

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

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)

Surface: 1770' FNL & 944' FEL Unit H Sec. 11, T29N, R4W

Bottom Hole: 1617' FNL & 1629' FWL Unit F Sec. 11, T29N, R4W

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

5. Lease Serial No.

NM-18316

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Carson 29-04-11 No. 2

9. API Well No.

30-039-20649

10. Field and Pool, or Exploratory Area

Chosa Mesa Pictured Cliffs

AND

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 type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input checked="" type="checkbox"/> Water Shut-Off |
| <input checked="" 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 Squeeze PC & FRTC perfs |
| | <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 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 Permit Clean-up program for Black Hills"

10/26/05: MIRUSU. Cleaned out to cmt retainer at 3790'. Set PKR @ 3326' on 2-3/8" tbg. Pressure tested 5-1/2" csg above PKR to 1500 psi-OK. Sq PC perfs (3641'-3755') & FRTC perfs (3605'-83') w/176 cf cmt. Drill out cmt to 3750'. Pressure test sq'ed perfs to 1000 psi for 15 min.-OK. Lay down tbg & release rig 11/2/05. This work was in preparation for drilling horizontal PC lateral.

| | |
|----------------------|----------------------------|
| Permit | |
| Name (Printed/Typed) | Title |
| Mike Pippin | Petroleum Engineer (Agent) |
| Signature | Date |
| <i>Mike Pippin</i> | October 3, 2006 |

THIS SPACE FOR FEDERAL OR STATE USE

| | | |
|---|-------|-------------------------|
| Approved by | Title | Date |
| | | OCT 10 2006 |
| 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 |
| | | FARMINGTON FIELD OFFICE |
| | | BY |

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)

NMOCB