

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUN 24 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
 Oil Well Gas Well Other

2. Name of Operator
Black Hills Gas Resources, Inc.

3a. Address
3200 N 1st St, Bloomfield, NM 87413

3b. Phone No. (include area code)
(505) 634-5104

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
787' FSL & 987' FWL SW/SW Section 21 T30N R3W (UL: M)

5. Lease Serial No.
Jicarilla Contract 460

6. If Indian, Allottee, or Tribe Name
Jicarilla Apache Tribe

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

8. Well Name and No.
Jicarilla 460 SJ #2

9. API Well No.
30-039-26229

10. Field and Pool, or Exploratory Area
Cabresto Canyon Tertiary

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 checked="" 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 recomplete 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 recompletion 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 reclamation, 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 460 SJ #2, Black Hills Gas Resources is submitting the attached plug and abandon procedure.

Black Hills Gas Resources will be using a close loop system

OIL CONS. DIV DIST. 3
JUN 30 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 Technician

Title

Signature

Daniel Manus

Date

June 29, 2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Troy Salvers

Title *Petroleum Engineer*

Date *6/26/2014*

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)

NMOCD AV

PLUG AND ABANDONMENT PROCEDURE

June 24, 2014

Jicarilla 460 SJ No. 2

Cabresto Canyon, San Jose Ext.

787' FSL, 987' FWL, Section 21, T30N, R3W, Rio Arriba County, NM

API 30-039-26229 / 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 1.9", Length 1573'.
Packer: Yes _____, No X, Unknown _____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.
4. **Plug #1 (San Jose perforations, 1527' – 1427')**: Round trip 4.5" gauge ring or casing scraper to 1527', or as deep as possible. TIH and set 4.5" CR or CIBP at 1527'. Pressure test tubing to 1000#. Pressure test casing to 800#. If casing does not test, then spot or tag subsequent plugs as appropriate. Mix 12 sxs Class B cement and spot a balanced plug inside the casing above the CR or CIBP to isolate the San Jose interval. PUH.
5. **Plug #2 (8-5/8" casing shoe and surface, 288' - 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 25 sxs cement and spot a balanced plug from 288' 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 288' and the annulus from the squeeze holes to surface. Shut in well and WOC.
6. 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 460 SJ No. 2

Current

Cabresto Canyon, San Jose Ext.

787' FSL & 987' FWL, Section 21, T-30-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-26229

Today's Date: 6/24/14
Spud: 11/29/99
Comp: 12/25/99
Elevation: 7187' GI
7199' KB

12-1/4" Hole

8-5/8", 24# , K-55 Casing set @ 238'
Cement with 120 sxs, circulated to surface

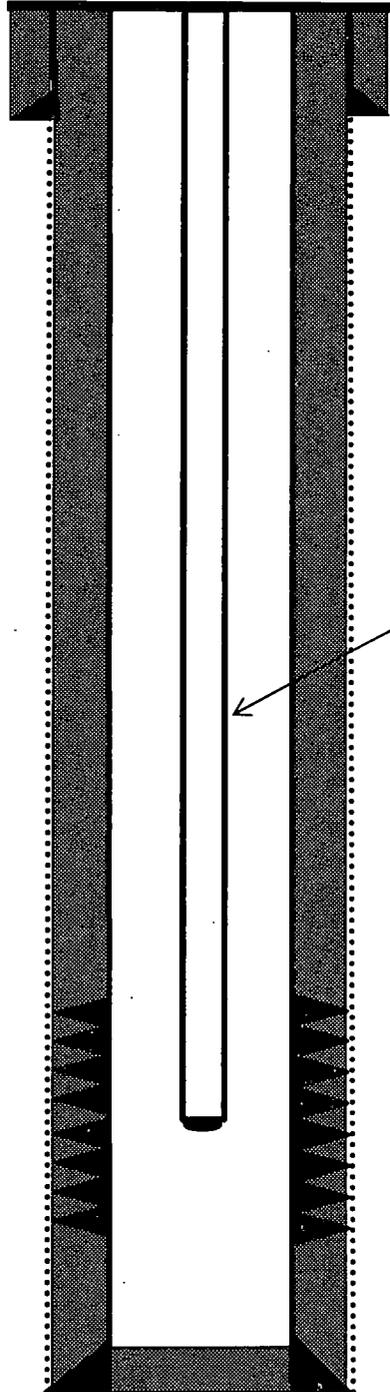
1.9" tubing @ 1573'
(48 jts with 1.45" SN)

San Jose Perforations:
1577' - 1726'

6-3/4" Hole

4.5", 11.6# , K-55 Casing @ 1800'
Cement with 275 sxs
Circulated 30 sxs to surface

1800' TD
1748' PBTB



Jicarilla 460 SJ No. 2

Proposed P&A

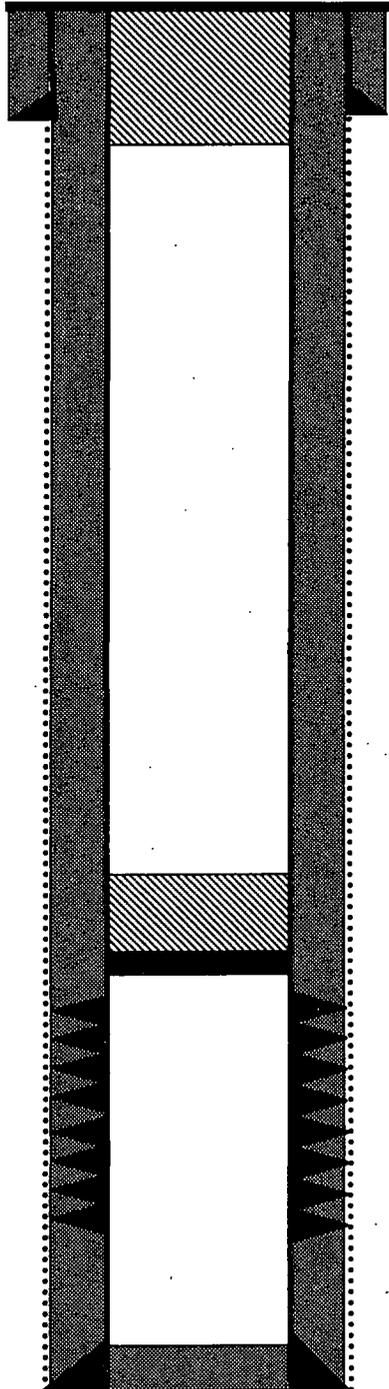
Cabresto Canyon, San Jose Ext.

787' FSL & 987' FWL, Section 21, T-30-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-26229

Today's Date: 6/24/14
Spud: 11/29/99
Comp: 12/25/99
Elevation: 7187' GI
7199' KB

12-1/4" Hole



8-5/8", 24#, K-55 Casing set @ 238'
Cement with 120 sxs, circulated to surface

Plug #2: 288' - 0'
Class B cement, 25 sxs

Plug #1: 1527' - 1427'
Class B cement, 12 sxs

Set CR @ 1527'

San Jose Perforations:
1577' - 1726'

6-3/4" Hole

4.5", 11.6#, K-55 Casing @ 1800'
Cement with 275 sxs
Circulated 30 sxs to surface

1800' TD
1748' 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 460 SJ #2

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.

Note: High to very high concentrations of H₂S (135-3000) 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.