

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.

SUBMIT IN TRIPLICATE

1. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: _____		5. LEASE SERIAL NO. NM18316 - Surface NM18317 - BHL
2. NAME OF OPERATOR Black Hills Gas Resources, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME ---
3. ADDRESS AND TELEPHONE NO. 350 Indiana Street, Suite 400 Golden CO 80401 CONTACT: Lynn Benally PHONE: 505.634.1111 Fax: 505.634.1116		7. IF UNIT OR CA, AGREEMENT DESIGNATION ---
4. LOCATION OF WELL (Footage, T, R, M, or Survey Description) 1,770' FNL 944' FEL Sec. 11 T 29N R 4W		8. WELL NAME AND NO. -29-4 Conoco 11-2 (aka Carson 29-04-11 2H)
		9. API WELL NO. 30-039-20649
		10. FIELD AND POOL, OR EXPLORATORY AREA Basin Dakota
		11. COUNTY OR PARISH, STATE Rio Arriba, 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"/> Alter Casing	<input type="checkbox"/> Reclamation	<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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change BHL Location
	<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 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 recompleation 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 location was permitted by Continental Oil Company with an Application for Permit to Drill (APD) submitted to the Bureau of Land Management (BLM) in Farmington, New Mexico, and the New Mexico Oil Conservation Division (NMOCD) on June 6, 1973. The APD was given API# 30-039-20649. A Sundry Notice was sent to BLM-Farmington on February 13, 2006 for a horizontal re-entry. Black Hills proposes to change the Bottom Hole Location as follows: (revised C102 was delivered to BLM-Farmington on May 9, 2006)

From: **200' FNL 1,214' FEL Sec. 14 T29N R4W**
To: **1,515' FNL 660' FWL Sec. 11 T29N R4W**

This is part of the Black Hills clean-up program.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Lynn H. Benally		Title: Black Hills Gas Resources, Inc.	
Signature		Date: May 17, 2006	
THIS SPACE FOR FEDERAL OR STATE OFFICE USE.			
Approved by		Title Per. Eng.	Date 7/20/06
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 those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office	

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.

HOLD C104 FOR directional survey

NMOCD

Black Hills Gas Resources, Inc.
29-4 Conoco 11 #2 (aka Carson 29-04-11 2H))
API #30-039-20649

Surface: 1,770' FNL 944' FEL (SE/4NE/4) Sec. 11 T29N R4W
End of Horizontal Hole: 1,515' FNL 660' FWL Sec. 11 T29N R4W
Rio Arriba County, New Mexico
Lease: NM18316 – Surface
NM18317 - BHL

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 horizontal entry into the existing well 29-4 Conoco 11 #2 (aka Carson 29-04-11 2H) to the Pictured Cliffs Formation. See also the attached Horizontal Re-completion Plan.

SURFACE FORMATION – San Jose. Surface water protection plan: Surface casing will be cemented to surface.

GROUND ELEVATION – 7,025' GL

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

All Depths are True Vertical Depth (TVD)

San Jose	Surface	Sandstone, shales and siltstones
Nacimiento	2,600'	Sandstone, shales and siltstones
Ojo Alamo	3,030'	Sandstone, shales and siltstones
Kirtland	3,358'	Sandstone, shales and siltstones
Fruitland	3,468'	Sandstone, shales and siltstones
Pictured Cliffs	3,660'	Sandstone, shales and siltstones
Lewis	3,800'	Sandstone, shales and siltstones

TOTAL DEPTH 3,733.42' TVD (end of horizontal hole) 3,685.9' TVD (anticipated horizontal section)
7,455.04' MD

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

Tertiary

San Jose	1,300'	Gas
Nacimiento	2,600'	Gas
Ojo Alamo	3,030'	Gas
Fruitland	3,468'	Gas
Pictured Cliffs	3,660'	Gas

RE-ENTRY – HORIZONTAL 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) Well was never completed.
- D) Retrievable whipstock to be set at $\pm 3,715'$.

DRILLING PROGRAM
29-4 Conoco 11 #2 (aka Carson 29-04-11 2H)
Horizontal Re-entry

- E) Window to be milled out of 5-1/2" csg at $\pm 3,708'$.
 F) Kick-off Point is estimated to be at 3,708'.

CASING PROGRAM

True Vertical Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 200'	12-1/4"	8-5/8"	K-55 24# ST&C	To surface (previously set)
0' – 3,708'	7-7/8"	5-1/2"	K-55 15.5# LT&C	To surface (previously set)
3,708' – 7,455.04' (MD)	4-3/4"	Open hole	None	None

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

3,708' - 7,455.04' MD 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
 D) Testing: None anticipated.

DRILLING PROGRAM
29-4 Conoco 11 #2 (aka Carson 29-04-11 2H)
Horizontal Re-entry

LOGGING, CORING, TESTING PROGRAM

- A) Logging: CBL-CCL log will be run prior to beginning squeeze work.
- B) Coring: None
- C) Testing: None

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: See H₂S Plan if H₂S is encountered.
- D) Estimated bottomhole pressure: 1,143 psi

ANTICIPATED START DATE

March 10, 2006

COMPLETION

The location pad is 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 October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

RECEIVED
070 WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-20649	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 301947	⁵ Property Name 29-4 CONOCO 11	⁶ Well Number 2
⁷ OGRID No. 013925	⁸ Operator Name BLACK HILLS GAS RESOURCES	⁹ Elevation 7066'

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
H	11	29-N	4-W		1770	NORTH	944	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
E	11	29-N	4-W		1515	NORTH	660	WEST	RIO ARRIBA

¹² Dedicated Acres N/2 = 320 ACRES	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

16

CALC. CORNER BY DBL. PROP.

1515'

660' B.H.L.

NOTE: SURFACE FOOTAGES SHOWN ARE OF RECORD PER REQUEST OF B.L.M. AND PRODUCER.

N 89-27-42 W 5163.4' (C)

N 86° W, 3651.55'

944'

11

LAT. 36.74132° N (NAD 83)
LONG. 107.21800° W (NAD 83)

5246.5' (C)

5 00-04-14 E

CALC. CORNER BY DBL. PROP.

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kathy L Schneebek 05/09/06
Signature Date

Kathy L Schneebek
Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 24, 2005
Date of Survey

Signature and Title of Professional Surveyor:

JOHN A. VUKONICH
NEW MEXICO
14831
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

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1301 W. Grand Ave., Artesia, N.M. 88210

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Form C-102
Revised October 12, 2005
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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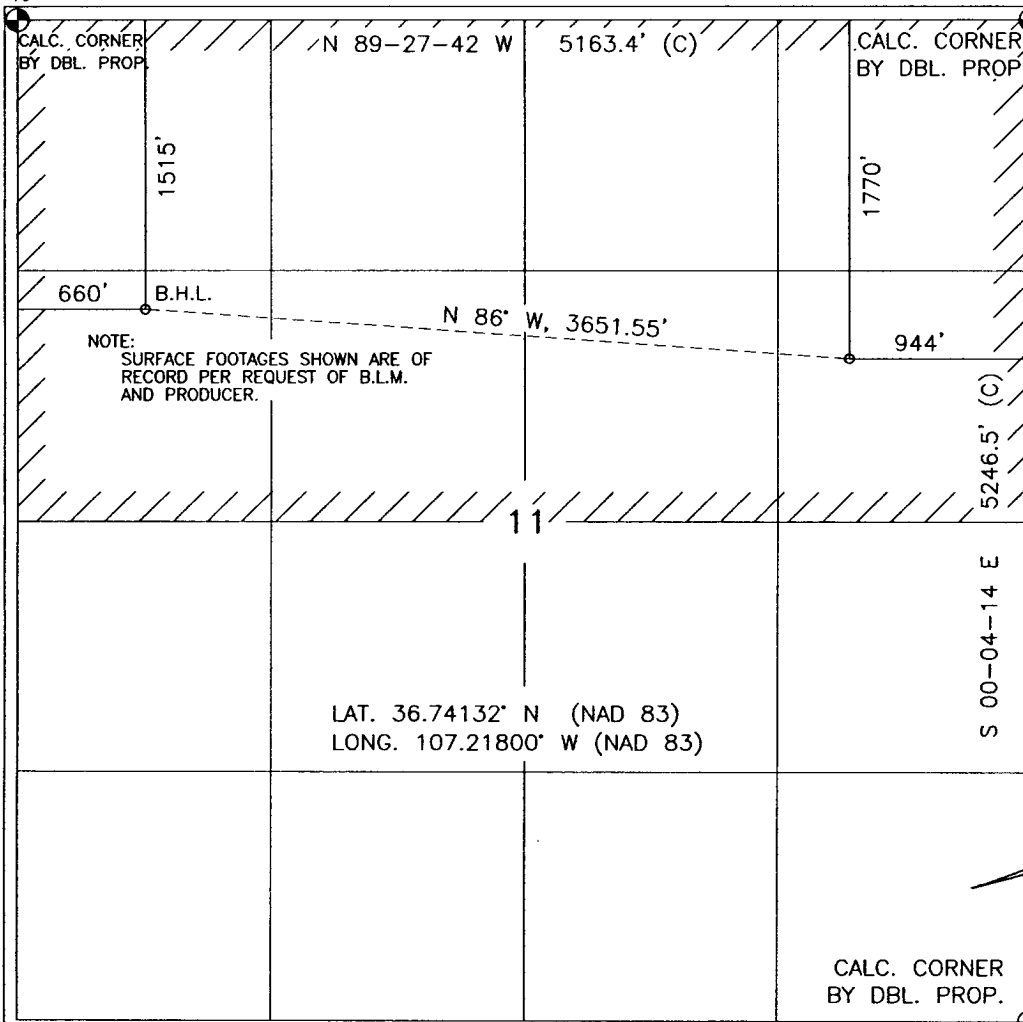
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Kathy L. Schnebeck 05/09/06
Signature Date
Kathy L. Schnebeck
Printed Name

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MAY 24, 2005
Date of Survey
Signature and Seal of Professional Surveyor:
JOHN A. VUKOVICH
14831
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number