

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 to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. MDA 701-98-0013
2. Name of Operator Black Hills Gas Resources, Inc.		6. If Indian, Allottee, or Tribe Name Jicarilla Apache Tribe
3a. Address P.O. Box 249 Bloomfield, NM 87413	3b. Phone No. (include area code) 505-634-1111	7. If Unit or CA. Agreement Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1790' FNL & 1930' FEL (SWNE) Unit G Sec 8, T28N, R2W		8. Well Name and No. Jicarilla 28-02-08 #23
		9. API Well No. 30-039-29311
		10. Field and Pool, or Exploratory Area E. Blanco PC, Basin FRTC & Burro Canyon Tertiary
		11. County or Parish, State Rio Arriba, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

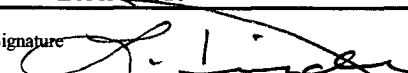
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Altering 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" 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 Operation (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 or pertinent markers and sands. Attach the Bond under which the work will be performed or provide the Bond No. on file with the 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 Notice shall be filed only after all requirements, including reclamantion, have been completed, and the operator has determined that the site is ready for final inspection.)

Black Hills Gas Resources intends to plug and abandon this well as per the attached procedure. The Jicarilla Apache Nation Office of Water Administration has been notified and indicated (7-31-07) that they do not want this well for use as a water source well.

RCVD AUG 23 '07

**OIL CONS. DIV.
DIST. 3**

14. I hereby certify that the foregoing is true and correct. Name (Printed/ Typed) Loren Diede		Title Consultant (Agent)
Signature 		Date 10-Aug-07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Original Signed: Stephen Mason	Title	Date AUG 22 2007
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Approved by
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.

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

PLUG AND ABANDONMENT PROCEDURE

August 13, 2007

Jicarilla 28-02-08 #23

Basin Fruitland Coal / East Blanco Pictured Cliffs
Burro Canyon Tertiary Nacimiento
1790' FNL & 1930' FEL, NE, Section 8, T28N, R2W
Rio Arriba County, New Mexico, API #30-039-29311

Note: All cement volumes use 100% excess outside pipe and 50' excess inside pipe. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures.
All cement will be ASTM Type III, mixed at 14.8 ppg with a 1.32 cf/sx yield.

1. Install and test location rig anchors. Prepare blow pit. Comply with all NMOCD, BLM, and Black Hills safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. NU relief line and blow down well; kill with water as necessary. ND wellhead and NU BOP. Test BOP.
2. PU and release pump. Release AS-1 10K packer. TOH and tally 2.375" tubing, total tally, 3708', LD packer. If necessary LD tubing and PU workstring.
3. **Plug #1 (Pictured Cliffs perforations, Fruitland Coal perforations, Kirtland, Ojo Alamo tops, and Nacimiento perforations, 3728' – 3116')**: Mix 87 sxs Type III cement (long plug, 40% excess) and spot a plug fill the PC, FtC, cover the Kirtland and Ojo Alamo tops, and cover through the Nacimiento perforations. PUH and WOC. TIH and tag cement at least 3116'. PUH to 2282'.
2310 2210
4. **Plug #2 (Nacimiento top, ~~2282'~~ – 2182')**: Mix 16 sxs Type III cement and spot a plug inside the casing to cover the Nacimiento top. PUH to 316'.
5. **Plug #3 (8.625" casing shoe and surface, 316' – Surface)**: Mix and pump approximately 35 sxs cement from 316' to surface, circulate good cement to surface. TOH and LD tubing. Shut in well and WOC.
6. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

Jicarilla 28-02-08 #23

Current

Basin Fruitland Coal / East Blanco Pictured Cliffs /
Burro Canyon Tertiary Nacimiento
1790' FNL & 1930' FEL, NE, Section 8, T-28-N, R-2-W
Rio Arriba County, NM / API #30-039-29311

Today's Date 8/13/07

Spud: 12/11/04

Completion: 5/6/05

Elevation: 7333' GI
7346' KB

San Jose @ 13'

12.25" hole

TOC @ Surface, Circulate 40 bbls

8.625" 24#, Casing set @ 266'
Cement with 175 sxs (Circulated to Surface)

WELL HISTORY

Jul '06: Commingled PC and FtC
production.

Nacimiento @ 2232'

2.375" Tubing at 3708'
(116 jts, F Nipple)

Nacimiento Perforations:
3166' – 3220'

Ojo Alamo @ 3256'

3559' – 3561', 8 holes
shot in error

Kirtland @ 3579'

AS-1 10K Packer @ appx 3580'

Fruitland @ 3640'

Fruitland Coal Perforations:
3641' – 3661'

Pictured Cliffs @ 3674'

Pictured Cliffs Perforations:
3678' – 3756'

7.875" hole

5.5" 17#, J-55 Casing set @ 3818'
Cemented with 650 sxs,
Circulate 40 bbls to surface

TD 3835'
PBD 3795'

Jicarilla 28-02-08 #23

Proposed P&A

Basin Fruitland Coal / East Blanco Pictured Cliffs /
Burro Canyon Tertiary Nacimiento
1790' FNL & 1930' FEL, NE, Section 8, T-28-N, R-2-W
Rio Arriba County, NM / API #30-039-29311

Today's Date 8/13/07

Spud: 12/11/04

Completion: 5/6/05

Elevation: 7333' GI
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San Jose @ 13'

Nacimiento @ 2232'

Ojo Alamo @ 3256'

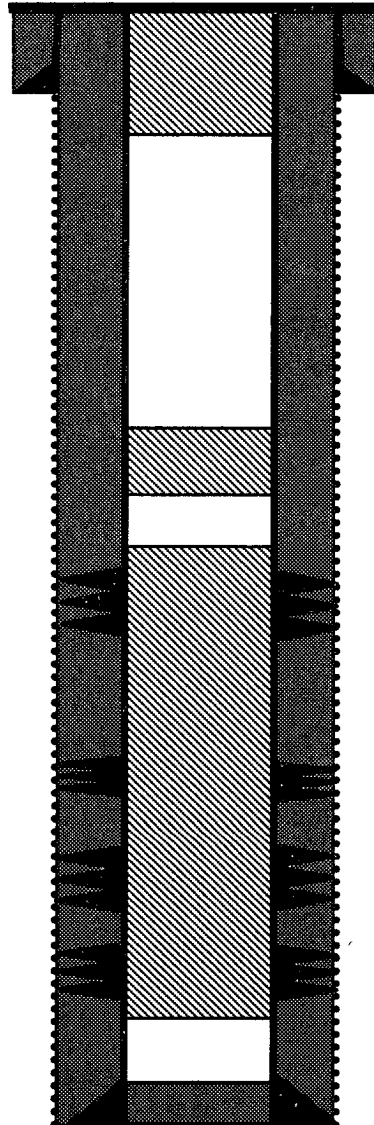
Kirtland @ 3579'

Fruitland @ 3640'

Pictured Cliffs @ 3674'

12.25" hole

7.875" hole



TOC @ Surface, Circulate 40 bbls

8.625" 24#, Casing set @ 266'
Cement with 175 sxs (Circulated to Surface)

Plug #3: 316' - 0'
Type III cement, 35 sxs

Plug #2: 2282' - 2182'
Type III cement, 16 sxs

Nacimiento Perforations:
3166' - 3220'

Plug #1: 3728' - 3116'
Type III cement, 87 sxs
(long plug, 40% excess)

3559' - 3561', 8 holes
shot in error

Fruitland Coal Perforations:
3641' - 3661'

Pictured Cliffs Perforations:
3678' - 3756'

5.5" 17#, J-55 Casing set @ 3818'
Cemented with 650 sxs,
Circulate 40 bbls to surface

TD 3835'
PBTD 3795'

The Jicarilla Apache Nation requires 45 days to evaluate this well beginning from June 22, 2007 in order to determine if they would like to assume ownership of the well. If the Jicarilla Apache Nation has not contacted your office before the end of the 45 days you may proceed with plugging operations.

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401**

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 23 Jicarilla 28-02-08

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 599-8907.
3. The following modifications to your plugging program are to be made:
 - a) Place the Nacimiento plug to 2310' – 2210'.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.