Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS, Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map, Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site, Aerial photo; Satellite image	☐ Yes ☐ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database, Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality, Written approval obtained from the municipality	☐ Yes ☐ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map, Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☐ No

18.
On-Site Closure Plan Checklist: (19.15.17 13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***
☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
☐ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19 15 17.13 NMAC
☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15 17.13 NMAC
☐ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19.
Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

20.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure ~~Plan (only)~~ ☐ OCD Conditions (see attachment)

OCD Representative Signature: Jonathan D. Kelly **Approval Date:** 1/12/2012

Title: Compliance Officer **OCD Permit Number:** _____

21.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☒ **Closure Completion Date: October 31, 2008**

22.
Closure Method:

☐ Waste Excavation and Removal ☒ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)

☐ If different from approved plan, please explain.

23.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations.

☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

24.
Closure Report Attachment Checklist: ***Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.***

☒ Proof of Closure Notice (surface owner and division)
☐ Proof of Deed Notice (required for on-site closure)
☒ Plot Plan (for on-site closures and temporary pits)
☐ Confirmation Sampling Analytical Results (if applicable)
☒ Waste Material Sampling Analytical Results (required for on-site closure)
☐ Disposal Facility Name and Permit Number
☒ Soil Backfilling and Cover Installation
☒ Re-vegetation Application Rates and Seeding Technique
☒ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude **36.69825° N** Longitude **107.265159° W** NAD. ☐ 1927 ☒ 1983

25.
Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): **Daniel Manus** Title: **Regulatory Technician**

Signature: Daniel Manus Date: 12/17/18

e-mail address **daniel.manus@blackhillscorp.com** Telephone. **505-634-1111 ext 28**

Black Hills Gas Resources

Many Canyons 29-04-28 #121
Surface Location: 1,895' FNL 670' FWL (SW/NW) Unit E
Rio Arriba County, New Mexico
Lease: NM 18327

Closure Report Compliance Demonstrations

- **Pit closure date**
  - Pit was closed on October 31, 2008
- **Proof of Closure Notification**
  - See attached letter and certified mail return receipt
- **Proof of Deed Notice**
  - The pit is located on Jicarilla Ranger District, Carson National Forest.
- **Plot Plan**
  - See attached Plot Plan for the pit and the well location map.
- **Confirmation Sampling**
  - See attached supporting analytical results
    - Benzene measured ND below the ***detection limit of 0.2 mg/kg***
    - BTEX measured ND mg/kg total, below the ***detection limit of 50 mg/kg total***
    - TPH measured ND mg/kg below the ***detection limit of 2500 mg/kg***
    - GRO measured 19 mg/kg below the ***detection limit of 500 mg/kg***
    - DRO measured 430 mg/kg below the ***detection limit of 500 mg/kg***
    - Chloride measured 128 below the ***detection limit of 1000 mg/kg***
- **Soil Backfilling and Cover Installation**
  - The pit was closed using BHGR previously approved closure plan.
    - Highlights
      - The pit contents were blended 3 to 1 and sampled
      - Four-foot of soil cover was used to cover the pit contents.
      - Topsoil was applied to the thickness of background topsoil.
      - Seeds were applied using a Land Pride drill seeder set at approximately 21 pounds per acre. Approximately 1.5 acres including the pit were reclaimed and re-seeded with a total of approximately 32 pounds of seed used.
    - See BHGR typical pit closure design
- **Re-vegetation Application Rate**
  - The approved Forest Service seed mix was applied at a rate of 21 pounds per acre.
  - See attached Forest Service seed mixture and application rates.
- **Site Reclamation**
  - See attached after photos of the pit.
- **Pit inspection**
  - See attached.

Black Hills Gas Resources, Inc.
A subsidiary of Black Hills Exploration and Production, Inc.

3200 N 1st Street – PO Box 249 Bloomfield, NM 87413

Daniel Manus
RegulatoryTechnician

Bus: (505) 634-1111 ext. 28
Fax: (505) 634-1116
dmanus@bhep.com

November 11, 2008

Carson National Forest
Jicarilla Ranger District
664 East Broadway
Bloomfield, NM 87413

Mark Catron:

In accordance with the State of New Mexico Rule 19.15.17.12 NMAC, Surface Owner Notification, Black Hills Gas Resources (BHGR) has closed the drilling pit for the Many Canyons 29-04-28 #121 gas well. The pit was closed on October 13, 2008. Attached are a site map and the Plot Plan indicating the location and the closed pit in reference to the well-head.

If there are any questions contact Daniel Manus (505) 634-1111 extensions 28.

Respectfully,

Daniel Manus
Regulatory Technician

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Carson National Forest
Jicarilla Ranger Dist.
664 E Broadway
Bloomfield NM 87413

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Sophia Marshall ☐ Agent ☐ Addressee

B. Received by (Printed Name) Sophia Marshall C. Date of Delivery 11/14/08

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☑ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

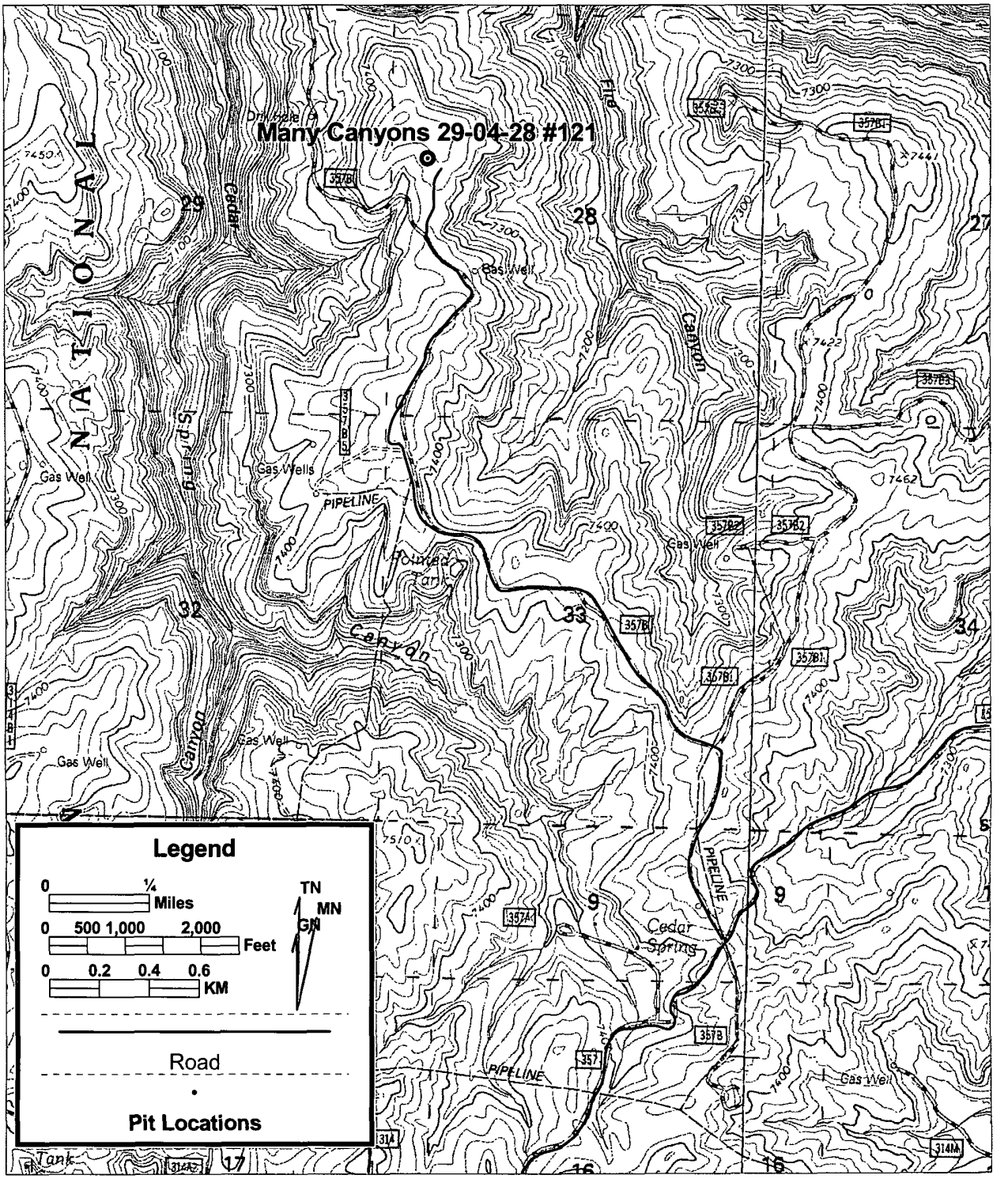
4. Restricted Delivery? (Extra Fee) ☐ Yes

7007 0220 0004 3556 5857

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154

CERTIFIED MAIL 7007 0220 0004 3556 5857

CC File
Brandon Powell NMOCD


Many Canyons 29-04-28 #121
Dry Gulch
Cedar
Canyon
Flat
Gas Well
Gas Wells
PIPELINE
Cedar Spring
Tank
Legend
0 ¼ Miles
0 500 1,000 2,000 Feet
0 0.2 0.4 0.6 KM
TN
MN
GN
Road
Pit Locations

WELL PAD DIAGRAM

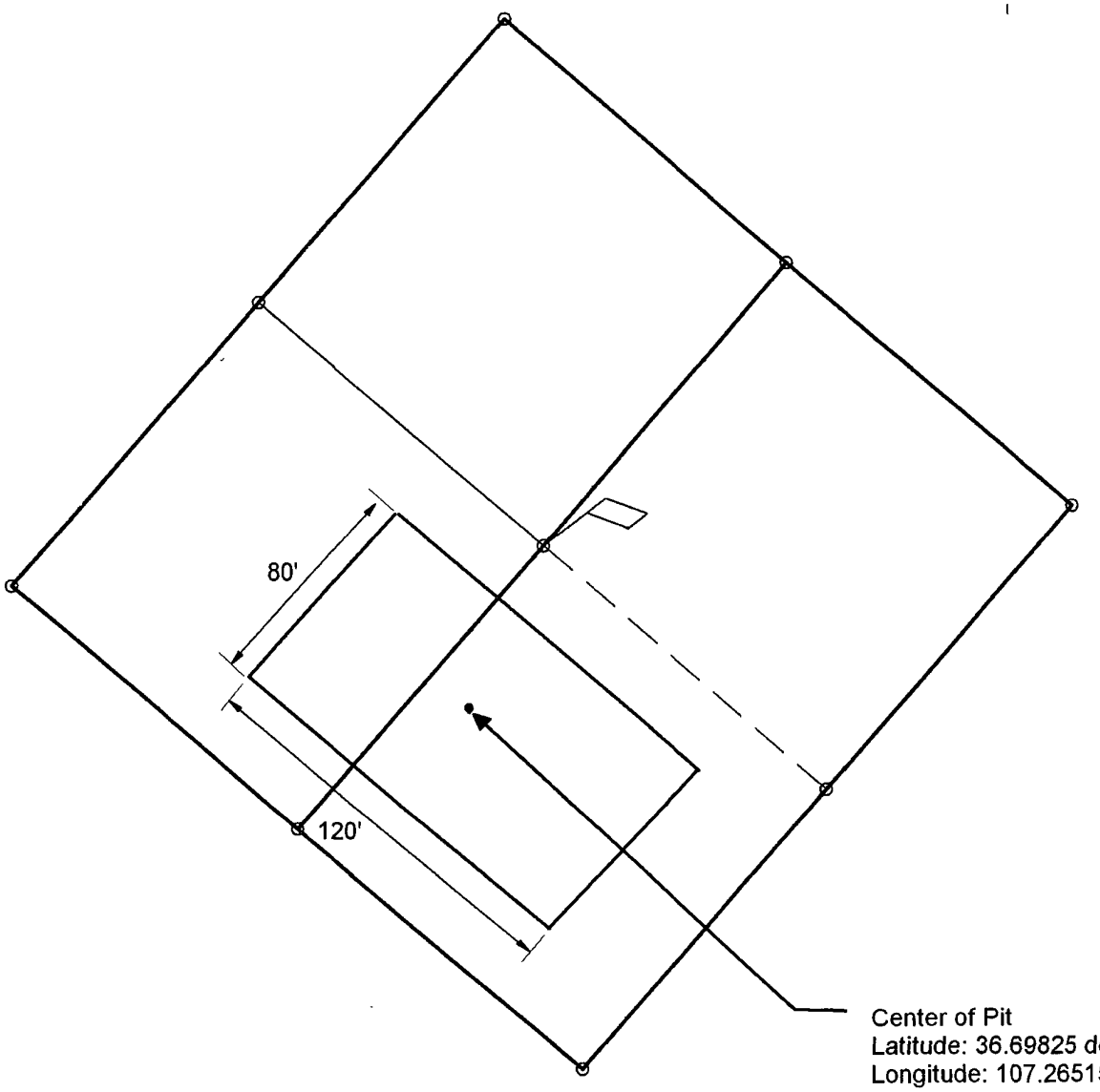
COMPANY: BLACK HILLS GAS RESOURCES

LEASE: MANY CANYONS 29-04-28 No.121

FOOTAGE 1895 FNL 670 FWL

SEC.: 28, TWN: 29-N, RNG: 4-W, NMPM

ELEVATION 7472'

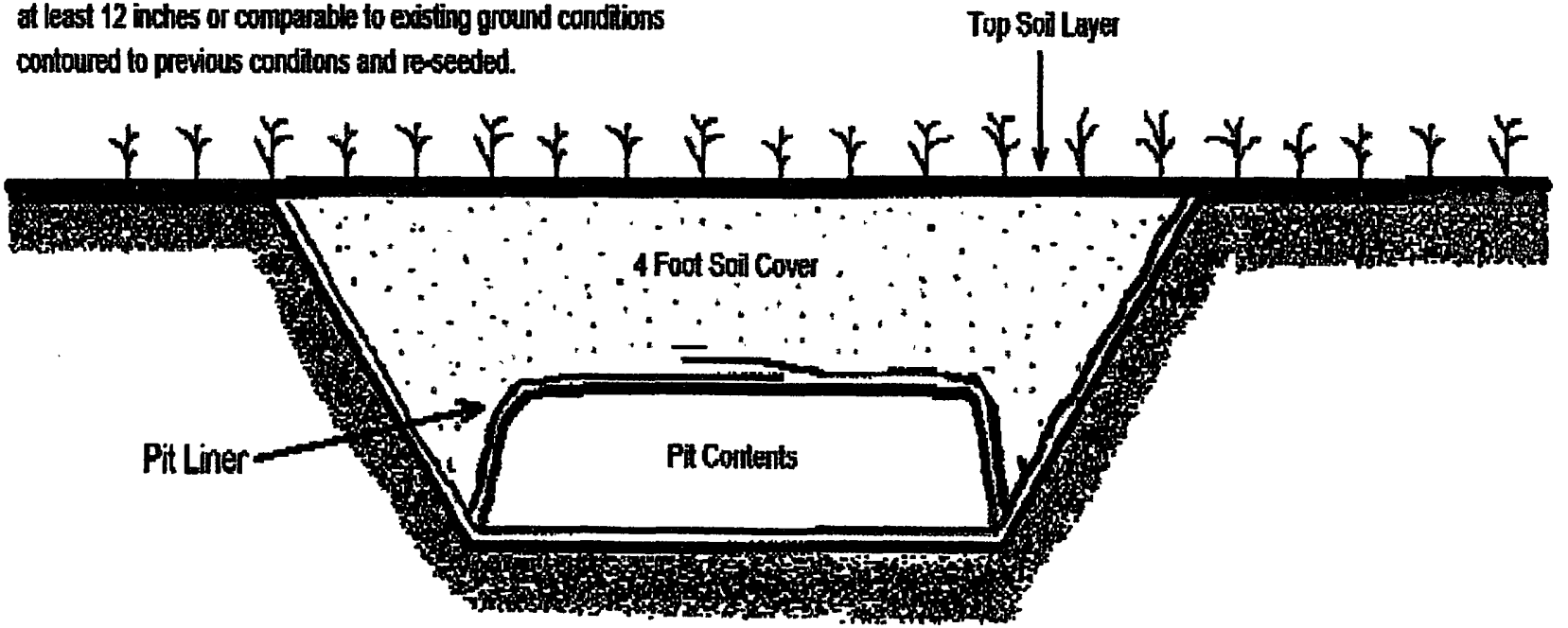


Center of Pit
Latitude: 36.69825 deg N
Longitude: 107.265159 deg W
NAD 83

Not to Scale

Black Hills Gas Resources Pit Closure Diagram

Minimum 4 foot soil cover compacted with a topsoil layer
at least 12 inches or comparable to existing ground conditions
contoured to previous conditons and re-seeded.



CARSON NATIONAL FOREST
JICARILLA RANGER DISTRICT
OIL AND GAS ADMINISTRATION

CONDITIONS OF APPROVAL
FOR
APPLICATION FOR PERMIT TO DRILL

Black Hills Gas Resources, Inc.
Many Canyons 29-04-28 #021(H)

Legal Location: Sec. 28, T.29 N, R.04 W, N.M.P.M

Footages: 1895' FNL / 670' FWL

Bottom Hole (If Different): 2185' FNL / 660' FEL

April 2007

The following conditions of approval will apply to this location on the Jicarilla Ranger District of the Carson National Forest. Conditions of Approval remain in affect until final abandonment and reclamation is accepted by the U.S. Forest Service.

OPERATOR COPY

crimped in at 2 tons per acre or excelsior mats or equivalent will be used), and seeded with the required seed mix. Slopes will be contour ripped, pocked, or waterbarred to prevent erosion on the location and designed in a manner that excessive erosion does not occur off-site. Cut and fill slopes will be topsoiled and mulched, as specified above, and revegetated.

C. Recommended seeding date is between September 15 and November 1. Seeding shall be completed prior to November 1 of the year the well is drilled unless waived by the Forest Service. Seeding will be done with a disc-type drill with two boxes for various seed sizes. The drill rows will be eight (8) to ten (10) inches apart. The seed will be planted between one-half (1/2) and three-fourths (3/4) of an inch deep. The seeder will be followed with a drag, packer or roller to insure uniform coverage of the seed, and adequate compaction. Drilling of the seed will be done on the contour where possible. Where slopes are too steep for contour drilling a "cyclone" hand-seeder or similar broadcast seeder will be used, using twice the recommended seed per acre. Seed will then be covered to a depth described above by whatever means is practical. Alternative seeding methods may be authorized with approval of the Forest Service.

Forest Service Required Seed Mixture

Species to be planted in pounds pure-live-seed per acre: Pure Live Seed = Germination x Purity

Forest Service Seed Mix	Variety	Pounds/Acre
Indian ricegrass	Paloma	1.0
Western wheatgrass	Arriba	2.0
Blue Gramma	Hacheta or Alma	1.0
Antelope Bitterbrush	Unknown	0.10
Four-wing saltbush	Unknown	0.25
Pubescent wheatgrass	Luna	2.0
Intermediate wheatgrass	Oahe	2.0
Small burnet	Delar	1.0

D. In order for revegetation to be accepted, it must meet current Forest Service Standards. Reclamation will be approved (minimum timeframe of two growing seasons) when the established vegetative cover is equal to 70% of the adjacent areas and the soil is stabilized. There should be no indicators of active erosion including rills and gullies. Seeding should be repeated annually after two growing seasons until reclamation is accepted by the Forest Service. Where vegetation is re-disturbed after establishment it shall be reseeded annually until vegetation is re-established.

E. To maintain purity and quality, certified seed is required.

F. All disturbed areas will be mulched at the rate of 2 tons/acre of certified weed free grass hay/straw. The mulch must be crimped into the surface.

G. The operator will provide verification of seed mixture and weed free mulch certification within 30 days of completion.

Inter-Mountain Laboratories, Inc
555 Absaraka Street, Sheridan, Wyoming 82801
(307) 674-7506

Sample Analysis Report

CLIENT: Black Hills Gas Resources
3200 North 1st Street
PO Box 249
Bloomfield, NM 87413

Date Reported: 10/12/2008
Report ID: O0810006001

Project: Pit Sampling
Lab ID: O0810006-001
Client Sample ID: MC 29-04-28#121
Matrix: Soil

Work Order: O0810006
Collection Date: 10/6/2008 10:45:00 AM
Date Received: 10/7/2008 10:30:00 AM
COC: 116878

Analyses	Result	PQL	Limits	Qual	Units	Date Analyzed/Init	
8021B MBTEXN-Soil						**Prep Date: 10/7/2008**	
Benzene	ND	0.50			mg/Kg	10/08/2008	MAB
Toluene	ND	0.50			mg/Kg	10/08/2008	MAB
Ethylbenzene	ND	0.50			mg/Kg	10/08/2008	MAB
m,p-Xylenes	ND	1.0			mg/Kg	10/08/2008	MAB
o-Xylene	ND	0.50			mg/Kg	10/08/2008	MAB
Surr: 4-Bromofluorobenzene	108		80-138		%REC	10/08/2008	MAB
8015B Gasoline Range Organics-Soil						**Prep Date: 10/7/2008**	
Gasoline Range Organics (nC6-nC10)	ND	10			mg/Kg	10/08/2008	MAB
Surr: 4-Bromofluorobenzene	108		65-141		%REC	10/08/2008	MAB
8015B Diesel Range Organics-Soil						**Prep Date: 10/6/2008**	
Diesel Range Organics (nC10-nC32)	3800	400			mg/Kg	10/11/2008	ECS
Surr: o-Terphenyl	127		62-112	S	%REC	10/11/2008	ECS

Preliminary for DRO

These results apply only to the samples tested.

Qualifiers:

*	Value exceeds Maximum Contaminant Level	B	Analyte detected in the associated Method Blank
D	Diluted out of recovery limit	E	Value above quantitation range
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
M	Matrix Effect	ND	Not Detected at the Reporting Limit
S	Spike Recovery outside accepted recovery limits		

Reviewed by: Tom Patten

Tom Patten, Laboratory Manager

Inter-Mountain Laboratories, Inc
1673 Terra Avenue, Sheridan, Wyoming 82801
(307) 672-8945

Sample Analysis Report

CLIENT: Black Hills Gas Resources
3200 North 1st Street; P.O. Box 249
Bloomfield, NM 87413

Date Reported: 10/14/2008
Report ID: S0810162001

Work Order: S0810162
Project: Pit Sampling
Collection Date: 10/6/2008
Lab ID: S0810162-001
Date Received: 10/7/2008
Client Sample ID: MC 29-04-28 #121
Sampler:
COC: 116878
Matrix: Soil

Analyses	Result	PQL	Qual	Units	Date Analyzed/Init	Method
General Parameters-Soil						
TPH 418.1	35700	100		ppm	10/09/2008 000 LJK	418.1
Soil Anions						
Chloride	128	0.01		ppm	10/10/2008 000 LK	USDA 60-3a

preliminary for TPH

These results apply only to the samples tested.

Qualifiers:

*	Value exceeds Maximum Contaminant Level	B	Analyte detected in the associated Method Blank
E	Value above quantitation range	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	L	Analyzed by a contract laboratory
M	Value exceeds Monthly Ave or MCL	ND	Not Detected at the Reporting Limit
S	Spike Recovery outside accepted recovery limits		

Reviewed by: Karen A Secor
Karen Secor, Soil Lab Supervisor

Inter-Mountain Laboratories, Inc.
Sheridan, WY and Gillette, WY

- CHAIN OF CUSTODY RECORD -

*This is a **LEGAL DOCUMENT**. All shaded fields must be completed.* # 116878

Client Name	Project Identification	Sampler (Signature/Printed)	Telephone #
BHGR	Pit Sampling	Lynn H. Benally	505 634-1111

Report Address	Contact Name and Email	Invoice Address
PO Box 249 Bloomfield, NM 87413	Lynn H. Benally lbenally2@bhep.com Daniel Manus dmanus2@bhep.com Voice 505-634-1111 ext 27,28 FAX 505 634-1116	Same

Purchase Order # | Quote #

ITEM	LAB ID (Lab Use Only)	DATE SAMPLED	TIME SAMPLED	SAMPLE IDENTIFICATION	Matrix	# of Containers	BTEX	DRO	GRO	TPH 418.1	Cl-				REMARKS
1		10/6/08	1045	MC 29-04-28 #121	SL	4	X	X	X	X	X				1 Duplicate
2		10/6/08	1200	Jicarilla 29-02-05 #143	SL	4	X	X	X	X	X				1 Duplicate
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14															

LAB COMMENTS	Relinquished By (Signature/Printed)	DATE	TIME	Received By (Signature/Printed)	DATE	TIME
	Daniel Manus / Daniel Manus	10/6/08	15:00	Ed Scruton / Ed Scruton	10/07/08	1030

SHIPPING INFO	MATRIX CODES		TURN AROUND TIMES	COMPLIANCE INFORMATION		ADDITIONAL REMARKS
☐ UPS	Water	WT	**Check desired service**	Compliance Monitoring ?	Y (N)	
X Fed Express	Soil	SL	☐ Standard turnaround	Program (SDWA, NPDES, ...)		
☐ US Mail	Solid	SD	X **RUSH** - 5 Working Days	PWSID / Permit #		
☐ Hand Carried	Trip Blank	TB	☐ **URGENT** - Working Days	Chlorinated?	Y (N)	
☐ Other_____	Other	OT	*Rush & Urgent Surcharges will be applied*	Sample Disposal: Lab X	Client	

RUSH

Rev 4.3

900108009

Inter-Mountain Laboratories, Inc., 1673 Terra Ave, Sheridan, WY 82801 ph: (307) 672-8945

Condition Upon Receipt (Attach to COC)

Sample Receipt

1 Number of ice chests/packages received: 1

Note as "OTC" if samples are received over the counter, unpackaged

2 Temperature of cooler/samples. Temps (°C): 4.7

Acceptable is 0.1 to 6°C Also acceptable is "Received on Ice" (ROI) for samples received on the same day as sampled or "Received at Room Temperature" (RRT) for samples received within one hour of sampling.

Client contact for temperature failures must be documented below.

3 COC Number (If applicable): 116878

4 Do the number of bottles agree with the COC?	(Yes)	No	N/A
5 Were the samples received intact? *(no broken bottles, leaks, etc.)*	(Yes)	No	N/A
6 Were the sample custody seals intact?	Yes	No	(N/A)
7 Is the COC properly completed, legible, and signed?	(Yes)	No	

Sample Verification, Labeling & Distribution

1 Were all requested analyses understood and appropriate?	(Yes)	No		
2 Did the bottle labels correspond with the COC information?	(Yes)	No		
3 Samples collected in proper containers?	(Yes)	No		
4 Were all containers properly preserved?	Yes	No	(N/A)	Added at Lab

Client contact for preservation failures must be documented below.

5 VOA vials have <6mm headspace?	Yes	No	(N/A)
6 Were all analyses within holding time at the time of receipt?	(Yes)	No	
7 Have rush or project due dates been checked and accepted?	(Yes)	No	N/A

Attach Lab ID labels to the containers and deliver to appropriate lab section. Set ID: 00810006

8 Login verification Client Name: (Yes) · No Project Name: (Yes) · No Matrix: (Yes) · No

Sample Receipt, Verification, Login, Labeling & Distribution completed by *(initials)*: [signature]

Discrepancy Documentation *(use back of sheet for notes on discrepancies)*

Any items listed above with a response of "No" or do not meet specifications must be resolved.

Person Contacted: _____ Telephone Number: _____

Initiated By: _____ Date/Time: _____

Problem:

Resolution:

Person Contacted _____ Telephone Number: _____

Initiated By: _____ Date/Time: _____

Problem:

Resolution:

Inter-Mountain Laboratories, Inc
555 Absaraka Street, Sheridan, Wyoming 82801
(307) 674-7506

Sample Analysis Report

CLIENT: Black Hills Gas Resources
3200 North 1st Street
PO Box 249
Bloomfield, NM 87413

Date Reported: 12/15/2008
Report ID: O0812007001

Project: Many Canyons 29-04-28 #121
Lab ID: O0812007-001
Client Sample ID: MC 29-04-28 #121
Matrix: Soil

Work Order: O0812007
Collection Date: 12/5/2008 11:30:00 AM
Date Received: 12/6/2008
COC: 116881

Analyses	Result	PQL	Limits	Qual	Units	Date Analyzed/Init	
8015B Gasoline Range Organics-Soil						**Prep Date: 12/8/2008**	
Gasoline Range Organics (nC6-nC10)	19	10			mg/Kg	12/10/2008	MAB
Surr: 4-Bromofluorobenzene	89.7		65-141		%REC	12/10/2008	MAB
8015B Diesel Range Organics-Soil						**Prep Date: 12/8/2008**	
Diesel Range Organics (nC10-nC32)	430	20			mg/Kg	12/09/2008	CL
Surr: o-Terphenyl	74.8		56-117		%REC	12/09/2008	CL

Final Sample result for DRO

These results apply only to the samples tested.

Qualifiers:

*	Value exceeds Maximum Contaminant Level	B	Analyte detected in the associated Method Blank
D	Diluted out of recovery limit	E	Value above quantitation range
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
M	Matrix Effect	ND	Not Detected at the Reporting Limit
S	Spike Recovery outside accepted recovery limits		

Reviewed by: Ed Scruton

Ed Scruton, Analytical Chemist

Inter-Mountain Laboratories, Inc
1673 Terra Avenue, Sheridan, Wyoming 82801
(307) 672-8945

Sample Analysis Report

CLIENT: Black Hills Gas Resources
3200 North 1st Street; P.O. Box 249
Bloomfield, NM 87413

Date Reported: 12/11/2008
Report ID: S0812118001

Work Order: S0812118
Project: Many Canyons
Collection Date: 12/5/2008
Lab ID: S0812118-001
Date Received: 12/8/2008
Client Sample ID: MC 29-04-28 #121
Sampler:
COC: 116881
Matrix: Soil

Analyses	Result	PQL	Qual	Units	Date Analyzed/Init	Method
General Parameters-Soil						
TPH 418.1	ND	100		ppm	12/10/2008 000 TWP	418 1

Finial results for TPH

These results apply only to the samples tested.

Qualifiers:

*	Value exceeds Maximum Contaminant Level
E	Value above quantitation range
J	Analyte detected below quantitation limits
M	Value exceeds Monthly Ave or MCL
S	Spike Recovery outside accepted recovery limits
B	Analyte detected in the associated Method Blank
H	Holding times for preparation or analysis exceeded
L	Analyzed by a contract laboratory
ND	Not Detected at the Reporting Limit

Reviewed by: Karen A Secor
Karen Secor, Soil Lab Supervisor

Inter-Mountain Laboratories, Inc.
Sheridan, WY and Gillette, WY

- CHAIN OF CUSTODY RE

*This is a **LEGAL DOCUMENT**. All shaded fields must be completed.*

Client Name	Project Identification	Sampler (Signature/Printed)
Black Hill Gas Resources	Many Canyons 29-04-28 #121	Mike Crabtree / Greg Cra

Report Address	Contact Name and Email	ANALYSES / PARAME
3200 N/ 1st Bloomfield NM 87413	Daniel Manus dmanus @bhep.	
Invoice Address	Voice 505 634 1111 x27	
Same as above	FAX	
	Purchase Order #	**Quote #**

ITEM	LAB ID (Lab Use Only)	DATE SAMPLED	TIME	SAMPLE IDENTIFICATION	Matrix	# of Containers	8015 GRO/DRO	418.1				
1		12/5/08	11:30	MC 29-04-28 #121	Soil	2	X	X				
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												

LAB COMMENTS	Relinquished By (Signature/Printed)	DATE	TIME	Received By (Signature/Printed)
	Daniel Manus / Daniel Manus	12/5/08	15:30	Ed Scouton / Ed Sc

SHIPPING INFO	MATRIX CODES		TURN AROUND TIMES	COMPLIANCE INFORMATION		
☐ UPS	Water	WT	**Check desired servic**	Compliance Monitoring ?	(Y) / N	Brand
☒ Fed Express	Soil	SL	☐ Standard turnaround	Program (SDWA, NPDES, ...)	—	Me
☐ US Mail	Solid	SD	☒ **RUSH** - 5 Working Days	PWSID / Permit #	—	Div
☐ Hand Carried	Trip Blank	TB	☐ **URGENT** - Working Days	Chlorinated?	Y / (N)	
☐ Other_____	Other	OT	***Rush & Urgent Surcharges will be applied***	Sample Disposal: Lab X	Client	

RUSH

INTER-MOUNTAIN LABORATORIES, INC.

Inter-Mountain Laboratories, Inc., 1673 Terra Ave, Sheridan, WY 82801 ph: (307) 672-8945

Condition Upon Receipt (Attach to COC)

Sample Receipt

1 Number of ice chests/packages received: 1

*Note as "**OTC**" if samples are received over the counter, unpackaged*

2 Temperature of cooler/samples. Temps (°C): 9.7

*Acceptable is **0.1 to 6°C**. Also acceptable is "**Received on Ice**" (ROI) for samples received on the same day as sampled or "**Received at Room Temperature**" (RRT) for samples received within one hour of sampling.*

Client contact for temperature failures must be documented below.

3 COC Number (If applicable): 116881

4 Do the number of bottles agree with the COC?	(Yes)	No	N/A
5 Were the samples received intact? *(no broken bottles, leaks, etc.)*	(Yes)	No	N/A
6 Were the sample custody seals intact?	(Yes)	No	N/A
7 Is the COC properly completed, legible, and signed?	(Yes)	No	

Sample Verification, Labeling & Distribution

1 Were all requested analyses understood and appropriate?	(Yes)	No		
2 Did the bottle labels correspond with the COC information?	(Yes)	No		
3 Samples collected in proper containers?	(Yes)	No		
4 Were all containers properly preserved?	Yes	No	(N/A)	Added at Lab

Client contact for preservation failures must be documented below.

5 VOA vials have <6mm headspace?	Yes	No	(N/A)	
6 Were all analyses within holding time at the time of receipt?	(Yes)	No		
7 Have rush or project due dates been checked and accepted?	(Yes)	No	N/A	

Attach Lab ID labels to the containers and deliver to appropriate lab section. ***Set ID:*** 00812007

8 Login verification Client Name: **Yes - No** Project Name: **Yes - No** Matrix: **Yes - No**

Sample Receipt, Verification, Login, Labeling & Distribution completed by *(initials)*: _____

Discrepancy Documentation *(use back of sheet for notes on discrepancies)*

Any items listed above with a response of "No" or do not meet specifications must be resolved.

Person Contacted: _____ Telephone Number: _____

Initiated By: _____ Date/Time: _____

Problem:

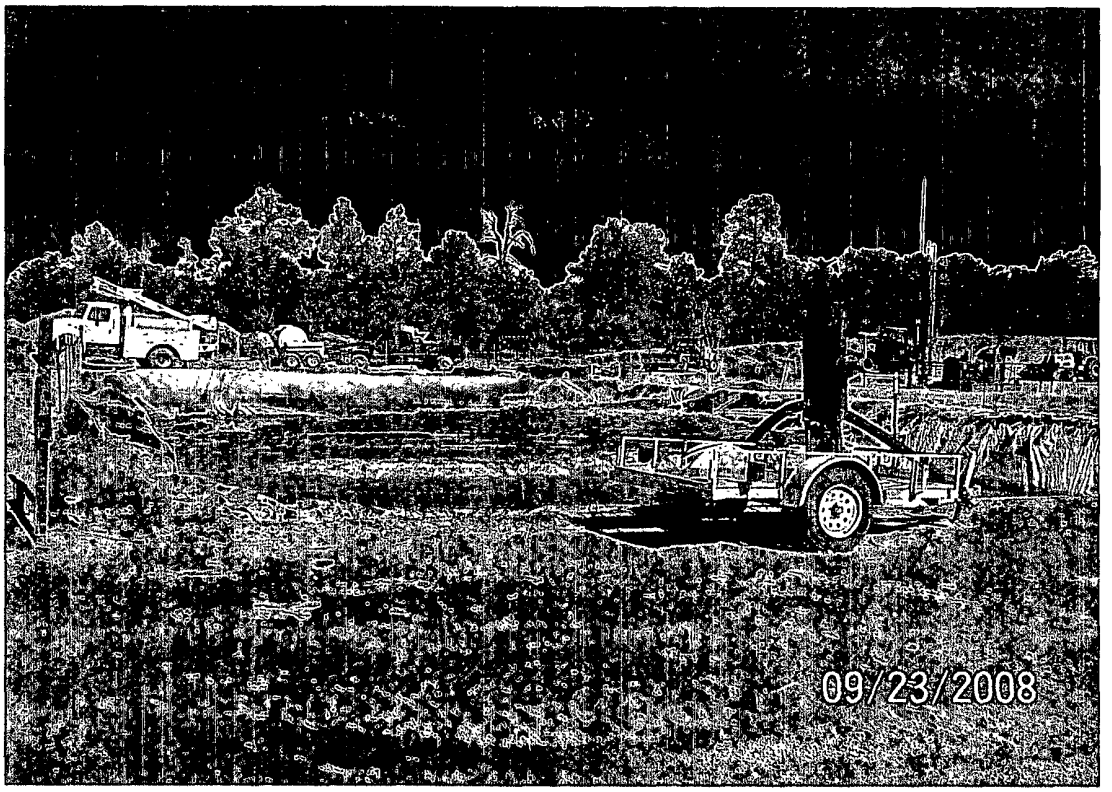
Resolution:

Person Contacted: _____ Telephone Number: _____

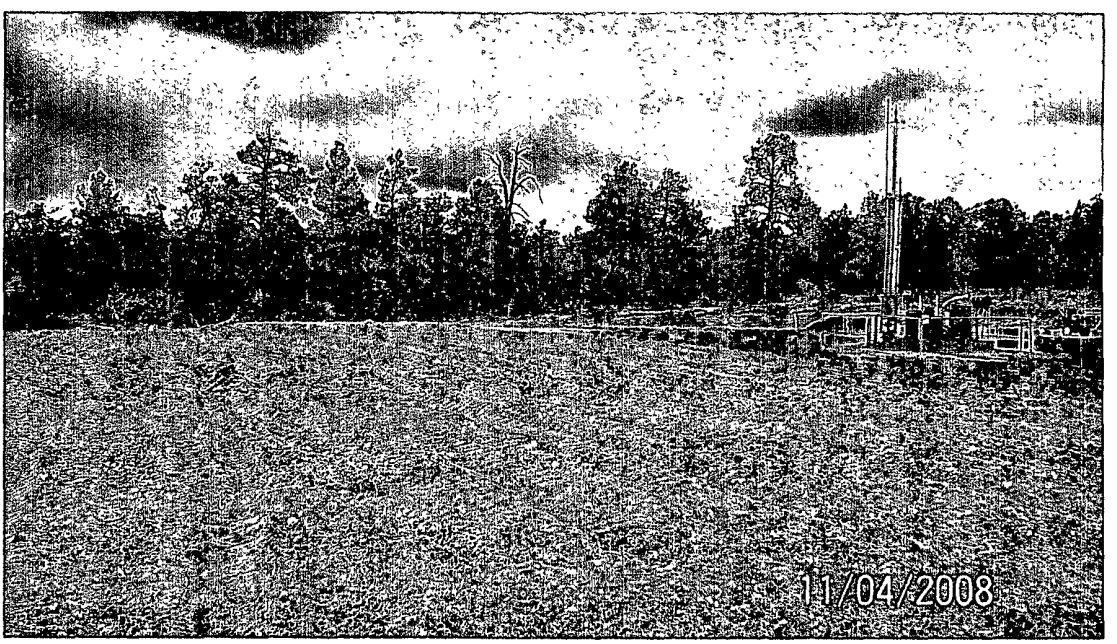
Initiated By: _____ Date/Time: _____

Problem:

Resolution:



Many Canyons 28-04-28 #121 Drilling Pit Before



Many Canyons 29-04-28 #121 Drilling Pit After Closure

Black Hills Gas Resources

Many Canyons 29-04-28 #121
Surface Location: 1,895' FNL 670' FWL (SW/NW) Unit E
Bottom Hole: ± 700' FSL ± 700' FEL (SE/SE) Unit P
Sec. 28 T29N R4W
Rio Arriba County, New Mexico
Lease: NM 18327

Inspection report for Many Canyons 29-04-28 #121

- Information taken from daily drilling logs

MANY CANYON 29-04-28 #121

DATE	PIT LEVEL DATA
8/14/2008	RESERVE PIT IS 4'4" FROM TOP, 2'4" FROM MAX LEVEL
8/15/2008	RESERVE PIT IS 4'3" FROM TOP, 2'3" FROM MAX LEVEL
8/16/2008	RESERVE PIT IS 4'2" FROM TOP, 2'2" FROM MAX LEVEL
8/17/2008	RESERVE PIT IS 4'0" FROM TOP, 2'0" FROM MAX LEVEL
8/18/2008	RESERVE PIT IS 4'0" FROM TOP, 2'0" FROM MAX LEVEL
8/19/2008	RESERVE PIT IS 3'9" FROM TOP, 1'9" FROM MAX LEVEL
8/20/2008	RESERVE PIT IS 3'8" FROM TOP, 1'8" FROM MAX LEVEL
8/21/2008	RESERVE PIT IS 3'8" FROM TOP, 1'8" FROM MAX LEVEL
8/22/2008	RESERVE PIT IS 2' 3" FROM TOP- 3" FROM MAX LEVEL
8/23/2008	RESERVE PIT IS 2' 2" FROM TOP- 2" FROM MAX LEVEL
8/24/2008	RESERVE PIT IS 2' 2" FROM TOP- 2" FROM MAX LEVEL
8/25/2008	RESERVE PIT IS 2' 2" FROM TOP- 2" FROM MAX LEVEL
8/26/2008	RESERVE PIT IS 2' 4" FROM TOP- 4" FROM MAX LEVEL
8/27/2008	RESERVE PIT IS 2' 4" FROM TOP- 4" FROM MAX LEVEL
8/28/2008	RESERVE PIT IS 2' 5" FROM TOP- 5" FROM MAX LEVEL
8/29/2008	RESERVE PIT IS 3' FROM TOP- 1' FROM MAX LEVEL
8/30/2008	RESERVE PIT IS 3' 2" FROM TOP- 1' 2" FROM MAX LEVEL
8/31/2008	RESERVE PIT IS 2' 1" FROM TOP- 1" FROM MAX LEVEL
9/1/2008	RESERVE PIT IS 2' 1" FROM TOP- 1" FROM MAX LEVEL
9/2/2008	RESERVE PIT IS 2' 1" FROM TOP- 1" FROM MAX LEVEL
9/3/2008	RESERVE PIT IS 2' 4" FROM TOP- 4" FROM MAX LEVEL
9/4/2008	RESERVE PIT IS 3' 3" FROM TOP- 1' 3" FROM MAX LEVEL
9/5/2008	RESERVE PIT IS 3' 9" FROM TOP- 1' 9" FROM MAX LEVEL
9/6/2008	RESERVE PIT IS 4' FROM TOP- 2' FROM MAX LEVEL
9/7/2008	RESERVE PIT IS 3' 7" FROM TOP- 1' 7" FROM MAX LEVEL
9/8/2008	RESERVE PIT IS 3' 7" FROM TOP- 1' 7" FROM MAX LEVEL
9/9/2008	RESERVE PIT IS 4' FROM TOP- 2' FROM MAX LEVEL
9/10/2008	RESERVE PIT IS 3' 5" FROM TOP- 1' 5" FROM MAX LEVEL

PHIL HENSON

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action: ☐ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
☑ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method
☐ Modification to an existing permit
☐ Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances

1.
Operator: **Black Hills Gas Resources** OGRID #: **013925**
Address: **3200 N 1st St Bloomfield, NM 87413**
Facility or well name: **Many Canyons 29-04-28 #121**
API Number: **30-039-30231** OCD Permit Number: **2837**
U/L or Qtr/Qtr **Unit E** Section **28** Township **29N** Range **4W** County: **Rio Arriba**
Center of Proposed Design: Latitude **36° 41' 54.204" N** Longitude **107° 17' 11.4216" W** NAD: ☐1927 ☑ 1983
Surface Owner: ☐ Federal ☐ State ☐ Private ☑ Tribal Trust or Indian Allotment

2.
☑ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☑ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☑ Lined ☐ Unlined Liner type: Thickness **20** mil ☑ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☐ Welded ☑ Factory ☐ Other _____ Volume: **≈ 15,000** bbl Dimensions: L **90'** x W **40'** x D **10'**

3
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation. ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other _____
☐ Lined ☐ Unlined Liner type: Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____

4.
☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: _____ bbl Type of fluid: _____
Tank Construction material: _____
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other _____
Liner type: Thickness _____ mil ☐ HDPE ☐ PVC ☐ Other _____

RECEIVED
NOV 2011
OIL CONS. DIV. DIST. 3

5
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Submit To Appropriate District Office
Two Copies
District I
1625 N French Dr , Hobbs, NM 88240
District II
811 S First St , Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 S St Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-105
Revised August 1, 2011

1. WELL API NO. **30-039-30231**

2 Type of Lease ☐ STATE ☐ FEE ☑ FED/INDIAN

3. State Oil & Gas Lease No

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4 Reason for filing:

☐ **COMPLETION REPORT** (Fill in boxes #1 through #31 for State and Fee wells only)

☑ **C-144 CLOSURE ATTACHMENT** (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19.15.17.13 K NMAC)

5. Lease Name or Unit Agreement Name: **NM-18327**

6 Well Number: **Many Canyons 29-04-28 #121**

7 Type of Completion: ☑ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8 Name of Operator: **Black Hills Gas Resources**

9. OGRID: **013925**

10 Address of Operator: **3200 N 1st Street, Bloomfield, NM 87413**

11 Pool name or Wildcat

12.Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:	**E**	**28**	**29N**	**4W**		**1895'**	**North**	**670'**	**West**	**Rio Arriba**
BH:										

13 Date Spudded	14. Date T.D Reached	15 Date Rig Released	16 Date Completed (Ready to Produce)	17 Elevations (DF and RKB, RT, GR, etc)
		September 10, 2008		

18 Total Measured Depth of Well	19. Plug Back Measured Depth	20. Was Directional Survey Made?	21. Type Electric and Other Logs Run

22 Producing Interval(s), of this completion - Top, Bottom, Name

23. **CASING RECORD** (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25 TUBING RECORD

SIZE	DEPTH SET	PACKER SET

26 Perforation record (interval, size, and number)

27 ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

28 **PRODUCTION**

Date First Production	Production Method *(Flowing, gas lift, pumping - Size and type pump)*	Well Status *(Prod or Shut-in)*

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio

Flow Tubing Press	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl	Oil Gravity - API - *(Corr)*

29. Disposition of Gas *(Sold, used for fuel, vented, etc)*

30. Test Witnessed By

31. List Attachments

32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit. **Plat on closure attachment**

33 If an on-site burial was used at the well, report the exact location of the on-site burial

Latitude **36° 41' 54.204" N** Longitude **107° 17' 11.4216" W** NAD 1927 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Daniel Manus Printed Name **Daniel Manus** Title **Regulatory Technician** Date **11/07/2011**

E-mail Address **Daniel.Manus@blackhillscorp.com**

Black Hills Gas Resources, Inc.
A subsidiary of Black Hills Exploration and Production, Inc.
3200 N 1st Street – PO Box 249 Bloomfield, NM 87413

Daniel Manus
Regulatory Technician II

Bus: (505) 634-5104
Fax: (505) 634-1116
daniel.manus@blackhillscorp.com

November 7, 2011

New Mexico Oil Conservation Division
Aztec Office
1000 Rio Brazos Road
Aztec, NM 87410

Subject: Many Canyon 29-04-28 #121 temporary drilling pit closure

Dear Sir or Madam

Black Hills Gas Resources' (BHGR) Many Canyons 29-04-28 #121 temporary drilling pit was closed on October 13, 2008 and the rig was release on September 10, 2008.

As for the notification to the NMOCD of closure of the pit, it is unknown if the notification was made by phone or email. BHGR understands going forward that all contact will be made or followed up by email for documentation.

If you have any questions, please contact me.

Respectfully,

Daniel Manus

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-039-30231	77440	GOBERNADOR PICTURED CLIFF

[4] Property Code	[5] Property Name	[6] Well Number
301949	MANY CANYONS 29-04-28	121

[7] OGRID No.	[8] Operator Name	[9] Elevation
013925	BLACK HILLS GAS RESOURCES	7472'

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	29-N	4-W		1895	NORTH	670	WEST	RIO ARRIBA

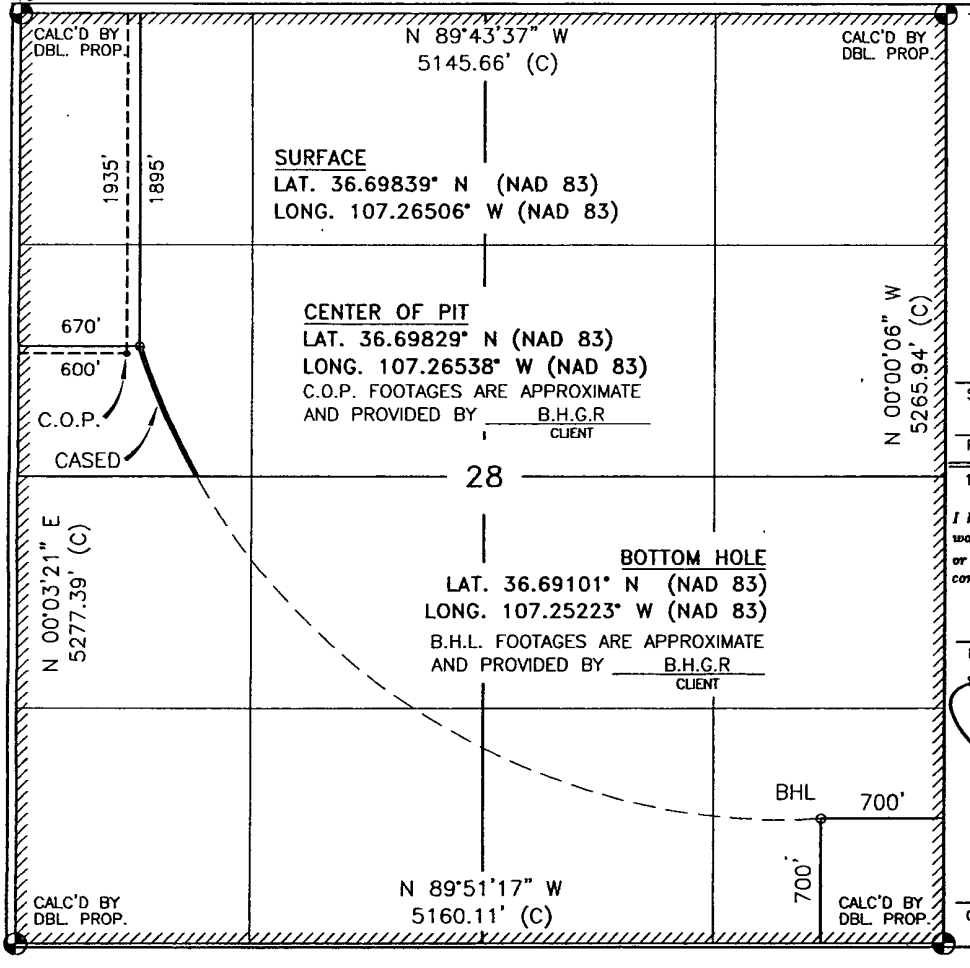
[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	28	29-N	4-W		700	SOUTH	700	EAST	RIO ARRIBA

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
640 – PROJECT AREA			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge & belief.

JUNE 6, 2005
Date of Survey

Signature and Seal of Professional Surveyor:

ROY A. RUSH
NEW MEXICO
8894
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number


RCVD JAN 12'12
OIL CONS. DIV.
DIST. 3