

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.

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)

400' FSL & 800' FWL Unit N
Sec. 30, T30N, R3W

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

5. Lease Serial No.

Jicarilla Contract 464

6. If Indian, Allottee or Tribe Name

Jicarilla Apache Tribe

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

RECEIVED

8. Well Name and No.

JICARILLA 464-30 No. 9

9. API Well No.

30-039-25789

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal &
Cabresto Canyon Tertiary

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 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 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 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 recompleat 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 Basin Fruitland Coal (71629) and the Cabresto Canyon Tertiary (97037). 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 and 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 November & December 2005, in which the FRTC flowed 132 MCF/D & the Tertiary flowed 344 MCF/D. See attached calculations. Neither pool produces oil.

GAS:	Fruitland Coal	28%	OIL:	Fruitland Coal	50%
GAS:	Tertiary	72%	OIL:	Tertiary	50%

DHC pending - 3781

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

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

August 16, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Jim Lovato

Title

Petr. Eng

Date

8/18/06

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 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 464-30 #9 FRTC/Tertiary
N Section 30 T30N R3W
8/17/2006
API#: 30-039-25789

Commingle Allocation Calculations

OIL

The Basin Fruitland Coal and Cabresto Canyon Tertiary gas pools do not make any oil in the vicinity of the subject well.

GAS

During completion operations in November and December 2005, stabilized gas tests were taken from both the FRTC and the Tertiary.

The Fruitland Coal (only) choke test stabilized at 75 psi on a ¼" choke for an 8 hour period on 12/5/05.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } \frac{1}{4}" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 90 \text{ psi} \end{array}$$

$$Q = .0555 \cdot 26.51 \cdot 90 = 132 \text{ MCF/D.}$$

The Tertiary (only) choke test stabilized at 40 psi on a ½" choke for a 2 hour period on 11/17/05.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } \frac{1}{2}" \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 55 \text{ psi} \end{array}$$

$$Q = .0555 \cdot 112.72 \cdot 55 = 344 \text{ MCF/D.}$$

$$\text{Total gas} = 132 + 344 = 476 \text{ MCF/D.}$$

$$\% \text{ FRTC} = \frac{132}{476} = 28\%$$

$$\% \text{ Tertiary} = \frac{344}{476} = 72\%$$