

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires: March 31, 2007

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 701-90-0002
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		7. If Unit of, CA, Agreement Name and/or No.
3b. Phone No. (include area code) 505-634-1111		8. Well Name and No. Jicarilla 31-03-32 #1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1565' FSL & 795' FWL (NW SW) Unit L Sec 32, T31N, R3W		9. API Well No. 30-039-25050
		10. Field and Pool, or Exploratory Area East Blanco Pictured Cliffs
		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 checked="" 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 recompleate 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 recompleation 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.)

**RCVD AUG 23 '07
OIL CONS. DIV.**

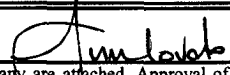
DIST. 3

Black Hills Gas Resources had intended to plug back and re-enter this well for a PC horizontal well. The completion rig was moved in 7-23-2007 to plug back and prepare this well for re-entry. A cement plug was set inside 5 1/2" casing from 3746' to 3111'. A 2nd cement plug was set inside 5 1/2" casing from 2049' to 1868'. A 3rd cement plug was set inside 5 1/2" casing from 672' to 491'. The attempt to cut off and pull the 5 1/2" casing was aborted due to the high TOC outside the 5 1/2" casing. The well will not be used as a re-entry candidate. The wellhead was re-installed and the well secured. RDMO completion rig. 7-27-2007. The plug back report is attached. The Jicarilla Apache Nation Office of Water Administration has been notified regarding the status of this well and BHGR is awaiting their decision whether they want to keep this well as a water supply well. If they decline this well the P&A will be finalized.

- Please file your plans by October 15, 2007

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

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 	Title Petr. Ang	Date 8/22/07
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.		

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.

(Instructions on page 2)

NMOCD

A-PLUS WELL SERVICE, INC.

P.O. BOX 1979

Farmington, New Mexico 87499

505-325-2627 * fax: 505-325-1211

Black Hills Gas Resources, Inc.

Jicarilla 31-03-32 #1

July 30, 2007

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1565' FSL & 795' FWL, Section 32, T-31-N, R-3-W

Rio Arriba County, NM

Lease Number: MDDA 701-90-0002

API #30-039-25050

Plugback Report

Notified JAT - BLM & NMOCD on 7/23/07

Work Summary:

7/23/07 Road equipment to neighboring Black Hills location. Location not ready.

7/24/07 MOL and RU. Check pressures: tubing and casing, 520 PSI; bradenhead, 0 PSI. Bradenhead standing full of water. Blow down well to pit for 1-1/2 hours. SITP: 100 PSI. Pump 70 bbls of water down tubing. ND wellhead. NU BOP, test. TOH with 118 joints 2.375" tubing, 3779'. TIH with 4.5" casing scraper to 3746'. Shut in well. SDFD.

7/25/07 Check pressures: tubing and casing, 10 PSI; bradenhead, 0 PSI. Blow well down to pit. TOH and LD casing scraper. Steve Mason, BLM, approved procedure change to move Plug #2 to cover Nacimiento top at 1977'. TIH with 4.5" DHS CR and set at 3746'. Load tubing with 10 bbls of water. Pressure test tubing to 1100 PSI, held OK. Release and sting out of CR. Load casing with 30 bbls of water. Circulate well clean with 30 additional bbls of water. Pressure test casing to 800 PSI, held OK for 5 minutes. Pressure test bradenhead to 300 PSI, held OK.

Plug #1 with CR at 3746', mix and pump 42 sxs Type III cement (56 cf) inside casing from 3746' up to 3111' to isolate the Pictured Cliffs perforation and cover the Fruitland, Kirtland and Ojo Alamo tops.

PUH with tubing. Load casing with 3-1/2 bbls of water.

Plug #2 spot 12 sxs Type III cement (16 cf) inside casing from 2049' up to 1868' to cover the Nacimiento top.

PUH with tubing. Load casing with 2 bbls of water.

Plug #3 spot 12 sxs Type III cement (16 cf) inside casing from 672' up to 491' for the sidetrack kick off point.

PUH to 500'. Circulate well clean with 15 bbls of water. TOH and LD all tubing. Shut in well. Attempt and unable to remove cap from casing head. May need to cut off. Shut in well. SDFD.

7/26/07 Open well, no pressure. TIH with tubing to 704'. Tubing fell through Plug #3. Circulate well clean with 15 bbls of tubing. TIH with tubing and tag Plug #2 at 1880'. PUH to 672'. Load hole with 2-1/2 bbls of water.

Plug #3a spot 12 sxs Type III cement (16 cf) inside casing from 672' up to 491' for the sidetrack kick off point.

PUH to 500'. Circulate 5 bbls out tubing. TOH and LD all tubing. ND BOP, companion flange and remove tubing head.

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Jicarilla 31-03-32 #1

July 30, 2007
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Work Summary – Continued:

Monitor atmosphere. Issue Hot Work Permit. Cut off casing head cap. PU 4.5" casing $\frac{3}{4}$ ", pulling 115,000#. Remove slips from casing head. Found cement down 13'10" in bradenhead. Wait on orders. Procedure change approved by Black Hills to cement outside surface casing and secure wellhead.

Dig out wellhead with backhoe assist. Shut in surface casing with steel washer. Install 4.5" x 2" swedge on casing. Shut in with 2" ball valve. Received orders from Black Hills to SDFD.

7/27/07 Retrieve used wellhead from Black Hill Jicarilla yard. Tear down wellhead for parts (10.75" casing head cap and top plates.) Top off bradenhead and outside surface casing to bottom of casing head with 20 sxs Type III cement. Wash casing head with slip bowl. Install slips with 40,000#. Pulled on 4.5" casing. Assemble wellhead. Shut in well.
RD and MOL.

Bryce Hammond, JAT-BLM representative, was on location.
Fred Proctor, A-Plus Rig Mechanic, was on location on 7/26/07.

Jicarilla 31-03-32 #1

Wellbore Diagram

API # 30-039-25050

UNIT L, NW SW, Sec 32, T31N, R03W Rio Arriba, NM

Spud date: 2/05/1991

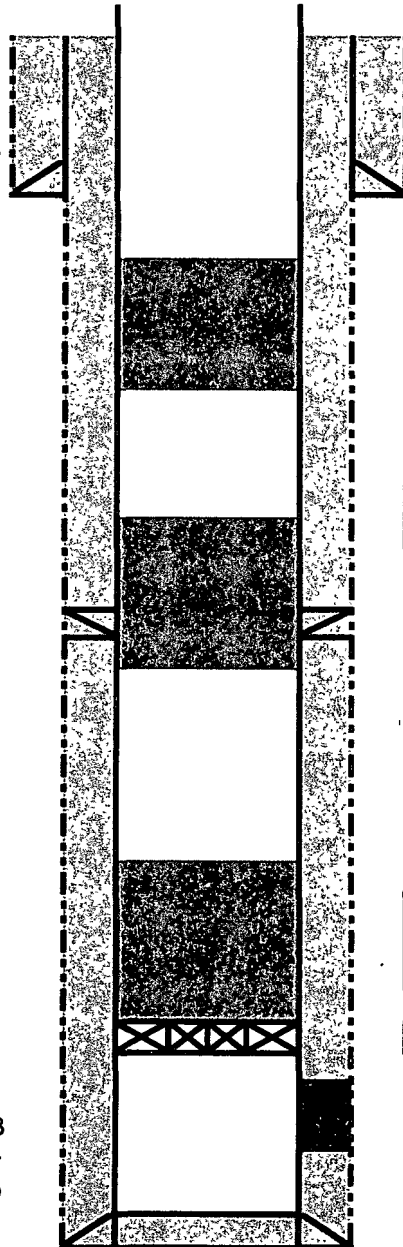
8/10/2007

Elev. GL= 7083'

Elev. KB= 7093'

SURF CSG

8 5/8" 24# @159' KB,
TOC surf



Cement plug #3 12 sx (15.84 cu ft) (672' to 491')

Cement plug #2 2049' to 1868' 12 sx (15.84 cu ft)

DV Tool @ 2025'

Cement plug #1 3746' to 3111' 42 sx (55.44 cu ft)

Cement Retainer @ 3764' 7-25-07

PC perfs: 2-21-91 3789-3820, 3822-3826, 3829-3832, 3835-3844, 3847-3851, 3854-3866, 3870-3876, 3888-3892, 3916-3920. 87 holes. BD HCl, Well SI, Frac 10-11-93 100000# 20/40 w/ 70000 gal N2 foam. Good clean up.

PBTD=3960' ORIGINAL
TD=4120' KB