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Form 3160-5
(August 2007)

Farmington Field Office
Bureau of Land Management

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

SUBMIT IN TRIPLICATE - Other Instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. Jicarilla Contract 459
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	3b. Phone No. (include area code) (505) 634-5104	7. If Unit or CA. Agreement Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1658' FNL & 1901' FEL SW/NE Section 18 T30N R3W (UL: G)		8. Well Name and No. Jicarilla 459 #3
		9. API Well No. 30-039-24306
		10. Field and Pool, or Exploratory Area E. Blanco PC & Cabresto Cyn Tertiary
		11. County or Parish, State Rio Arriba County, New Mexico

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

Black Hills Gas Resources intends to plug and abandon Jicarilla 459 #3 per attached procedure. BHGR will use a close-loop system

Attachments;
P&A proposed procedure
Reclamation plan

Notify NMOCD 24 hrs
prior to beginning
operations.

OIL CONS. DIV DIST. 3

SEP 24 2015

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS

SEE ATTACHED FOR CONDITIONS OF APPROVAL

H₂S POTENTIAL EXIST FEDERAL AND INDIAN LANDS

14. I hereby certify that the foregoing is true and correct. Name (Printed/ Typed) **Daniel Manus** Title **Regulatory Technician II**

Signature *Daniel Manus* Date *September 14, 2015*

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **Abdelgadir Elmadani** Title **PE** Date **09/18/15**

Office **FFO**

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

XC

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PLUG AND ABANDONMENT PROCEDURE

July 10, 2015

Jicarilla 459 #3

East Blanco Pictured Cliffs/Cabresto Canyon Tertiary
1658' FNL, 1901' FEL, Section 18, T30N, R3W, Rio Arriba County, NM
API 30-039-24306 / Long: _____ / Lat: _____

1. This project will use 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 2-3/8", Length 3655'.
Packer: Yes X, No _____, Unknown _____, Type Model R @ 3553'.
PU on tubing and release packer. TOH and LD packer. If packer dragged coming out of hole then RIH with scraper. If packer came out of hole free then proceed to Plug #1.

NOTE: BLM requires a CBL log to be run on all wells where the cement did not circulate to surface and a CBL log was not previously run. This procedure is prepared with the understanding that it may be modified based on the TOC from the CBL.

4. **Plug #1 (Pictured Cliffs interval, Fruitland, Kirtland and Ojo Alamo interval, 3607' – 3036')**: Run gauge ring if scraper not run. RIH and set 4.5" wireline CIBP at 3607'. Run CBL. Note: This plug may be modified based on CBL. Mix 62 sxs Class B cement and spot plug inside the casing above the CIBP to isolate the PC, fill the Ojo Alamo perforations (note: 100% excess over Ojo Alamo perforations) and cover the Fruitland, Kirtland and Ojo Alamo tops. PUH and WOC. TIH and tag cement 50' above top of Ojo Alamo. If necessary top off cement. Pressure test casing to 800 psi. If casing does not test then spot or tag subsequent plugs as appropriate.
5. **Plug #2 (Nacimiento top, 2028' – 1928')**: Mix 12 sxs Class B cement and spot a balanced plug inside the casing to cover the Nacimiento top. TOH.
6. **Plug #3 (8-5/8" Surface casing shoe, 187' - Surface)**: Attempt to pressure test the bradenhead annulus to 300 psi, note the volume to load. If BH annulus holds pressure, then establish circulation out casing valve with water. Mix approximately 20 sxs cement and spot balanced plug from 187' to surface, circulate good cement out casing valve. TOH and LD tubing. Shut in well and WOC. If BH annulus does not test, then perforate at the appropriate depth and attempt to circulate cement to surface filling the casing from 187' and the annulus from the squeeze holes to surface. Shut in well and WOC.
7. ND BOP and cut off wellhead. Fill annuli with cement as necessary. Install P&A marker to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD, MOL and cut off anchors. Restore location per BLM stipulations

Jicarilla 459 #3

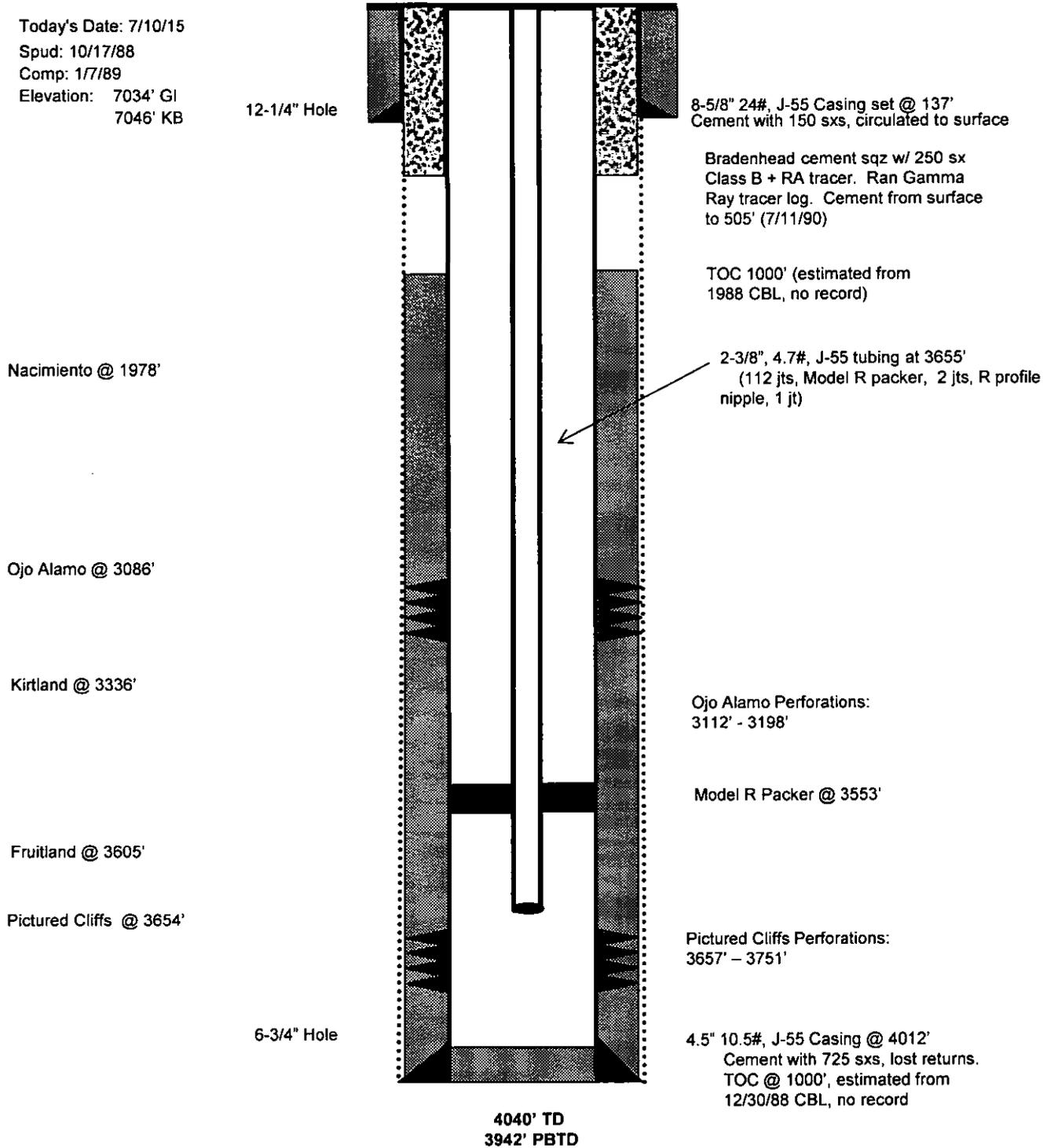
Current

East Blanco Pictured Cliffs / Cabresto Canyon Tertiary

1658' FNL & 1901' FEL, Section 18, T-30-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-24306

Today's Date: 7/10/15
Spud: 10/17/88
Comp: 1/7/89
Elevation: 7034' GI
7046' KB



Jicarilla 459 #3

Proposed P&A

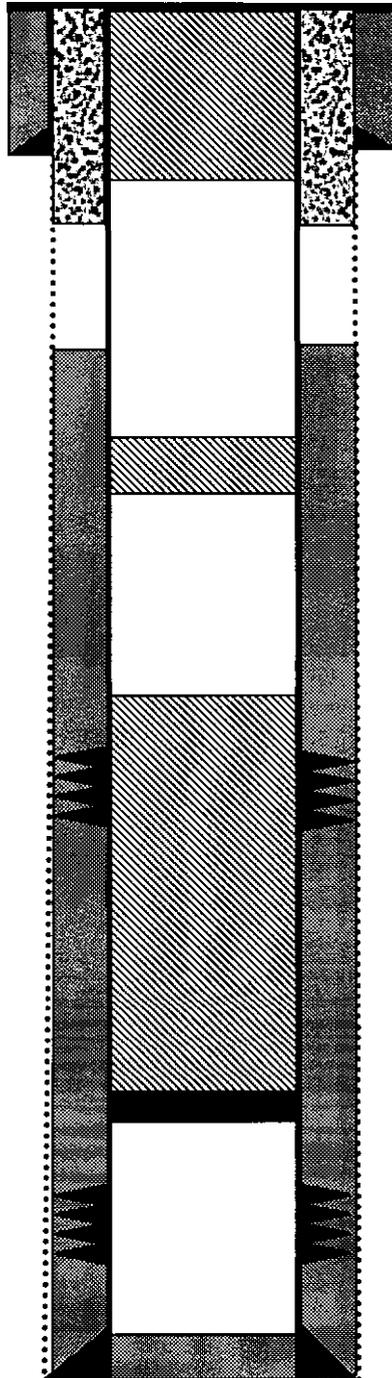
East Blanco Pictured Cliffs / Cabresto Canyon Tertiary

1658' FNL & 1901' FEL, Section 18, T-30-N, R-3-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-24306

Today's Date: 7/10/15
Spud: 10/17/88
Comp: 1/7/89
Elevation: 7034' GI
7046' KB

12-1/4" Hole



Plug #3: 187' - 0'
Class B cement, 20 sxs

8-5/8" 24#, J-55 Casing set @ 137'
Cement with 150 sxs, circulated to surface

Bradenhead cement sqz w/ 250 sx
Class B + RA tracer. Ran Gamma
Ray tracer log. Cement from surface
to 505' (7/11/90)

TOC 1000' (estimated from
1988 CBL, no record)

Plug #2: 2028' - 1928'
Class B cement, 12 sxs

Nacimiento @ 1978'

Ojo Alamo @ 3086'

Ojo Alamo Perforations:
3112' - 3198'

Plug #1: 3607' - 3036'
Class B cement, 62 sxs
Note: 100% excess over open
perfs

Kirtland @ 3336'

Fruitland @ 3605'

Set wireline CIBP @ 3607'

Pictured Cliffs @ 3654'

Pictured Cliffs Perforations:
3657' - 3751'

6-3/4" Hole

4.5" 10.5#, J-55 Casing @ 4012'
Cement with 725 sxs, lost returns.
TOC @ 1000', estimated from
12/30/88 CBL, no record

4040' TD
3942' PBTD

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: Jicarilla 459 #3

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Leases."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.
3. The following modifications to your plugging program are to be made:
 - a) Bring the top of plug #2 to 1870 ft. to cover the Nacimiento top. Adjust cement volume accordingly.

Operator will run a CBL to verify cement top. Submit electronic copy of the log for verification to the following addresses: tsalyers@blm.gov Brandon.Powell@state.nm.us

Note: Operator reports very high concentrations of H₂S (1844 ppm GSV) at this wellsite. High to very high concentrations of H₂S (135 ppm-3000 ppm GSV) have been reported in several wells which produce gas from the San Jose, Nacimiento and Ojo Alamo formations within a 1 mile radius of this location. It is imperative that H₂S monitoring and safety equipment be on location during the P&A operations at this wellsite.

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.