

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039-23689
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name
8. Well Number Howard Federal 1 #8
9. OGRID Number 013925
10. Pool name or Wildcat Gavilan Mancos

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Black Hills Gas Resources, Inc.	
3. Address of Operator P.O. Box 249 / 3200 North 1st Street Bloomfield, NM 87413	
11. Well Location Unit Letter <u>H</u> : <u>1,650</u> feet from the <u>North</u> line and <u>870</u> feet from the <u>East</u> line Section <u>1</u> Township <u>25 North</u> Range <u>2 West</u> N.M.P.M. County <u>Rio Arriba</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7,511' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Black Hills Gas Resources (BHGR) intends to Plug and Abandon (P&A) the Howard Federal 1 #8.
Please find BHGR's attached P&A procedures.

RCVD AUG 24 '09
OIL CONS. DIV.
DIST. 3

NOTIFY NMDCD AZTEC 24 HOURS PRIOR TO BEGINNING OPERATIONS.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Daniel Manus TITLE Regulatory Technician DATE August 24, 2009

Type or print name Daniel Manus E-mail address: daniel.manus@blackhillscorp.com PHONE: (505) 634-1111 ext. 28
For State Use Only Deputy Oil & Gas Inspector,
District #3

APPROVED BY: Felix G. Pelt TITLE _____ DATE SEP 01 2009

Conditions of Approval (if any): BRING TOP OF MANCOS PLUG TO 6675' - ADD CHACRA PLUG FROM 4745' - 4645'

PLUG AND ABANDONMENT PROCEDURE

August 22, 2008

Howard Federal 1 #8

Gavillan Mancos

1650' FNL & 870' FEL, NE, Section 1, T25N, R2W

Rio Arriba County, New Mexico, API #30-039-23689

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 7919'.
Packer: Yes _____, No X, Unknown _____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.

NOTE: Records indicate a tubing anchor may be in the tubing workstring. The tubing anchor may or may not be set.

- Mancos 6859' - 6675'*
4. **Plug #1 (~~Surface~~ perforations and top, ~~6859'~~ - ~~6759'~~):** PU and TIH with 5.5" cement retainer, set at 6859'. 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, 5494' - 5394'):** Mix and pump 17 sxs Class B cement inside casing to cover the Mesaverde top. PUH.
- Chacra Plug - 4745' - 4645' -
 6. **Plug #3 (Pictured Cliffs, Fruitland, Kirtland and Ojo Alamo tops, 3697' - 3247'):** Mix and pump 56 sxs Class B cement inside casing to cover through the Ojo Alamo top. TOH with tubing.
 7. **Plug #4 (Nacimiento top, 1509' - 1409'):** Perforate 3 squeeze holes at 1509'. Attempt to establish rate into squeeze holes if the casing pressure tested. Set 5.5" cement retainer at 1459'. Establish rate into squeeze holes. Mix and pump 47 sxs Class B cement, squeeze 30 sxs outside the casing and leave 17 sxs inside casing. TOH and LD tubing.
 8. **Plug #5 (13.375" Surface casing, 320' - 0'):** Perforate 3 squeeze holes at 320'. Establish circulation out bradenhead with water and circulate the BH annulus clean. Mix approximately 210 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 #8

Current

Gavillan Mancos

1650' FNL, 870' FEL, Section 1, T-25-N, R-2-W,

Rio Arriba County, NM / API #30-039-23689

Lat N. _____ / Long W. _____

Today's Date: 8/22/08

Spud: 6/2/85

Completed: 7/16/85

Elevation: 7648' GI
7659' KB

Nacimiento @ 1459' *est

Ojo Alamo @ 3297'

Kirtland @ 3537' *est

Fruitland @ 3618' est

Pictured Cliffs @ 3647'

Mesaverde @ 5444'

6725'
Gallup @ 6994'

17.5" hole

13.375" 48#/54.5#, J-55 Casing set @ 270'
Cement with 280 sxs (Circulated to Surface)

TOC @ 1990' (Calc, 75%)

2.875" tubing at 7919'
(257 joints, N-80, rods and pump)

DV Tool @ 3952'
Cement with 375 sxs (453 cf)

TOC @ 4299' (Calc, 75%)

DV Tool @ 6204'
Cement with 355 sxs (440 cf)

TOC @ DV Tool (Calc, 75%)

Gallup Perforations:
6909' - 7620'

5.5", 17#, J-55 Casing set @ 8299'
Cement with 425 sxs (536 cf),

7.875" hole

TD 8300'
PBD 8256'

Howard Federal 1 #8

Proposed P&A

Gavillan Mancos

1650' FNL, 870' FEL, Section 1, T-25-N, R-2-W,

Rio Arriba County, NM / API #30-039-23689

Lat N. _____ / Long W. _____

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Elevation: 7648' GI
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Nacimiento @ 1459' *est

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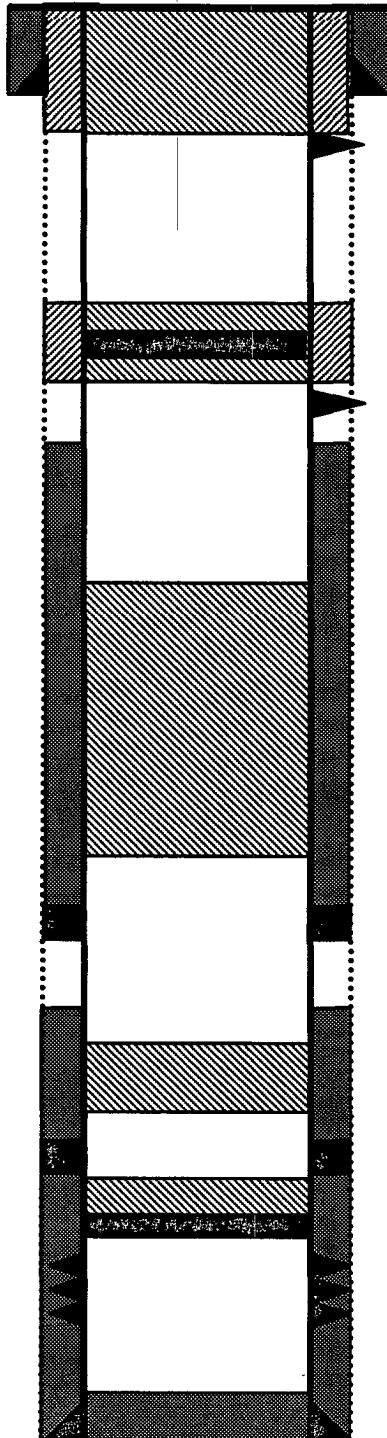
Pictured Cliffs @ 3647'

Mesaverde @ 5444'

Gallup @ ^{6725'}~~6894'~~

17.5" hole

7.875" hole



13.375" 48#/54.5#, J-55 Casing set @ 270'
Cement with 280 sxs (Circulated to Surface)

Perforate @ 320'

Plug #5: 320' - 0'
Class B cement, 210 sxs

Cmt Retainer @ 1459'

Perforate @ 1509'

Plug #4: 1509' - 1409'
Class B cement, 47 sxs:
17 inside and 30 outside

TOC @ 1990' (Calc, 75%)

Plug #3: 3697' - 3247'
Class B cement, 56 sxs

CHACRA Plug
4745' - 4645

DV Tool @ 3952'
Cement with 375 sxs (453 cf)

TOC @ 4299' (Calc, 75%)

Plug #2: 5494' - 5394'
Class B cement, 17 sxs

DV Tool @ 6204'
Cement with 355 sxs (440 cf)

TOC @ DV Tool (Calc, 75%)

Set CR @ 6859'

Plug #1: ^{6675'}~~6859'~~ - ~~6759'~~
Class B cement, 17 sxs

Gallup Perforations:
6909' - 7620'

5.5", 17#, J-55 Casing set @ 8299'
Cement with 425 sxs (536 cf),

TD 8300'
PBD 8256'