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Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 06 2012
Farmington Field Office
Bureau of Land Management

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. Contract 460
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 C.A. Agreement Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1850' FNL 690' FWL, Section 16 T30N R3W		8. Well Name and No. Jicarilla 460-16 #1
		9. API Well No. 30-039-25760
		10. Field and Pool, or Exploratory Area East Blanco Pictured Cliffs
		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 January 31, 2012, to plug and abandon Jicarilla 460-16 #1, Black Hills Gas Resources is submitting the attached plug and abandon procedure.

RCVD MAR 14 '12

OIL CONS. DIV.

DIST. 3

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

Daniel Manus

Regulatory Technician

Title

Signature

Date

3-6-12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Original Signed: **Stephen Mason**

Title

Date

MAR 08 2012

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)

NMOC *A*

Jicarilla 460-16 #1

Current

Cabresto Canyon; Ojo Alamo Ext.

1850' FNL & 690' FWL, Section 16, T-30-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-25760

Today's Date: 2/8/12
Spud: 2/22/98
Comp: 6/15/98
Elevation: 7063' GL
7075' KB

12-1/4" Hole

TOC @ Surface per Sundry
and Completion report

8-5/8" 24#, Casing set @ 537'
Cement with 300 sxs, circulated to surface

Nacimiento @ 2090' *est

Ojo Alamo @ 3154'

2-3/8" tubing at 3292'
(100 jts, SN, perf nipple and notched collar
with rods and pump)

Ojo Alamo Perforations:
3164' - 3208'

Kirtland @ 3398'

Fruitland @ 3614'

Pictured Cliffs @ 3732'

7-7/8" Hole

5.5" 15.5#, K-55 Casing @ 3958'
Cement with 585 sxs, circ 57 sx to surface

3970' TD
3900' PBD

PLUG AND ABANDONMENT PROCEDURE

February 8, 2012

Jicarilla 460-16 #1

Cabresto Canyon; Ojo Alamo Ext.

1850' FNL, 690' FWL, Section 16, T30N, R3W, Rio Arriba County, NM

API 30-039-25760 / 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 X, No _____, Unknown _____.
Tubing: Yes X, No _____, Unknown _____, Size 2-3/8", Length 3292'.
Packer: Yes _____, No X, Unknown _____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.
Run gyroscopic survey on wireline from PBTD to surface prior to spotting cement plugs.
 4. **Plug #1 (Pictured Cliffs, Fruitland and Kirtland tops, 3782' – 3348')**: Mix 55 sxs Class B cement and spot a balanced plug inside the casing to cover the Pictured Cliffs, Fruitland and Kirtland tops. TOH.
 5. **Plug #2 (Ojo Alamo perforations and top, 3114' - 3014')**: Round trip 5.5" gauge ring or casing scraper to 3114', or as deep as possible. TIH and set 5.5" CR at 3114'. Pressure test tubing to 1000#. Pressure test casing to 800#. If casing does not test, then spot or tag subsequent plugs as appropriate. Mix 17 sxs Class B cement and spot a balanced plug inside the casing above the CR to isolate the Ojo Alamo interval. PUH.
 6. **Plug #3 (Nacimiento top, ~~2140'~~ 2040' - 2040')**: Mix 17 sxs Class B cement and spot a balanced plug inside the casing to cover the Nacimiento top. PUH.
 7. **Plug #4 (8-5/8" Surface casing shoe, 587' - 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 70 sxs cement and spot a balanced plug from 587' 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 587' and the annulus from the squeeze holes to surface. Shut in well and WOC.
 8. 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.
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Jicarilla 460-16 #1

Proposed P&A

Cabresto Canyon; Ojo Alamo Ext.

1850' FNL & 690' FWL, Section 16, T-30-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-25760

Today's Date: 2/8/12

Spud: 2/22/98

Comp: 6/15/98

Elevation: 7063' GL
7075' KB

12-1/4" Hole

TOC @ Surface per Sundry
and Completion report

8-5/8" 24#, Casing set @ 537'
Cement with 300 sxs, circulated to surface

Plug #4: 587' - 0'
Class B cement, 70 sxs

Nacimiento @ 2090' *est

Plug #3: 2140' - 2040'
Class B cement, 17 sxs

Ojo Alamo @ 3154'

Set CR @ 3114'

Plug #2: 3114' - 3014'
Class B cement, 17 sxs

Ojo Alamo Perforations:
3164' - 3208'

Kirtland @ 3398'

Plug #1: 3782' - 3348'
Class B cement, 55 sxs

Fruitland @ 3614'

Pictured Cliffs @ 3732'

7-7/8" Hole

5.5" 15.5#, K-55 Casing @ 3958'
Cement with 585 sxs, circ 57 sx to surface

- 3970' TD
3900' PBD

The Jicarilla Apache Nation requires 45 days to evaluate this well beginning from February 2, 2012 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 460-16

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 Nacimiento plug from 2011' – 1911'.
 - b) You are required to have H2S monitoring equipment and personnel on location during plugging operations.

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.