

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.

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

5. Lease Serial No.

NM-40645

6. If Indian, Allottee or Tribe Name

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

RCVD MAR16'07
OIL CONS. DIV.

8. Name and No.

DIST. 3

RIBEYOWIDS FED 2 #16

9. API Well No.

30-039-23554

10. Field and Pool, or Exploratory Area

Blanco MV, Gavilan Pictured Cliffs
Und. Nacimiento

AND

Rio Arriba County, New Mexico

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)

860' FSL & 990' FEL Unit (P)

Sec. 2, T25N, R2W

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 Commingle 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 recomple 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 Blanco Mesaverde (72319) & Gavilan Pictured Cliffs (77360).

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

These Gas & Oil allocations are based on tests taken during rig operations in January 1997, in which the PC flowed 200 MCF/D & the PC & MV together flowed 300 MCF/D. See attached calculations. Only the MV made any oil during the tests.

GAS:	Pictured Cliffs	67%	OIL:	Pictured Cliffs	0%
GAS:	Mesaverde	33%	OIL:	Mesaverde	100%

OHLC order in process

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

March 14, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Joe Hewitt

Title

Geo

Date

3-14-07

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)

NMOCD

BLACK HILLS GAS RESOURCES, INC.
RIBEYOWIDS FED 2 #16 PC/MV
P Section 2 T25N R2W
3/14/2007
API#: 30-039-23554

Commingle Allocation Calculations

OIL

During completion operations in January 1997, it was discovered that any and all oil was being produced by the Mesaverde.

GAS

During completion operations in January 1997, stabilized gas tests were taken from the PC and the PC and MV together.

The Pictured Cliffs tested 200 MCF/D while swabbing on 1/20/97.

The Pictured Cliffs and Mesaverde together tested 300 MCF/D while swabbing on 1/25/97.

Therefore, the Mesaverde portion of the gas flow is: $300 - 200 = \underline{100 \text{ MCF/D}}$.

Total gas = $200 + 100 = 300 \text{ MCF/D}$.

$$\% \text{ PC} = \frac{200}{300} = 67\%$$

$$\% \text{ MV} = \frac{100}{300} = 33\%$$