

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APR 08 2011

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 701900002 | |
| 2. Name of Operator Black Hills Gas Resources | | 6. If Indian, Allottee, or Tribe Name Jicarilla Apache Nation | |
| 3a. Address 3200 N 1st Street Bloomfield, NM 87413 | 3b. Phone No. (include area code) (505) 634-1111 | 7. If Unit or CA. Agreement Name and/or No. | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1850' FSL & 1450' FWL NESW (Unit K) Sec. 5 T31N R3W | | 8. Well Name and No. Jicarilla Tribal 531#1 | |
| | | 9. API Well No. 30-039-23333 | |
| | | 10. Field and Pool, or Exploratory Area Laguna Seca; Gallup | |
| | | 11. County or Parish, State Rio Arriba County, NM | |

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 recompleate 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 recompleation 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.)

Black Hills Gas Resources intends to plug and abandon Jicarilla 531 #1 per attached procedure dated 4/7/11.

Notify NMOCD 24 hrs
prior to beginning
operations



Please Submit Recent CBL before plugging

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

Title **Regulatory Technician**

Signature *[Signature]* Date **April 8 2008**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **Original Signed: Stephen Mason** Title **APR 13 2011**

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.

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)

NMOCD AV

PLUG AND ABANDONMENT PROCEDURE

April 7, 2011

Jicarilla 531 #1

Undesignated Gallup

1850' FSL, 1450' FWL, Section 5, T31N, R3W, Rio Arriba County, NM

API 30-039-23333 / 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 requires a NMOCD C-144 CLEZ Closed-Loop System Permit for the use of 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 2.875", Length 7953'.
Packer: Yes X, No _____, Unknown _____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.
4. **Plug #1 (Gallup perforations and top, 6820' – 6696')**: TIH and set 5.5" CR at 6820'. Pressure test tubing to 1000#. Load casing with water and circulate well clean. Pressure test casing to 800#. *If the casing does not test, then spot or tag subsequent plugs as appropriate.* Mix 20 sxs Class B cement and spot a balanced plug inside the casing above the CR to isolate the Gallup interval. PUH.

5888 5788
5. **Plug #2 (Mesaverde top, 5760' – ~~5660'~~)**: Spot 17 sxs Class B cement inside casing to cover the Mesaverde top. PUH.

3530 3430
6. **Plug #3 (Pictured Cliffs top, ~~3880'~~ – 3780')**: Spot 17 sxs Class B cement inside casing to cover the Pictured Cliffs top. PUH.
7. **Plug #4 (Fruitland, Kirtland and Ojo Alamo tops, 3410' – 2854')**: Spot 69 sxs Class B cement inside casing to cover through the Ojo Alamo top. PUH.
8. **Plug #5 (Nacimiento top, ~~1701'~~ – ~~1601'~~)**: Spot 17 sxs Class B cement inside casing to cover through the Nacimiento top. PUH.

1728 1628
9. **Plug # 6 (Surface casing shoe, 368' – 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 50 sxs cement and spot a balanced plug from 368' 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 368' and the annulus from the squeeze holes to surface. Shut in well and WOC.

10. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

Jicarilla 531 #1

Current

Undesignated Gallup

1850' FSL & 1450' FWL, Section 5, T-31-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-23333

Today's Date: 4/7/11

Spud: 11/12/83

Comp: 6/18/84

Elevation: 6866' GI
6878' KB

17.5" Hole

Cement circulated to surface

13-3/8" 48#, H-40 Casing set @ 318'
Cement with 413 cf, circulated to surface

Nacimiento @ 1651' *est

Ojo Alamo @ 2894'

Kirtland @ 3333'

Fruitland @ 3360'

Pictured Cliffs @ 3830'

Mesaverde @ 5710'

Gallup @ 6746'

Dakota @ 8312'

2-7/8", 6.5#, J-55 tubing @ 7953'
R-3 Production Packer @ 6678'

DV Tool @ 5393'
Stage #2: Cement with 3497 cf
(circulate cement to surface)

Gallup Perforations:
6870' – 7980'

Dakota Perforations:
8310' – 8552'
Set CR 2 8274', Sqz'd with 100 sxs

Dakota Perforations:
8632' – 8678'
Set CR at 8610', Sqz'd with 200 sxs

5.5" 15.5#/17#, K-55 Casing @ 8732'
Stage #1: Cement with 1534 cf

7.875" Hole

8735' TD
8700' PBTD

Jicarilla 531 #1

Proposed P&A

Undesignated Gallup

1850' FSL & 1450' FWL, Section 5, T-31-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-23333

Today's Date: 4/7/11

Spud: 11/12/83

Comp: 6/18/84

Elevation: 6866' GI
6878' KB

17.5" Hole

Nacimiento @ 1651' *est

Ojo Alamo @ 2894'

Kirtland @ 3333'

Fruitland @ 3360'

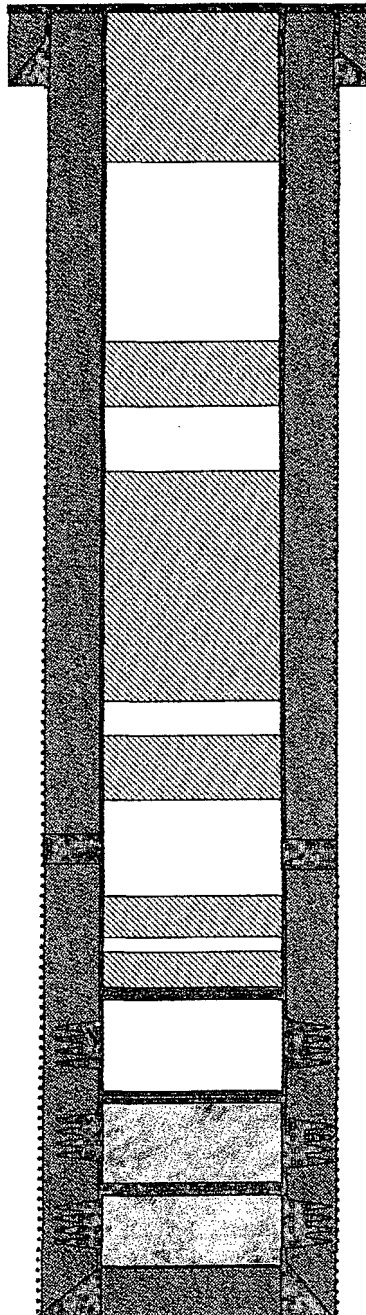
Pictured Cliffs @ 3830'

Mesaverde @ 5710'

Gallup @ 6746'

Dakota @ 8312'

7.875" Hole



Cement circulated to surface

13-3/8" 48#, H-40 Casing set @ 318'
Cement with 413 cf, circulated to surface

Plug #6: 368' - 0'
Class B Cement, 50 sxs

Plug #5: 1701' - 1601'
Class B Cement, 17 sxs

Plug #4: 3410' - 2854'
Class B Cement, 69 sxs

Plug #3: 3880' - 3780'
Class B Cement, 17 sxs

DV Tool @ 5393'
Stage #2: Cement with 3497 cf
(circulate to surface)

Plug #2: 5760' - 5660'
Class B Cement, 17 sxs

Set CR @ 6820'

Plug #1: 6820' - 6696'
Class B Cement, 20 sxs

Gallup Perforations:
6870' - 7980'

Dakota Perforations:
8310' - 8552'
Set CR 2 8274', sqz'd with 100 sxs

Dakota Perforations:
8632' - 8678'
Set CR at 8610', sqz'd with 200 sxs

5.5" 15.5#/17#, K-55 Casing @ 8732'
Stage #1: Cement with 1534 cf

8735' TD
8700' PBTB

The Jicarilla Apache Nation requires 45 days to evaluate this well beginning from April 8, 2011 in order to determine if they would like to assume ownership of the well. If the Jicarilla Apache Nation has not contacted your office before the end of the 45 days you may proceed with plugging operations.

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401**

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 1 Jicarilla 531

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 599-8907.
3. The following modifications to your plugging program are to be made:
 - a) Place the Mesaverde plug from 5888' – 5788'.
 - b) Place the Pictured Cliffs plug from 3530' – 3430'.
 - c) Place the Nacimiento plug from 1728' – 1628'.

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.