#### **UNITED STATES** DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

FORM APPROVED OMB No. 1004-0135 Expires: January 31, 2004

5. Lease Serial No.

SUNDR` Do not use the abandoned we	Y NOTICES AND REPOI is form for proposals to ill. Use Form 3160-3 (APD)	RTS ON WELL drill or to re-en ) for such prop	osals:	6. If Indian,	08-0013, Tract 1 Allottee or Tribe Name
				/ Jicarilla Ap	CA/Agreement, Name and/or No.
1. Type of Well ☐ Gas Well ☐	Other		120000	8. Well Nam	e and No
2. Name of Operator	Other		Section 1	Jicarilla 29-	
Black Hills Gas Resources, Inc.	Contact: Lynn H. Benally			9. API Well	
3a. Address	1	3b. Phone No. (in	iclude area code)	30-039-294	99
3200 N 1st Street PO Box 249 Bl	oomfield, NM 87413	505-634-1111 ea	kt 27	10. Field and	Pool, or Exploratory Area
4. Location of Well (Footage, Sec	F.R., M., or Survey Description)		· · · · · · · · · · · · · · · · · · ·		Pictured Cliffs
Surface: 1,785' FSL 1,260' FSL Bottom Hole: 1,980' FSL 660' F				11. County of Rio Arriba,	r Parish, State
12 CUECK ADD	DODDIATE DOV(ES) TO	INIDICATE NA	TUDE OF MOTICE D		
	PROPRIATE BOX(ES) TO	INDICATENA		EFUKI, UK	OTHER DATA
TYPE OF SUBMISSION			TYPE OF ACTION		
_	Acidize	Deepen	Production (Star	t/Resume)	Water Shut-Off
Notice of Intent	Alter Casing	Fracture Treat	Reclamation	(	Well Integrity
Subsequent Report	Casing Repair	New Construct	ion 🔲 Recomplete	(	Other Convert Vertical
	Change Plans	Plug and Aband	don 🔲 Temporarily Ab	<b>and</b> on	well to Horizontal well
Final Abandonment Notice	Convert to Injection	Plug Back	Water Disposal		
The initial APD to drill a Pictured data from recently drilled wells in Technology. Black Hills Gas Res from a verical well to a horizontal also complete these formations an	a the immediate area, it was de sources is submitting an update I well. Black Hills Gas Resour	termined that the ad drilling plan, a reces also request the	PC formation is best developed C-102, and a revised	oped in this are	ea, using Horizontal Drilling  6 167, to change the well
The surface location of the well re	emains the same but the new be	ottom hole will be	1,980' FSL 660' FWL Ur	nit L.	
Surface disturbance will not chang	ge from the initial APD, theref	ore the Surface Us	se Plan will not be updated	m 25 24	00T 2 PM 3
14. 1 hereby certify that the foregoing Name (PrintedlTyped)	g is true and correct	1		And the second s	 
Lynn H. Benally		Titl	e Regulatory Compliance (	Coordinator	
Signature Signature	9	Da	10/2/06		
			Ban'avarani		
Approved by (Signature)	Jun bolal	<u> </u>	Name (Printed/Typed)	1	Title Petr. Era
Conditions of approval, if any, are certify that the applicant holds lega which would entitle the applicant to c	attached. Approval of this notice all or equitable title to those right	e does not warrant of s in the subject leas	Office se		Date

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 to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

#### 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

DISTRICT IV 1220 South St. Francis Dr., Santa Fe, NM 87505

# WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-29499			
<sup>4</sup> Property Code	<sup>5</sup> Propert	Name	Well Number
35403	JICARILLA 2		34
70GRID No.	*Operato		<sup>9</sup> Elevation
013925	BLACK HILLS GA		7067'

<sup>10</sup> Surface Location

UL or lot no.	Section 24	Township 29-N	Range 3-W	Lot Idn	Feet from the 1785	North/South line SOUTH	Feet from the 1260	East/West line EAST	County RIO ARRIBA
"Bottom Hole Location If Different From Surface									* * * * * * * * * * * * * * * * * * * *

Township Range Feet from the North/South line Feet from the East/West line County 29-N 1980 SOUTH WEST RIO ARRIBA 24 3-W660 <sup>2</sup> Dedicated Acres <sup>13</sup> Joint or Infill 15 Order No. 14 Consolidation Code 320 - S/2

NO ALLOWARIE WILL BE ASSIGNED TO THIS COMPLETION LINTIL ALL INTERESTS HAVE BEEN CONSOLIDATED

NO ALLOWABLE W	ILL BE ASSIGNED TO THIS COMPLETI OR A NON-STANDARD UNIT HAS BI		
16		FD. 2 1/2" BC. U.S.G.L.O. 1917	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.
		E 5188.77' (M)	Signature Date  Lynn N. Benselly  Printed Name
660' B.H.L.		1260' Z/	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.
	LAT. 36°42'30.5"N (NAD 83) LONG. 107°05'51.7" W (NAD 83)		Date of Surveyor Signature and Seal of Thomas and Surveyor:
1980'		1785′	13 (1880) E
CALC'D CORNER FROM G.L.O.	   S 89-56-00 W 5273.39' (C)  ////////////////////////////////////	FD. MARKED / STONE /	Certificate Number

# Black Hills Gas Resources (BHGR) Jicarilla 29-03-24 #34

Surface Location: 1,785' FSL 1,260' FEL (NE/SE)
Bottom Hole Location: 1,980' FSL 660' FWL (NW/SW)

Sec.27 T29N R3W Rio Arriba County, New Mexico MDA 701-98-0013, Tract 1

## DRILLING PROGRAM (Per Rule 320)

This Application for Permit to Drill (APD) was initiated under the NOS process as stated in Onshore Order No. 1 and supporting Bureau of Land Management (BLM) documents. This APD process includes an onsite meeting which was held on October 14, 2004 as determined by Bureau of Land Management (BLM), Bureau of Indian Affairs (BIA) and Jicarilla Oil & Gas Administration (JOGA), and at which time the specific concerns of Black Hills Gas Resources (BHGR) were discussed.

This well was originally permitted and approved as a vertical PC well. This new drilling plan addresses changing the un-drilled well to a horizontal PC well.

#### **SURFACE FORMATION** - San Jose

**GROUND ELEVATION** – 7,067'

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

	4,085'	Vertical Length of Bore
TOTAL DEPTH	4,000'	TVD
Lewis	3,808'	Sandstone, shales & siltstones
Pictured Cliffs	3,700'	Sandstone, shales & siltstones
Fruitland	3,611'	Sandstone, shales & siltstones
Ojo Alamo	3,185'	Sandstone, shales & siltstones
Nacimiento	1,977'	Sandstone, shales & siltstones
San Jose	Surface	Sandstone, shales & siltstones

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

Tertiary		
San Jose	surface	Gas
Ojo Alamo	1,977'	Gas
Ojo Alamo	3,185'	Gas
Fruitland	3,611'	Gas
Pictured Cliffs	3,700'	Gas

Page 2 DRILLING PROGRAM

#### HORIZONTAL DRILLING PROGRAM

Kick Off Point is estimated to be  $\pm$  3525' TVD

#### **CASING PROGRAM**

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0-250' TVD	12-1/4"	8 5/8"	J-55 24# ST&C New	To surface (± 175 sxs Standard cement containing 2% CaCl <sub>2</sub> and 0.25lb/sx LCM) **
0-4000' TVD	7-7/8"	5 ½ "	J-55 15.5# LT&C New	TD to surface (Lead: ± 300 sxs lite standard cement. Tail: 400 sxs 50:50 poz containing 0.25 lb/sx LCM) * **
3525' TVD (KOP) End of Lateral Bore	4-3/4"	2-7/8"	PH-6 Liner	None

- \* Actual cement volume to be determined by caliper log.
- \*\* Cement will be circulated to surface

Yields:

Surface: Standard cement yield =  $1.2 \text{ ft}^3/\text{sx}$  (mixed at 15.6 lb/gal)

Production: Lite Standard Cement yield: = 1.59 ft<sup>3</sup>/sx (mixed at 13.4 lb/gal)

 $50:50 \text{ poz yield} = 1.27 \text{ ft}^3/\text{sx (mixed at } 14.15 \text{ lb/gal)}$ 

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 conditions. 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**

0' - 300' Fresh water - M.W. 8.5 ppg, Vis 30-33 300' - TD' Clean Faze - 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 well site.

#### **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

#### LOGGING, CORING, TESTING PROGRAM

A) Logging: DIL-CNL-FDC-GR - TD - BSC (GR to surface)

Sonic (BSC to TD)

B) Coring: None

C) Testing: Possible DST – None anticipated. Drill stem tests may be run on shows of interest

## **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)  $H_2S$ : See attached  $H_2S$  plan in event  $H_2S$  is encountered.

D) Estimated bottomhole pressure: 1,240 psi

#### **ANTICIPATED START DATE**

October 31, 2006

#### **COMPLETION**

The location pad will be of sufficient size to accommodate all completion activities and equipment. A string of 2-7/8" PH-6 tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted.

#### Jicarilla 29-03-24 #34

1,785' FSL 1,260' FEL, ( NE /4 SE /4)

Sec. 24 T 29

R 3W

Rio Arriba County, New Mexico MDA 701-98-0013, Tract 1

#### SURFACE CASING AND CENTRALIZER DESIGN

Proposed Total Depth: 4,000 '
Proposed Depth of Surface Casing: 250 '
Estimated Pressure Gradient: 0.31 psi/ft
Bottom Hole Pressure at 4,000 '
0.31 psi/ft x 4,000 ' = 1,240 psi

Hydrostatic Head of gas/oil mud: 0.22 psi/ft

 $0.22 \text{ psi/ft} \times 4,000 ' = 880 \text{ psi}$ 

# Maximum Design Surface Pressure

Bottom Hole Pressure – Hydrostatic Head =
( 0.31 psi/ft x 4,000 ' ) – ( 0.22 psi/ft x 4,000 ') =
1,240 psi – 880 psi = 360 psi

Casing Strengths 8 5/8 J-55 24# ST&C

 Wt.
 Tension (lbs)
 Burst (psi)
 Collapse (psi)

 24 #
 244,000
 2,950
 1,370

 32 #
 372,000
 3,930
 2,530

# Safety Factors

1.125 Tension (Dry): 1.8 **Burst**: 1.0 Collapse: 24 #/ft x 250 ' 6,000 # Tension (Dry): 40.67 244,000 Safety Factor = ok 6,000 2,950 8.19 Burst: Safety Factor = ok psi = 360 psi 0.052 x 9.0 ppg x Collapse: Hydrostatic 250 ' = 117 psi 1.370 11.71 Safety Factor = psi = ok 117 psi

Use <u>250 ' 8 5/8 J-55 24# ST&C</u>

# Use 2,000 psi minimum casinghead and BOP's but will test to 1,000 psi

Centralizers 5 Total

1 near surface at 40'

2 -1 each at middle of bottom joint, second joint

2 -1 each at every other joint 40' spacing

Total centralized ± 200 '( 50 ' - 250 ')

Note that field experience indicates that additional centralizers greatly increase the chance of "sticking" the surface casing prior to reaching surface casing total depth.



1724-B Townhurst Dr, Houston, Tx;77043 (713) 827-8302 www.nevisenergy.com Job Number: 61xxx

Company: Black Hills Gas Resources Lease/Well: Jicarilia 29-03-24 #4

Location: Rio Arriba Co,. NM

Rig Name:

RKB:

G.L. or M.S.L.:

State/Country: NM/USA

**Declination:** 

Grid:

File name: N:\BLACKH~1\2006\JIC29~1\29032434.SVY

Date/Time: 25-Sep-06 / 13:02 Curve Name: Jic 29-03-24 #34 Plan

# WINSERVE PROPOSAL REPORT Minimum Curvature Method Vertical Section Plane 273.32 Vertical Section Referenced to Wellhead Rectangular Coordinates Referenced to Wellhead

Measured	inci	Drift	True	Vertical			CLO	CLOSURE	
Depth	Angle	Direction	Vertical	Section	N-S	E-W	Distance	Direction	Severity
FT	Deg	Deg	Depth	FT	FT	FT	FT	Deg	Deg/100
KOP-> 352	25' TVD Be	gin Build @	65.11°/ 100'						· · · · ·
3525.00	.00	273.32	3525.00	.00	.00	.00	.00	.00	.00
3535.00	6.51	273.32	3534.98	.57	.03	57	.57	273.32	65.11
3545.00	13.02	273.32	3544.83	2.26	.13	-2.26	2.26	273.32	65.11
3555.00	19.53	273.32	3554.42	5.06	.29	-5.06	5.06	273.32	65.11
3565.00	26.04	273.32	3563.64	8.94	.52	-8.92	8.94	273.32	65.11
3575.00	32.55	273.32	3572.35	13.83	.80	-13.80	13.83	273.32	65.11
3585.00	39.07	273.32	3580.46	19.67	1.14	-19.64	19.67	273.32	65.11
3595.00	45.58	273.32	3587.85	26.40	1.53	-26.36	26.40	273.32	65.11
3605.00	52.09	273.32	3594.43	33.93	1.97	-33.87	33.93	273.32	65.11
3615.00	58.60	273.32	3600.11	42.15	2.44	-42.08	42.15	273.32	65.11
2005.00	65.11	273.32	3604.83	50.96	2.95	-50.88	50.96	273.32	65.11
3625.00	71.62	273.32 273.32	3604.63 3608.51	60.25	2.95 3.49	-50.66 -60.15	60.25	273.32 273.32	65.11
3635.00									65.11
3645.00	78.13	273.32	3611.12	69.90 70.70	4.05	-69.78	69.90 70.70	273.32	
3655.00	84.64	273.32	3612.62	79.78	4.62	<u>-79.65</u>	79.78	273.32	65.11
Begin Bui	_								
3663.23	90.00	273.32	3613.00	88.00	5.10	-87.85	88.00	273.32	65.11
3673.23	91.00	273.32	3612.91	98.00	5.68	-97.83	98.00	273.32	10.00
3683.23	92.00	273.32	3612.65	108.00	6.26	-107.81	108.00	273.32	10.00
3693.23	93.00	273.32	3612.21	117.99	6.84	-117.79	117.99	273.32	10.00
3703.23	94.00	273.32	3611.60	127.97	7.41	-127.75	127.97	273.32	10.00
3713.23	95.00	273.32	3610.82	137.94	7.99	-137.70	137.94	273.32	10.00
3723.23	96.00	273.32	3609.86	147.89	8.57	-147.64	147.89	273.32	10.00
3733.23	97.00	273.32	3608.73	157.83	9.14	-157.56	157.83	273.32	10.00
3743.23	98.00	273.32	3607.42	167.74	9.72	-167.46	167.74	273.32	10.00

Measured Depth	Incl Angle	Drift Direction	True Vertical	Vertical Section	N-S	E-W	Distance	S U R E Direction	Dogleg Severity
FT	Deg	Deg	Depth	FT	FT 10.00	FT	FT	Deg	Deg/100
3753.23	99.00	273.32	3605.94	177.63	10.29	-177.33	177.63	273.32	10.00
11	_	)°, '273.32° A							
3763.16	100.00	273.32	3604.30	187.42	10.86	-187.11	187.42	273.32	10.00
3763.18	100.00	273.32	3604.30	187.44	10.86	-187.13	187.44	273.32	1.25
3863.18	100.00	273.32	3586.94	285.93	16.57	-285.45	285.93	273.32	.00
Begin Dro	р @ -10.00	°/ 1 <b>0</b> 0'							
3933.00	100.00	273.32	3574.82	354.68	20.55	-354.09	354.68	273.32	.00
3943.00	99.00	273.32	3573.17	364.55	21.12	-363.94	364.55	273.32	10.00
3953.00	98.00	273.32	3571.69	374.44	21.69	-373.81	374.44	273.32	10.00
3963.00	97.00	273.32	3570.38	384.35	22.27	-383.71	384.35	273.32	10.00
3973.00	96.00	273.32	3569.25	394.29	22.84	-393.63	394.29	273.32	10.00
3983.00	95.00	273.32	3568.29	404.24	23.42	-403.56	404.24	273.32	10.00
3993.00	94.00	273.32	3567.51	414.21	24.00	-413.51	414.21	273.32	10.00
4003.00	93.00	273.32	3566.90	424.19	24.58	-423.48	424.19	273.32	10.00
4013.00	92.00	273.32	3566.46	434.18	25.16	-433.45	434.18	273.32	10.00
4023.00	91.00	273.32	3566.20	<del>444</del> .18	25.74	-443.43	444.18	273.32	10.00
Target / H	old @ 90.5	1°, 273.32° /	17m						
4027.90	90.51	273.32	3566.14	449.08	26.02	-448.32	449.08	273.32	9.97
4127.90	90.51	273.32	3565.24	549.07	31.81	-548.15	549.07	273.32	.00
4227.90	90.51	273.32 273.32	3564.35	649.07	37.61	-647.98	649.07	273.32	.00
4327.90	90.51	273.32	3563.46	749.06	43.40	-747.81	749.06	273.32	.00
4427.90	90.51	273.32	3562.57	849.06	49.19	-847.63	849.06	273.32	.00
4527.90	90.51	273.32	3561.67	949.06	54.99	-947.46	949.06	273.32	.00
4627.90	90.51	273.32	3560.78	1049.05	60.78	-1047.29	1049.05	273.32	.00
4727.90	90.51	273.32	3559.89	1149.05	66.57	-1147.12	1149.05	273.32	.00
4827.90	90.51	273.32	3559.00	1249.04	72.37	-1246.95	1249.04	273.32	.00
4927.90	90.51	273.32	3558.10	1349.04	78.16	-1346.77	1349.04	273.32	.00
5027.90	90.51	273.32	3557.21	1449.04	83.96	-1446.60	1449.04	273.32	.00
5127.90	90.51	273.32	3556.32	1549.03	89.75	-1546.43	1549.03	273.32	.00
5227.90	90.51	273.32	3555.43	1649.03	95.54	-1646.26	1649.03	273.32	.00
5327.90	90.51	273.32	3554.54	1749.02	101.34	-1746.09	1749.02	273.32	.00
5427.90	90.51	273.32	3553.64	1849.02	107.13	-1845.91	1849.02	273.32	.00
5527.90	90.51	273.32	3552.75	1949.02	112.92	-1945.74	1949.02	273.32	.00
5627.90	90.51	273.32	3551.86	2049.01	118.72	-2045.57	2049.01	273.32	.00
5727.90	90.51	273.32	3550.97	2149.01	124.51	-2145.40	2149.01	273.32	.00
5827.90	90.51	273.32	3550.07	2249.00	130.30	-2245.23	2249.00	273.32	.00
5927.90	90.51	273.32	3549.18	2349.00	136.10	-2345.05	2349.00	273.32	.00
6027.90	90.51	273.32	3548.29	2449.00	141.89	-2444.88	2449.00	273.32	.00
6127.90	90.51	273.32	3547.40	2548.99	147.69	-2544.71	2548.99	273.32	.00
6227.90	90.51	273.32	3546.50	2648.99	153.48	-2644.54	2648.99	273.32	.00
6327.90	90.51	273.32	3545.61	2748.98	159.27	-2744.37	2748.98	273.32	.00
6427.90	90.51	273.32	3544.72	2848.98	165.07	-2844.19	2848.98	273.32	.00
6527.90	90.51	273.32	3543.83	2948.98	170.86	-2944.02	2948.98	273.32	.00

Measured	Incl	Drift	True	Vertical			CLO	SURE	Dogleg
Depth FT	Angle Deg	Direction Deg	Vertical Depth	Section FT	N-S FT	E-W FT	Distance FT	Direction Deg	Severity Deg/100
6627.90	90.51	273.32	3542.93	3048.97	176.65	-3043.85	3048.97	273.32	.00
6727.90	90.51	273.32	3542.04	3148.97	182.45	-3143.68	3148.97	273.32	.00
6827.90	90.51	273.32	3541.15	3248.96	188.24	-3243.51	3248.96	273.32	.00
6927.90	90.51	273.32	3540.26	3348.96	194.03	-3343.33	3348.96	273.32	.00
Proposed	End of Lat	eral w/ 3365	' Displacem	ent					
6944.59	90.51	273.32	3540.11	3365.65	195.00	-3360.00	3365.65	273.32	.00

( 14 ) HT930 JASITABY 3URT

**VERTICAL SECTION (Ft) @ 273.32°**