

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 reenter 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.
MDA-701-98-0013 Tract 4
6. If Indian, Allottee or Tribe Name
Jicarilla Apache Tribe

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Black Hills Gas Resources, Inc. c/o Mike Pippin LLC (Agent)

3a. Address

c/o: Pippin, 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)

505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1900' FSL 900' FWL (L) Sec. 21 T29N R02W

8. Well Name and No.

JICARILLA 29-02-21 #31

9. API Well No.

30-039-29523

10. Field and Pool, or Exploratory Area

E. Blanco PC & Basin Fruitland Coal

11. County or Parish, State

Rio Arriba County, New Mexico

12. CHECK APPROPRIATE BOX(ES) 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter 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 checked="" type="checkbox"/> Other DHC APPLICATION
	<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

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 recomple 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 recompletion 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.)

This is part of the Black Hills Permit Clean-up Program.

BLACK HILLS requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) & Basin Fruitland Coal (71629).

Both intervals have common ownership & produce essentially dry gas. We have not experienced any significant cross flows between these two intervals, & all the fluids are compatible. Downhole commingling will improve recovery of liquids & gas, eliminate redundant surface equipment, & maximize productivity. Notice has been filed concurrently on form C-107A with the State.

These Gas & Oil allocations are based on choke tests taken during rig operations in February 2006, in which the FRTC tested 11 MCF/D & the PC tested 407 MCF/D. See attached calculations. This FRTC pool does not produce oil.

GAS:	Pictured Cliffs	97%	OIL:	Pictured Cliffs	100%
GAS:	FRTC	3%	OIL:	FRTC	0%

DHC 3726 - 6/12/06 -

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

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

Mike Pippin

Date

June 8, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

[Signature]

Title

Petr. Engr.

Date

6/19/06

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 these rights in the subject lease which would entitle the applicant to conduct operations thereon.

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)



NMOC

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 29-02-21 #31 FRTC/PC
L Section 21 T29N R02W
6/8/2006

Commingle Allocation Calculations

OIL

The Basin Fruitland Coal gas pool does not make oil in this portion of San Juan Basin. Therefore, any and all oil will be assigned to the Pictured Cliffs.

GAS

During completion operations, stabilized choke tests were individually taken for both the Pictured Cliffs and the Fruitland Coal gas pools.

The Pictured Cliffs (only) choke test stabilized at 50 psi on a ½" choke for a 12 hour period on 2/15/06.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } \frac{1}{2}'' \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 65 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 112.72 \cdot 65 = 407 \text{ MCF/D.}$$

The Fruitland Coal (only) choke test stabilized at 17.7 psi on a 1/8" choke for a 17 hour period on 2/21/06.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } \frac{1}{8}'' \text{ choke} = 6.25 \\ P = \text{gauge pressure} + 15 \text{ psi} = 32.7 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 6.25 \cdot 32.7 = 11 \text{ MCF/D.}$$

$$\text{Total gas} = 407 + 11 = 418 \text{ MCF/D}$$

$$\% \text{ Pictured Cliffs} = \frac{407}{418} = 97\%$$

$$\% \text{ Fruitland Coal} = \frac{11}{418} = 3\%$$