

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	2. Name of Operator <b>Black Hills Gas Resources, Inc.</b> c/o Mike Pippin LLC (Agent)	5. Lease Serial No. Jicarilla Contract 464
3a. Address <b>3104 N. Sullivan Farmington NM 87401</b>	3b. Phone No. (include area code) <b>505-327-4573</b>	6. If Indian, Allottee, or Tribe Name Jicarilla Apache Tribe
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>1890' FSL &amp; 980' FEL (NESE) Unit I Sec. 32, T30N-R03W</b>		7. If Unit or CA. Agreement Name and/or No. 22185
		8. Well Name and No. <b>Jicarilla 464-32 #15</b>
		9. API Well No. <b>30-039-29305</b>
		10. Field and Pool, or Exploratory Area <b>East Blanco PC &amp; Cab Cyn Tertiary</b>
		11. County or Parish, State <b>Rio Arriba, NM</b>

**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 checked="" type="checkbox"/> Other <u>DHC</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and abandon	<input type="checkbox"/> Temporarily Abandon	<u>APPLICATION</u>
	<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 be 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 requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) & Cabresto Canyon Tertiary (97037), which are both included in the pre-approved pools established by State Division Order R-11363. Both intervals have common ownership & produce essentially dry gas. We have not experienced any significant cross flows between these two intervals, & all the fluids are compatible. Downhole commingling will improve recovery of liquids & gas, eliminate redundant surface equipment, & maximize productivity. Notice has been filed concurrently on form C-103 with the State.

These Gas & Oil allocations are based on metered tests taken during rig operations on 8/9/05, in which the Tertiary flowed 255 MCF/D & the PC flowed 235 MCF/D. See attached calculations. This Tertiary pool does not produce oil.

GAS: Pictured Cliffs	48%	OIL: Pictured Cliffs	100%
GAS: Tertiary	52%	OIL: Tertiary	0%

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

<b>Mike Pippin</b>	Title <b>Agent - Petr. Engr.</b>
Signature <i>Mike Pippin</i>	Date <b>June 28, 2006</b>

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by <i>Joe Hewitt</i>	Title <b>Geologist</b>	Date <b>7-12-06</b>
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 <b>FFO</b>	

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.

NMOC

BLACK HILLS GAS RESOURCES, INC.  
JICARILLA 464-32 #15 PC/TERTIARY  
I Section 32 T30N R03W  
6/27/2006

**Commingle Allocation Calculations**

**OIL**

The Cabresto Canyon Tertiary gas pool does not make any oil in the vicinity of the subject well. The East Blanco Pictured Cliffs gas pool does produce a little oil. Therefore, any and all oil will be assigned to the Pictured Cliffs.

**GAS**

During completion operations on 8/9/2006, a stabilized test was taken on the East Blanco, Pictured Cliffs and on 8/29/2006, a stabilized test was taken on the Cabresto Canyon, Tertiary.

Flow gas test on Pictured Cliffs: 235 MCF/D.

Flow gas test on Tertiary: 255 MCF/D.

Total gas = 235 + 255 = 490 MCF/D

$$\% \text{ Pictured Cliffs} = \frac{235}{490} = 48\%$$

$$\% \text{ Tertiary} = \frac{255}{490} = 52\%$$