

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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
☐ 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 28

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1,850' FSL & 1,675' FWL NE/4 SW/4 Section 1 T25N R2W Unit K

5. Lease Serial No.
NM 40644

6. If Indian, Allottee, or Tribe Name

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

8. Well Name and No.
Howard Federal 1 #11

9. API Well No.
30-039-23690

10. Field and Pool, or Exploratory Area
Gavilan Mancos

11. County or Parish, State
Rio Arriba, New Mexico

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 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 reclamantion, have been completed, and the operator has determined that the site is ready for final inspection.)

Black Hills Gas Resources (BHGR) intends to Plug and Abandon (P&A) the Howard Federal 1 #11.
Please find BHGR's attached P&A procedure.

RCVD AUG 6 '09
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct.
Name (Printed/ Typed)

| | |
|----------------------------------|---------------------------------------|
| Daniel Manus | Title Regulatory Technician |
| Signature <i>Daniel Manus</i> | Date <i>July 30 2009</i> |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|--------------------------------|--------|-----------------------------|
| Original Signed: Stephen Mason | Title | Date AUG 9 6 38AM |
| Approved by | Office | Date AUG 11 2009 |

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

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this

form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or

present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c); and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3 - 2, 3162.3 - 3, 3162.3 - 4.

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

BLM would like you to know that you do not have to respond to this or any other Federal agency -sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 25 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau information Collection Clearance Officer, (WO-630), Mail Stop 401 LS, 1849 C St., N.W., Washington D.C. 20240

PLUG AND ABANDONMENT PROCEDURE

August 28, 2008

Howard Federal 1 #11

Gavillan Mancos

1850' FSL & 1675' FWL, SW, Section 1, T25N, R2W

Rio Arriba County, New Mexico, API #30-039-23690

Lat N. _____ / Long W. _____

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class B, mixed at 14.8 ppg with a 1.18 cf/sx yield.

1. This project requires the Operator to obtain an approved NMOCD C-144 CLEZ Closed-Loop System Permit for the use of an A-Plus steel tank to handle waste fluids circulated from the well and cement wash up.
2. Install and test location rig anchors. Comply with all NMOCD, BLM, and Operator safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Record casing, tubing and bradenhead pressures. NU relief line and blow down well. Kill well with water as necessary and at least pump tubing capacity of water down the tubing. ND wellhead and NU BOP. Function test BOP.
3. Rods: Yes X, No _____, Unknown _____.
Tubing: Yes X, No _____, Unknown _____, Size 2.875", Length 7936'.
Packer: Yes _____, No X, Unknown _____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.
4. **Plug #1 (Gallup perforations and top, 6881' – 6781')**: PU and TIH with 5.5" cement retainer, set at 6881'. Load casing above the CR with water and circulate well clean. Pressure test casing to 800#. *If casing does not test, spot or tag subsequent plugs as appropriate.* Mix and pump 17 sxs Class B cement above CR to isolate Gallup interval. PUH.
5. **Plug #2 (Mesaverde top, ⁵⁵⁷²5556' – ⁵⁴¹²5456')**: Mix and pump 17 sxs Class B cement inside casing to cover the Mesaverde top. PUH.
6. **Plug #3 (Pictured Cliffs, Fruitland, Kirtland and Ojo Alamo tops, 3714' – 3257')**: Mix and pump 57 sxs Class B cement inside casing to cover through the Ojo Alamo top. PUH.
7. **Plug #4 (Nacimiento top, ²¹⁹⁹1519' – ²⁵⁹⁹1419')**: Mix and pump 17 sxs Class B cement inside casing to cover through the Ojo Alamo top. TOH with tubing.
8. **Plug #5 (9.625" Surface casing, 309' – 0')**: Perforate 3 squeeze holes at 309'. Establish circulation out bradenhead with water and circulate the BH annulus clean. Mix approximately 115 sxs Class B cement and pump down the 5.5" casing to circulate good cement out bradenhead. Shut in well and WOC.
9. ND cementing valves and cut off wellhead. Fill 5.5" casing with cement as necessary. Install P&A marker to comply with regulations. RD, MOL, cut off anchors, and restore location.

Howard Federal 1 #11

Current

Gavilan Mancos

1850' FSL, 1675' FWL, Section 1, T-25-N, R-2-W,

Rio Arriba County, NM / API #30-039-23690

Lat N. _____ / Long W. _____

Today's Date: 8/28/08

Spud: 9/15/85

Completed: 11/18/85

Elevation: 7558' GI
7547' KB

Nacimiento @ 1469' *est

Ojo Alamo @ 3307'

Kirtland @ 3554' *est

Fruitland @ 3635' *est

Pictured Cliffs @ 3664'

Mesaverde @ 5506'

Gallup @ 6918'

12.25" hole

9.625" 36#, J-55 Casing set @ 258'
Cement with 165 cf (Circulated to Surface)

TOC @ 975' (Calc,75%)

2.875" tubing at 7936'
(256 joints, TA, SN, Perf Sub, Mud
Anchor
rods and pump)

DV Tool @ 3890'
Cement with 673 cf

TOC @ 4334' (Calc,75%)

DV Tool @ 6187'
Cement 427 cf

TOC @ DV Tool (Calc,75%)

Gallup Perforations:
6931' - 7754'

5.5", 17#, Casing set @ 8249'
Cement with 350 sxs (441 cf),

7.875" hole

TD 8276'
PBSD 8217'

Howard Federal 1 #11

Proposed P&A

Gavilan Mancos

1850' FSL, 1675' FWL, Section 1, T-25-N, R-2-W,
Rio Arriba County, NM / API #30-039-23690
Lat N. _____ / Long W. _____

Today's Date: **8/28/08**
Spud: 9/15/85
Completed: 11/18/85
Elevation: 7558' GI
7547' KB

Nacimiento @ 1469' *est

Ojo Alamo @ 3307'

Kirtland @ 3554' *est

Fruitland @ 3635' *est

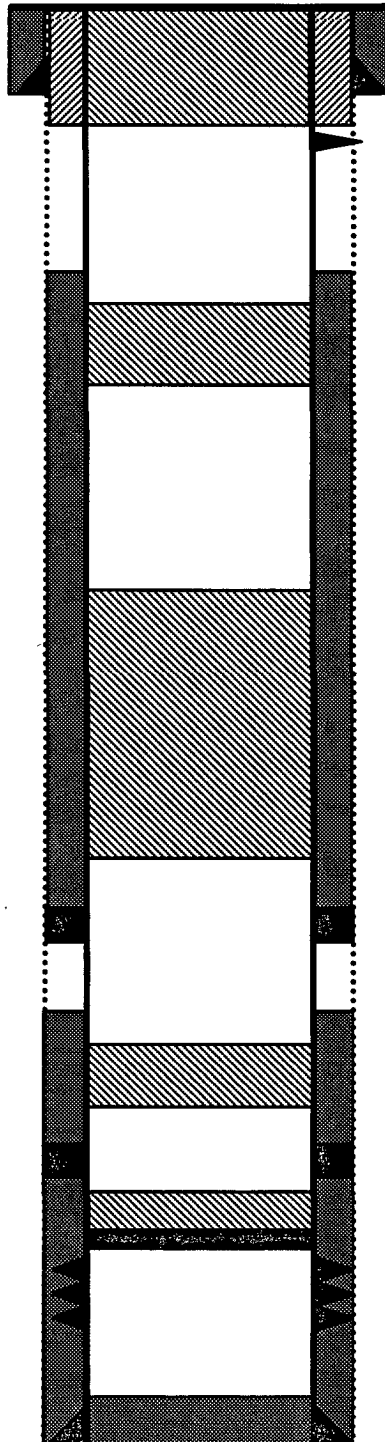
Pictured Cliffs @ 3664'

Mesaverde @ 5506'

Gallup @ 6918'

12.25" hole

7.875" hole



9.625" 36#, J-55 Casing set @ 258'
Cement with 165 cf (Circulated to Surface)

Perforate @ 309'

Plug #5: 309' - 0'
Class B cement, 115 sxs

TOC @ 975' (Calc, 75%)

Plug #4: 1519' - 1419'
Class B cement, 17 sxs

Plug #3: 3714' - 3257'
Class B cement, 57 sxs

DV Tool @ 3890'
Cement with 515 cf
TOC @ 4334' (Calc, 75%)

Plug #2: 5556' - 5456'
Class B cement, 17 sxs

DV Tool @ 6187'
Cement 427 cf
TOC @ DV Tool (Calc, 75%)

Set CR @ 6881'

Plug #1: 6881' - 6781'
Class B cement, 17 sxs

Gallup Perforations:
6931' - 7754'

5.5", 17#, Casing set @ 8429'
Cement with 350 sxs (441 cf),

TD 8276'
PBTd 8217'

**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: 11 Howard Federal 1

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 Mesaverde plug from 5512' – 5412'.
 - b) Place the Nacimiento plug from 2199' – 2099'.

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.