

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

DEC 03 2010

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

Farmington
Bureau of Land Management

5. Lease Serial No.

Contract 464

6. If Indian, Allottee, or Tribe Name

Jicarilla Apache Tribe

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

8. Well Name and No.

Jicarilla 464-29 #716

9. API Well No.

30-*039-29888

10. Field and Pool, or Exploratory Area

Basin Mancos

11. County or Parish, State

Rio Arriba County, New Mexico

SUBMIT IN TRIPLICATE - Other Instructions on page 2.

1. Type of Well

☐ Oil Well

☒ Gas Well

☐ Other

2. Name of Operator

Black Hills Gas Resources

3a. Address

3200 N 1st Street Bloomfield, NM 87413

3b. Phone No. (include area code)

(505) 634-1111

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

665' FNL & 2400 FWL NE/NW (Unit C) Section 29 T30N R3W

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

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Altering Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☒ Plug and abandon

☒ Plug back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-off

☐ Well Integrity

☐ Other

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 of all pertinent markers and zones. 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 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.)

Due to the current uncemented perforated liner in Jicarilla 464-29 #716, BHGR has determined that the well cannot be used as a microseismic monitoring well under existing conditions. Therefore, BHGR plans to plug back the existing wellbore per the attached plug back procedure dated December 1, 2010. After the plug back is completed, BHGR plans to sidetrack and complete the well for use as a microseismic monitoring well. A separate Notice of Intent and supporting documents will be filed in the near future for the sidetrack project.

Notify NMOCD 24 hrs
prior to beginning
operations

RCVD DEC 8 '10
OIL CONS. DIV.
DIST. 3

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

Daniel Manus

Regulatory Technician

Title

Signature

Date

Daniel Manus
December 3, 2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Original Signed: Stephen Mason

Title

Date

DEC 07 2010

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

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, are either shown below, 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 the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment.

NOTICES

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 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The 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 8 hours 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), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

PLUGBACK PROCEDURE

December 1, 2010

Jicarilla 464-29 #716

WC Basin Mancos

665' FNL & 2400' FWL, Section 29, T30N, R3W, Rio Arriba County, New Mexico

API 30-039-29888/ Lat: _____ N Long: _____ W

Note: All cement volumes use 100% excess outside pipe and 50' excess inside unless otherwise noted. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class B, mixed at 15.6 ppg with a 1.18 cf/sx yield.

Surface Csg: 9 5/8, 36# at 330'. TOC at surface.

Intermediate Csg: 7", 23#, N-80 at 6649'. TOC at 660' (CBL).

Prod Liner: 4 1/2", 10.5#, J-55 from 6542' to 8136'.

Production liner was not cemented.

PBTD: 8052'. Fill at 8015'.

Tubing: 215 jts 2 3/8" tbg, SN, muleshoe. EOT 6807'.

Perfs: 8032 - 7609' overall and 6892 - 6660' overall

Proposed Work: Run gyro survey. Set cmt plugs to plug back for proposed re-entry.

Proposed Re-entry: whipstock set at +/-5500', cut window in 7" csg. Drill sidetrack hole.

PLUGBACK PROCEDURE:

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 _____, No X, Unknown _____;
Tubing: Yes X, No _____, Unknown _____, Size 2.375", Length 6807';
Packer: Yes _____, No X, Unknown _____, Type _____.

PU 1220' additional tubing. Lower & tag bottom. TOH with tubing.

4. RU electric wireline and Scientific Drilling. Run gyro survey from PBTD to surface. RD.
5. **Plug #1 (Lower Mancos perforations cmt plug 8015' - 7559')**: mix and spot 95 sxs Class B cement (170% excess, long plug) from 8015' to 7559' to fill the lower Mancos perforations 8032-7609'. PUH to 6000' and reverse circulate casing clean. Squeeze up to 25 sxs into the

perforations, pressure up to maximum 600 PSI. TOH with tubing and WOC. TIH and tag cement minimum at 7559' (50' above top perforation). PUH.

6. **Plug #2 (Upper Mancos perforations cmt plug 6950' to 6492')**: mix and spot 85 sxs Class B cement (50% excess in 4 1/2" liner, 150' excess in 7" csg, long plug) from 6950' to 6492' to fill the upper Mancos perforations 6892-6660' and cover 50' above the 4.5" liner top at 6542'. PUH to 6000' and reverse circulate casing clean. Squeeze up to 20 sxs cement into the perforations, pressure up to maximum 600 PSI. TOH with tubing and WOC. TIH and tag cement minimum at 6492' (50' above 4.5" liner top at 6542'). PUH. Pressure test casing to 800 PSI. If casing does not test then notify Black Hills engineer to discuss how to proceed with plugback.
7. **Plug #3 (Mesaverde top, 5809' – 5709')**: Spot 29 sxs Class B cement inside casing to cover the Mesaverde top.
8. If casing tests then POH and LD tubing. ND BOPs. NU WH. RDMOL.
9. If casing does not test and the decision is made to Plug and Abandon the well then continue to Plug #6.

P&A PROCEDURE:

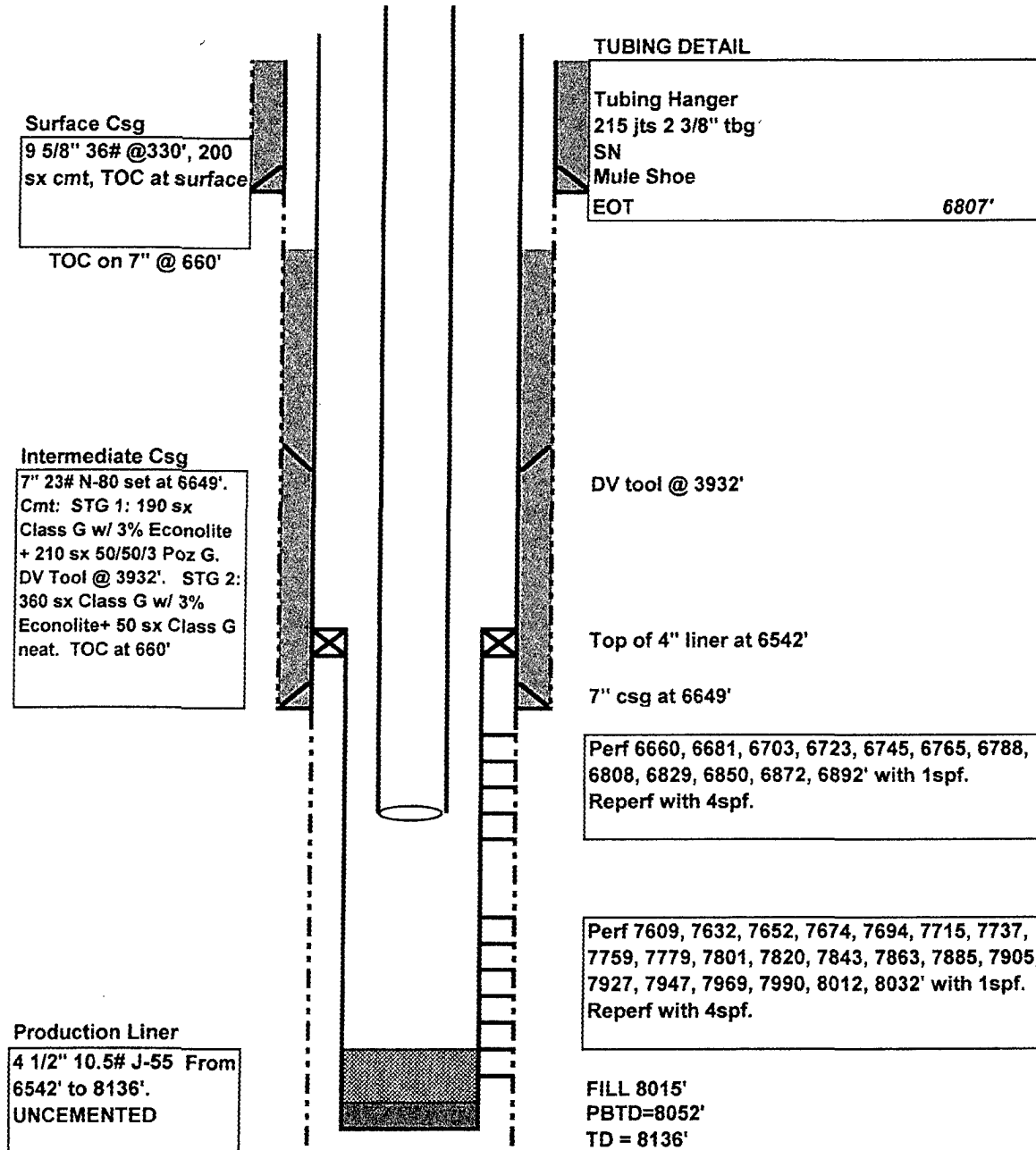
10. **Plug #4 (Fruitland, Kirtland and Ojo Alamo tops, ³²⁵⁷3758' – 3231')**: Spot ¹⁰⁹109 sxs Class B cement inside casing to cover through the Ojo Alamo top. PUH.
11. **Plug #5 (Nacimiento top, ^{2157' 2051'}2404' – 2004')**: Spot 29 sxs Class B cement inside casing to cover the Nacimiento top. TOH and LD tubing.
12. **Plug #6 (9.625" casing shoe and surface, 380 - Surface)**: Perforate 3 squeeze holes at 380'. Establish circulation out bradenhead with water and circulate the BH annulus clean. RIH with tubing to 380'. Mix and pump 125 sxs Class B cement from 3800' to surface, circulate good cement out casing and bradenhead. TOH and LD tubing. SI well and WOC.
13. 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.

Black Hills Gas Resources, Inc.
Jicarilla 464-29 #716
CURRENT WELLBORE DIAGRAM

API # 30-039-29888
UNIT C NE NW, Sec 29 T30N, R03W Rio Arriba, NM
Spud Date 11-24-2006

11/19/2010

Elev. GL= 7263'
Elev. KB= 7276'

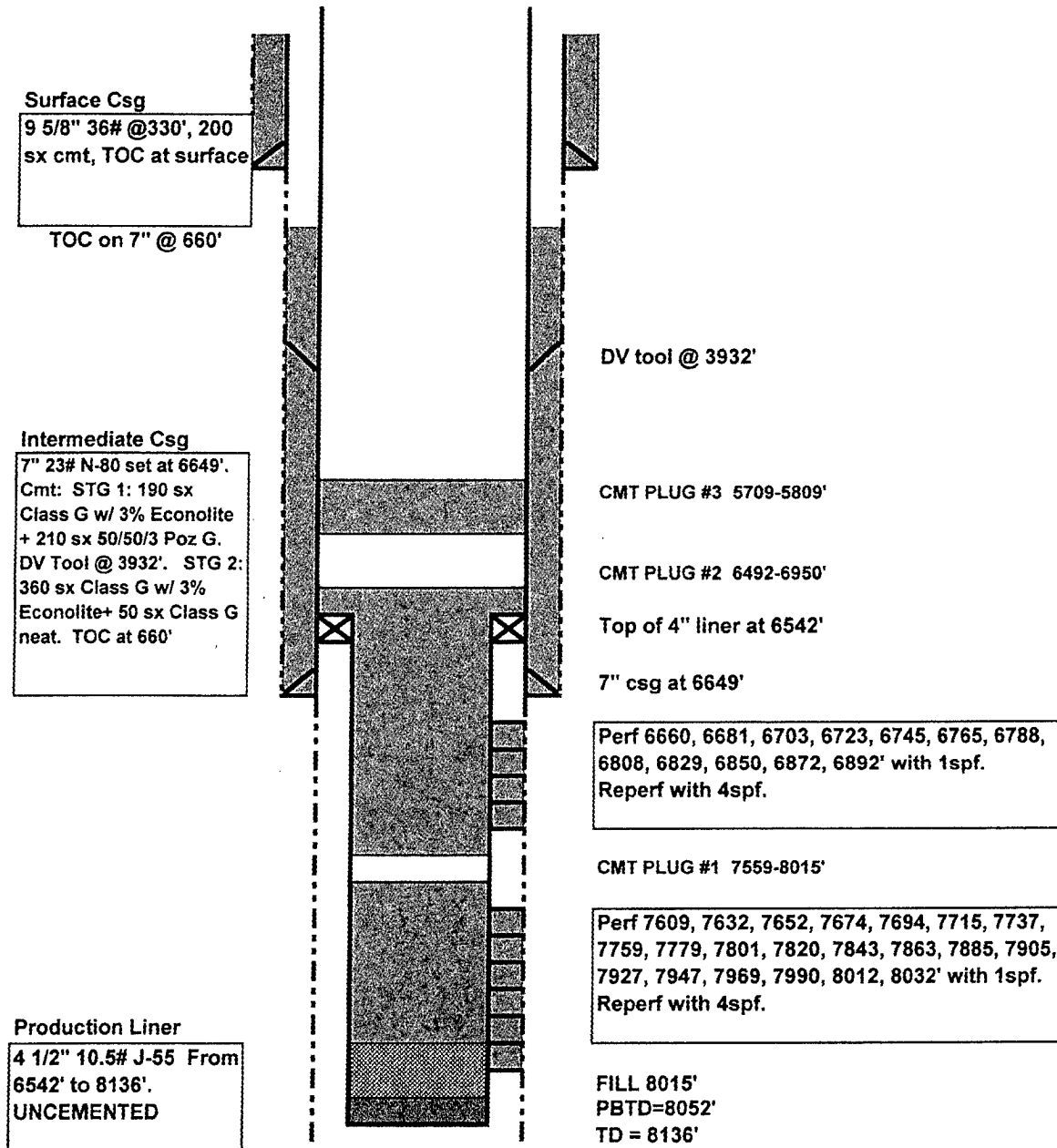


Black Hills Gas Resources, Inc.
Jicarilla 464-29 #716
PROPOSED WELLBORE DIAGRAM

API # 30-039-29888
UNIT C NE NW, Sec 29 T30N, R03W Rio Arriba, NM
Spud Date 11-24-2006

12/1/2010

Elev. GL= 7263'
Elev. KB= 7276'



**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: 716 Jicarilla 464-29

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 Pictured Cliffs/Fruitland/Kirtland/Ojo Alamo plug from 3854' – 3231'.
 - b) Place the Nacimiento plug from 2151' – 2051'.
 - c) You are required to have H2S monitoring equipment and personnel on location during plugging operations.

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.

