

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 to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. LEASE SERIAL NO.
MDA 701-98-0013, Tract 4

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Jicarilla Apache Nation

7. IF UNIT OR CA, AGREEMENT DESIGNATION

8. WELL NAME AND NO.
Jicarilla 29-02-05 44

9. API WELL NO.
30-039-29315

10. FIELD AND POOL, OR EXPLORATORY AREA
East Blanco / Pictured Cliffs

11. COUNTY OR PARISH, STATE
Rio Arriba, New Mexico

SUBMIT IN TRIPLICATE

1. TYPE OF WELL
Oil Well Gas Well Other: _____

2. NAME OF OPERATOR
Black Hills Gas Resources, Inc.

3. ADDRESS AND TELEPHONE NO.
P.O. Box 249
Bloomfield NM 87413
CONTACT: Lynn Benally
PHONE: 505.634.1111
Fax: 505.634.1116

4. LOCATION OF WELL (Footage, T, R, M, or Survey Description)
425' FSL 425' FSL Sec. 5 T 29N R 2W

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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input 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
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Depth Change

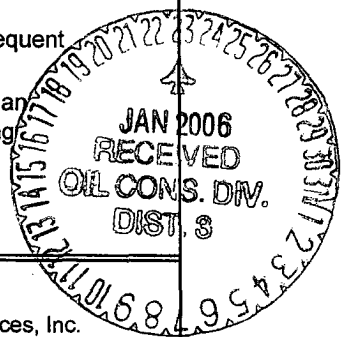
13. Describe Proposed or completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with 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 recomplate 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.)

The APD for this well was submitted to New Mexico Oil Conservation Division (NMOCD) and Bureau of Land Management (BLM) in Farmington on July 16, 2004. The well has been given API#: 30-015-33654 and was approved by the BLM on April 8, 2005.

A series of Completion Reports for each individual zone were filed on September 27, 2005, with a subsequent Sundry Notice filed on September 27, 2005, stating the completed formations.

This Sundry Notice is to notify the BLM that the well was drilled to 3,862'. This depth is 138' shallower than originally permitted. Some minor changes to the drilling program are also included to reflect actual drilling conditions. All other information in the original APD shall remain the same.

Bond #WIB00101 See violation letter dated 11/8/05



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

Name (Printed/Typed) Kathy L. Schneebeck, 303.820.4480 Title: Permit Agent for Black Hills Gas Resources, Inc.

Signature *Kathy L. Schneebeck* Date: January 11, 2006

THIS SPACE FOR FEDERAL OR STATE OFFICE 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 _____

ACCEPTED FOR RECORD
JAN 18 2006
FARMINGTON FIELD OFFICE
BY *[Signature]*

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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.

NMOCD

Black Hills Gas Resources, Inc.
Jicarilla 29-02-05 44
API#: 30-039-29315
Surface: 425' FSL 425' FEL (SE/4 SE/4)
Sec. 5 T29N R2W
Rio Arriba County, New Mexico
Lease: MDA 701-98-0013, Tract 4

DRILLING PROGRAM

This Sundry Notice is submitted per CFR 3162.3-2. The existing well pad and reserve pit will be utilized "as is."

This is a change in the depth from the original Application of Permit to Drill of the existing Jicarilla 29-02-05 44 well. See the attached revised Drilling Program.

SURFACE FORMATION – San Jose

GROUND ELEVATION – 7,443'

ESTIMATED FORMATION TOPS - (Water, oil, gas and/or other mineral-bearing formations)

San Jose	Surface	Sandstone, shales & siltstones, water bearing
Nacimiento	2,265'	Sandstone, shales & siltstones, water bearing
Ojo Alamo	3,354'	Sandstone, shales & siltstones, water bearing
Fruitland	3,653'	Sandstone, shales & siltstones
Pictured Cliffs	3,732'	Sandstone, shales & siltstones
Lewis	3,808'	Sandstone, shales & siltstones

TOTAL DEPTH 3,862'

Estimated depths of anticipated fresh water, oil, or gas:

Tertiary

San Jose	surface	Gas
Nacimiento	1,977'	Gas
Ojo Alamo	3,185'	Gas
Fruitland	3,611'	Gas
Pictured Cliffs	3,700'	Gas

REVISED DRILLING PROGRAM

- A) A 2,000-psi WP double-gated BOP will be installed on the tubing head with blind rams on bottom and pipe rams on top controlled by an accumulator placed within easy access to drill and other crew members.
- B) No annular preventor will be placed above BOP stack.
- C) A retrievable whipstock is set at 3,849'.
- D) There is no tubing in the hole.
- E) Window to be milled out of 5-1/2" csg at ±3,840'.
- F) Kick-off Point is estimated to be at 3,840'.

- G) Plug back depth is 3,953'.
H) Approximately 204 joints of tubing will be run in the hole after drilling is complete.

CASING & TUBING PROGRAM

True Vertical Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 263'	12-1/4"	8-5/8"	J-55 24# ST&C	Cemented with 175 sxs circulated to surface
0' – 3,854'	7-7/8"	5-1/2"	K-55 15.5# LT&C	Cemented with 680 sxs circulated to surface
0' – 3,803'	4-3/4"	2-3/8"	Tubing	None
3,803' – 3,862'	4-3/4"	None	None	Open hole

* Actual cement volume to be determined by caliper log.

Yields: Class B yield = 1.18 ft³/sx
65:35 Poz yield = 1.62 ft³/sx
50:50 Poz yield = 1.26 ft³/sx

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and protected.

PRESSURE CONTROL

BOPs and choke manifold will be installed and pressure tested before drilling out under surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventors and related pressure control equipment will be pressure tested to 1,000 psi. Annular type preventor will be pressure tested to 50% of the rated working pressure, not to exceed 1,000 psi. All casing strings will be pressure tested to 0.22 psi/ft. or 1,000 psi, whichever is greater, not to exceed 70% of internal yield.

BOP to be either double gate rams or an annular preventor as per Onshore Order No. 2.

Statement on Accumulator System and Location of Hydraulic Controls

The drilling rig has not yet been selected for this well. Selection will take place after approval of this application. Manual and/or hydraulic controls will be in compliance with Onshore Order No. 2 for 2M systems.

A remote accumulator will be used. Pressures, capacities, location of remote hydraulic and manual controls will be identified at the time of the BLM supervised BOP test.

MUD PROGRAM

0' -	263'	Fresh water – M.W. 8.5 ppg, Vis 30-33
263' -	TD	Fresh water - Low solids non-dispersed M.W. 8.5 – 9.2 ppg Vis – 28 – 50 sec W.L. 15cc or less

Sufficient mud materials to maintain mud properties, control lost circulation and to contain “kick” will be available at wellsite.

AUXILIARY EQUIPMENT

- A) A Kelly cock will be kept in the drill string at all times
- B) Inside BOP or stab-in valve (available on rig floor)
- C) Mud monitoring will be visually observed

LOGGING, CORING, TESTING PROGRAM

- A) Logging: DIL- CNL-FDC-GR - TD - BSC (GR to surface)
Sonic (BSC to TD)
- B) Coring: None
- C) Testing: Possible DST – None anticipated. Drill stem tests may be run on shows of interest

ABNORMAL CONDITIONS

- A) Pressures: No abnormal conditions are anticipated
Bottom hole pressure gradient – 0.31 psi/ft
- B) Temperatures: No abnormal conditions are anticipated
- C) H₂S: None is anticipated.
- D) Estimated bottomhole pressure: 1,240 psi

ANTICIPATED START DATE

Well spud on April 9, 2005.

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. A string of 2-3/8” J-55 4.7#/ft tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted.

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 June 10, 2003

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2006 JAN 12 AM 9 06

AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-29315		² Pool Code 72400	³ Pool Name East Blanco / Pictured Cliffs
⁴ Property Code 34911	⁵ Property Name JICARILLA 29-2-5		⁶ Well Number 44
⁷ OGRID No. 013925	⁸ Operator Name BLACK HILLS GAS RESOURCES		⁹ Elevation 7443'

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
P	5	29-N	2-W		425'	SOUTH	425'	EAST	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
¹² Dedicated Acres 160 acres - SE/4				¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.		

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

