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Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOV 06 2008

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.

Permit Lease Serial No.
MDA 701-98-0013, Tract 4

6. If Indian, Allottee, or Tribe Name
Jicarilla Apache

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

8. Well Name and No.

Jicarilla 29-02-09 #24

9. API Well No.

30-039-30077

10. Field and Pool, or Exploratory Area

La Jara Canyon Tertiary

11. County or Parish, State

Rio Arriba, 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

3a. Address

3200 N 1st Street PO Box 249 Bloomfield, NM 87413

3b. Phone No. (include area code)

505-634-1111 ext 27

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface: 2,105' FNL 660' FEL SE/NE Unit H Sec09 T29N R02W

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒

Notice of Intent

☐

Acidize

☐

Deepen

☐

Production (Start/Resume)

☐

Water Shut-off

☐

Subsequent Report

☐

Altering Casing

☐

Fracture Treat

☐

Reclamation

☐

Well Integrity

☐

Final Abandonment Notice

☐

Convert to Injection

☐

Plug back

☐

Water Disposal

☒

Other

Convert Pictured Cliffs

to San Jose

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 recompleat horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and sands. Attach the Bond under which the work will 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 recompleat 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 reclamentation, have been completed, and the operator has determined that the site is ready for final inspection.)

The initial APD to drill a Picture Cliffs (PC) well was approved on June 23, 2008. The well was given API number 30-039-30077. After evaluation of drilling data in the imediate area, BHGR has determined that this well is best drilled to the San Jose formation. BHGR is submitting an updated drilling plan, and a revised C-102, to change the well from a PC to a San Jose.

Surface disturbance will not change from the initial APD, therefore the Surface Use Plan will not be updated or modified.

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

RCVD NOV 13 '08
OIL CONS. DIV.

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

Name (Printed/ Typed)

Daniel Manus

Title

Regulatory Technician

Signature

Daniel Manus

Date

Nov 5, 2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **Troy L Salvess**

Title **Petroleum Engineer**

Date **11/16/2008**

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

FFO

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

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

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

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, 200

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-30077	*Pool Code 97036	*Pool Name LA JARA CANYON TERTIARY /
*Property Code 34512	*Property Name JICARILLA 29-02-09	*Well Number 24
*OGEID No. 013925	*Operator Name BLACK HILLS GAS RESOURCES	*Elevation 7460

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	9	29-N	2-W		2105	NORTH	660	EAST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
								RECD NOV 13 '08	
Dedicated Acres NE/4 - 160 /			Joint or Infill		Consolidation Code		Order No. OIL CONS. DIV. DIST. 3		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

FD. PIN & CAP W/ L.S. NO. 8894	S 89-31-06 W 5288.54' (M)	FD. MK'D. STONE
	2105'	N 01-10-55 W 2628.54' (M)
	LAT. 36.74091° N. (NAD 83) LONG. 107.04178° W. (NAD 83)	660'
	9	
		FD. PIN & CAP W/ L.S. NO. 8894

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.

Daniel Manus 11/5/08
Signature Date
Daniel Manus
Printed Name

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.

JULY 28, 2008
Date of Survey
Signature and Seal of Professional Surveyor:
ROY A. RUSH
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
8894

Certificate Number



Black Hills Gas Resources

Jicarilla 29-02-09 #24

Surface Location: 2105' FNL 660' FEL Unit H (SE/NE)

Sec.09 T29N R03W

Rio Arriba County, New Mexico

Lease: MDA 701-98-0013, Tract 4

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 September 19, 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 vertical SJ well.

SURFACE FORMATION – San Jose

GROUND ELEVATION –7,460'

ESTIMATED FORMATION TOPS - (mineral-bearing formations)

San Jose	Surface	Sandstone, shales & siltstones
Nacimiento	2350'	Sandstone, shales & siltstones

TOTAL DEPTH 2400' TVD

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

Tertiary

San Jose	surface	Gas
Nacimiento	2350'	Gas

CASING PROGRAM

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0-250'	12-1/4"	7"	J-55 20# ST&C New	To surface (± 175 sxs ClassB) **
TVD				
0' - TD	6-1/4"	4-1/2"	J-55 10.5# LT&C New	TD to surface (± 630 sxs lite or 65:35 poz and ± 270 sxs 50:50 poz) *

* Actual cement volume to be determined by caliper log.

** Cement will be circulated to surface

Yields:

Surface: Standard cement yield = 1.2 ft³/sx (mixed at 15.6 lb/gal)

Production: Lite Standard Cement yield: = 1.59 ft³/sx (mixed at 13.4 lb/gal)

50:50 poz yield = 1.27 ft³/sx (mixed at 14.15 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'	-	250'	Fresh water – M.W. 8.5 ppg, Vis 30-33
250'	-	TD'	LSND mud system
			M.W. 8.9 – 9.0 ppg
			Vis – 35 – 60 sec
			W.L. 6 - 10cc 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) H₂S: See attached H₂S plan in event H₂S is encountered.
- D) Estimated bottomhole pressure: 930 psi

ANTICIPATED START DATE

November 14, 2008

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. The Tertiary will be perforated based on log results. An acid or frac stimulation may be performed if needed. A string of 2 3/8", 4.7 #/ft, J-55 tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted.