

RECEIVED

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 18 2014

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. MDA 701-98-0013 Tract 4
2. Name of Operator Black Hills Gas Resources, Inc.		6. If Indian, Allottee, or Tribe Name Jicarilla Apache Tribe
3a. Address 3200 N 1st St, Bloomfield, NM 87413	3b. Phone No. (include area code) (505) 634-5104	7. If Unit or CA. Agreement Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1250' FNL & 1355' FEL NE/NW Section 36 T30N R3W (UL: B)		8. Well Name and No. Jicarilla 30-03-36 #3
		9. API Well No. 30-03-27826
		10. Field and Pool, or Exploratory Area E. Blanco PC/ Cabresto Canyon Tert.
		11. County or Parish, State Rio Arriba County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 type="checkbox"/> Subsequent Report	<input type="checkbox"/> Altering 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation 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 performed or provide the Bond No. on file with the 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 Notice shall be filed only after all requirements, including reclamantion, have been completed, and the operator has determined that the site is ready for final inspection.)

Per the Notice of Intent dated May 14, 2014, to plug and abandon Jicarilla 30-03-36 #3, Black Hills Gas Resources is submitting the attached plug and abandon procedure

Black Hills will be using a close loop system.

OIL CONS. DIV DIST. 3
JUN 27 2014

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

Notify NMOCD 24 hrs
prior to beginning
operations



H₂S POTENTIAL EXIST

14. I hereby certify that the foregoing is true and correct. Name (Printed/ Typed)

Daniel Manus

Regulatory Techician

Title

Signature

Date

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Troy Salvors

Title Petroleum Eng.

Date 6/25/2014

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 FFO

Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make 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 page 2)

NMOCDV

PLUG AND ABANDONMENT PROCEDURE

June 11, 2014

Jicarilla 30-03-36 No. 3

East Blanco PC / Cabresto Canyon; Tertiary
1250' FNL, 1355' FEL, Section 36, T30N, R3W, Rio Arriba County, NM
API 30-039-27826 / Long: _____ / Lat: _____

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class B, mixed at 15.6 ppg with a 1.18 cf/sx yield.

1. This project will use an A-Plus steel tank to handle waste fluids circulated from the well and cement wash up.
2. Install and test location rig anchors. Comply with all NMOCD, BLM, and Operator safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Record casing, tubing and bradenhead pressures. NU relief line and blow down well. Kill well with water as necessary and at least pump tubing capacity of water down the tubing. ND wellhead and NU BOP. Function test BOP.
3. Rods: Yes _____, No X, Unknown _____.
Tubing: Yes X, No _____, Unknown _____, Size 2-3/8", Length 3100'.
Packer: Yes _____, No X, Unknown _____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.

**NOTE: PU tubing workstring, drill collars and mill. TIH and mill out CIBP at 3190'.
Circulate well clean. Round trip 5.5" gauge ring or casing scraper to 3572' or as deep as possible.**

Plug #1 (Pictured Cliffs interval and Fruitland, Kirtland, Ojo Alamo tops, 3572 – 3149'): PU 5.5" CR or CIBP and RIH; set at 3572'. Pressure test tubing to 1000#. Mix 54 sxs Class B cement and spot a plug inside the casing above the CR or CIBP to isolate the PC interval, the Fruitland and Kirtland tops, and cover through the Ojo Alamo perforations and top. PUH and WOC. TIH and tag 50' above Ojo Alamo top, if necessary top off.

Note: if Plug #1 is set at the end of the day then don't set CR. TIH with open ended tubing and spot 78 sxs Class B cement (30% excess over perforations) and WOC overnight. TIH and tag plug the next morning at 50' above OA top. If necessary top off plug. PUH.

See COA

4. **Plug #2 (Nacimiento perforations, 2291' – 2005'):** TIH and set 5.5" CR or CIBP at 2291'. Mix 39 sxs Class B cement and spot a plug inside the casing above the CR or CIBP to isolate the Nacimiento interval. TOH with tubing and WOC. TIH and tag cement 50' above Nacimiento top. If necessary top off plug. PUH.
5. **Plug #3 (San Jose perforations, 1070' – 970'):** RIH with open ended tubing to 1070'. Mix 17 sxs Class B cement and spot a plug to isolate the San Jose interval. PUH.

See COA

Continued next page

6. **Plug #4 (8-5/8" Surface casing shoe, 329' - Surface):** Attempt to pressure test the bradenhead annulus to 300 PSI; note the volume to load. If the BH annulus holds pressure, then establish circulation out casing valve with water. Mix approximately 45 sxs cement and spot a balanced plug from 329' to surface, circulate good cement out casing valve. TOH and LD tubing. Shut well in and WOC. If the BH annulus does not test, then perforate at the appropriate depth and attempt to circulate cement to surface filling the casing from 329' and the annulus from the squeeze holes to surface. Shut in well and WOC.
7. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. Cut off anchors and clean up location. Restore location per BLM stipulations.

RCVD JUL 7 '14
OIL CONS. DIV.

DIST. 3

Jicarilla 30-03-36 No.3

Current

East Blanco PC/ Cabresto Canyon, Tertiary

1250' FNL & 1355' FEL, Section 36 T-30-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-27826

Today's Date: 6/11/14

Spud: 7/23/04

Comp 2/9/05

Elevation: 7282' GI
7294' KB

12-1/4" Hole

TOC @ Surface, Circulated 25 bbls to pit.

8-5/8" 24#, Casing set @ 279'
Cement with 175 sxs, circulated to surface

2-3/8" tubing @ 3100'
(95 jts, R-Nipple and WLREG)

San Jose Perforations:
1120' – 1314'

San Jose Perforations:
1756' – 2020'

Nacimiento @ 2055'

Nacimiento Perforations:
2341' – 3125'

Ojo Alamo @ 3199'

CIBP set at 3190' (2006)

Kirtland @ 3455'

Ojo Alamo Perforations:
3214' – 3452'
Squeezed perforations with
150 sxs cement (2005)

Fruitland @ 3565'

Pictured Cliffs @ 3622'

Pictured Cliffs Perforations:
3622' – 3678'

7-7/8" Hole

5.5" 15.5#, J-55 Casing @ 3715'
Cement with 730sxs,
circulate 25 bbls to pit.

3725' TD
3688' PBTD

Jicarilla 30-03-36 No.3 Proposed P&A

East Blanco PC/ Cabresto Canyon, Tertiary

1250' FNL & 1355' FEL, Section 36 T-30-N, R-3-W , Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-27826

Today's Date: 6/11/14
Spud: 7/23/04
Comp 2/9/05
Elevation: 7282' GI
7294' KB

12-1/4" Hole

Nacimiento @ 2055'

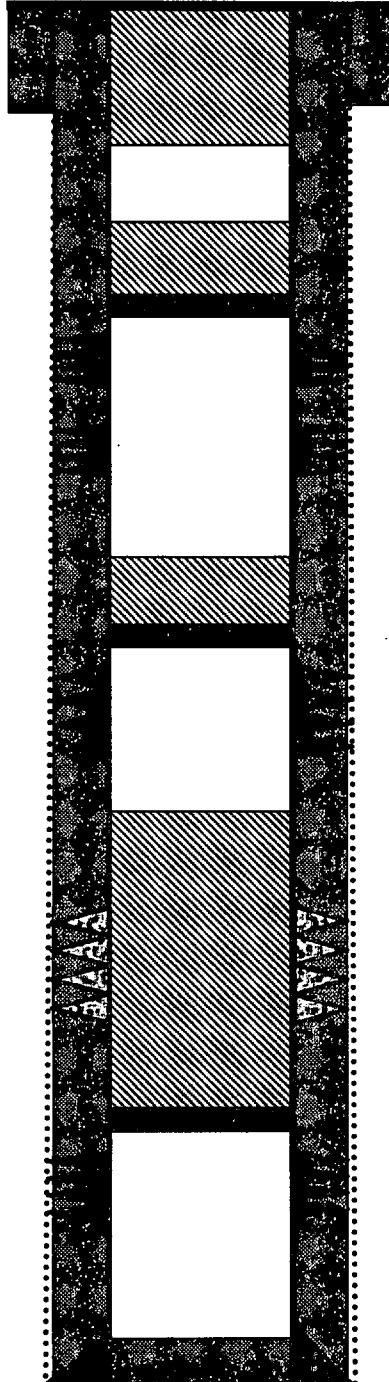
Ojo Alamo @ 3199'

Kirtland @ 3455'

Fruitland @ 3565'

Pictured Cliffs @ 3622'

7-7/8" Hole



TOC @ Surface, Circulated 25 bbls to pit.

8-5/8" 24#, Casing set @ 279'
Cement with 175 sxs, circulated to surface

Plug #4: 329' - 0'
Class B cement, 45 sxs

Plug #3: 1070' - 970'
Class B cement, 17 sxs

Set CR @ 1070'

San Jose Perforations:
1120' - 1314'

San Jose Perforations:
1756' - 2020'

See CoA

Plug #2: 2291' - 2005'
Class B cement, 39 sxs

Set CR @ 2291'

Nacimiento Perforations:
2341' - 3125'

Plug #1: 3572' - 3149'
Class B cement, 54 sxs

Ojo Alamo Perforations:
3214' - 3452'
Squeezed perforations with
150 sxs cement (2005)

Set CR @ 3572'

Pictured Cliffs Perforations:
3622' - 3678'

5.5" 15.5#, J-55 Casing @ 3715'
Cement with 730sxs,
circulate 25 bbls to pit.

3725' TD
3688' PBD

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: Jicarilla 30-03-36 #3

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Leases."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.
3. The following modifications to your plugging program are to be made:
 - a) Bring the top of plug #2 to 1900 ft. to cover the Nacimiento top. Adjust cement volume accordingly.
 - b) Before pumping plug #3, set the 5.5 in. CR or CIBP at 1070 ft. This was not outlined in the procedure; however, it was proposed in the WBD.

Note: Low to high concentrations of H₂S (2-187) ppm GSV have been reported in wells which produce gas from the San Jose, Nacimiento and Ojo Alamo formations within a 1 mile radius of this location. It is imperative that H₂S monitoring and safety equipment be on location during the P&A operations at this wellsite.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.