Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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.

2006 SEP 7 PM 2 08

SUBMIT IN TRIPLICATE – Other instructions on reverse side

RECEIVED
070 FARMINGTON NM

SEP 2006

5. Lease Serial No.
MDA-701-98-0013

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

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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
JICARILLA 30-03-34 #2

2. Name of Operator
Black Hills Gas Resources, Inc. c/o Mike Pippin LLC (Agent)

9. API Well No.
30-039-26101

3a. Address
c/o: Pippin, 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. *(include area code)*
505-327-4573

10. Field and Pool, or Exploratory Area
E. Blanco PC & Cabresto Canyon Tertiary

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
440' FNL & 440' FEL Unit A
Sec. 34, T30N, R3W

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other DHC APPLICATION
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 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 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 recompletion 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 East Blanco Pictured Cliffs (72400) & Cabresto Canyon Tertiary (97037), which are both included in the pre-approved pools established by State Division Order R-11363. 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, & maximize productivity. Notice has been filed concurrently on form C-103 with the State.

These Gas & Oil allocations are based on choke tests taken during rig operations in January 2000, in which the PC flowed 132 MCF/D & the Tertiary flowed 849 MCF/D respectively. See attached calculations. The Tertiary does not produce oil.

GAS:	Pictured Cliffs	13%	OIL:	Pictured Cliffs	100%
GAS:	Tertiary	87%	OIL:	Tertiary	0%

DHC 2404 AZ

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*	Title
Mike Pippin	Petroleum Engineer (Agent)
Signature: Mike Pippin	Date: September 6, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Joe Hewitt	Geo	9-11-06
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 FFO	

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)

NMOCD 9-27

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 30-03-34 #2 PC/TERTIARY
A Section 34 T30N R3W
9/6/2006
API#: 30-039-26101

Commingle Allocation Calculations

OIL

The Cabresto Canyon Tertiary gas pool does not make any oil in the vicinity of the subject well. Therefore, all oil will be allocated to the PC.

GAS

During completion operations in January 2000, stabilized gas tests were taken from both the PC and the Tertiary.

The Pictured Cliffs (only) choke test stabilized at 24 psi on a 3/8" choke for a 24 hour period on 1/2/00.

Q = .0555*C*P C = coefficient for 3/8" choke = 61.21
P = gauge pressure + 15 psi = 39 psi

Q = .0555*61.21*39 = 132 MCF/D.

The Tertiary (only) choke test stabilized at 235 psi on a 3/8" choke for a 24 hour period on 1/15/00.

Q = .0555*C*P C = coefficient for 3/8" choke = 61.21
P = gauge pressure + 15 psi = 250 psi

Q = .0555*61.21*250 = 849 MCF/D.

Total gas = 132 + 849 = 981 MCF/D.

% PC $= \frac{132}{981} =$ **13%** **% Tertiary** $= \frac{849}{981} =$ **87%**