Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

2006 JUL 27 PM 2 44
070 FARMINGTON NM

SUBMIT IN TRIPLICATE – Other instructions on reverse side

5. Lease Serial No.
Jicarilla Contract 457

6. If Indian, Allottee or Tribe Name
Jicarilla Apache Tribe

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

AUG 2006 RECEIVED OIL CONS. DIV. DIST. 3

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
Jicarilla 457-10 #44

2. Name of Operator
Black Hills Gas Resources, Inc. c/o Mike Pippin LLC (Agent)

9. API Well No.
30-039-29321

3a. Address
3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. *(include area code)*
505-327-4573

10. Field and Pool, or Exploratory Area
E. Bl. PC, Basin FRTC, Cabresto Canyon Tertiary
AND
Rio Arriba County, New Mexico

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
990' FSL & 520' FEL Unit P
Sec. 10, T30N, R03W

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Downhole Commingle Application
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operations (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 recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with 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 Notices 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.)

"This is part of the Permit Clean-up program for Black Hills."

BLACK HILLS requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400), Basin Fruitland Coal (71629), and the Cabresto Canyon Tertiary (97037).

All 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-107A with the State.

These Gas & Oil allocations are based on choke tests taken during rig operations in June & July 2005, in which the PC flowed 589 MCF/D, the FRTC flowed 102 MCF/D, & the Tertiary flowed 8 MCF/D. See attached calculations. The FRTC & Tertiary pools do not produce oil.

GAS:	Pictured Cliffs	84%	OIL:	Pictured Cliffs	100%
GAS:	Fruitland Coal	15%	OIL:	Fruitland Coal	0%
GAS:	Tertiary	1%	OIL:	Pictured Cliffs	0%

Dhc 3755

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*	Title
Mike Pippin	Petr. Engr. (Agent)
Signature: Mike Pippin	Date: July 25, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Joe Hewitt	Geo	8-3-06

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 FFO

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 457-10 #44 PC / FRTC / TERTIARY
P Section 10 T30N R03W
7/25/2006
API#: 30-039-29321

Commingle Allocation Calculations

OIL

The Cabresto Canyon Tertiary and the Basin Fruitland Coal gas pools do 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 in June and July 2005, stabilized and segregated gas choke tests were taken on the PC, the FRTC, and the Tertiary.

The **Lower Pictured Cliffs** choke test stabilized at 120 psi on a 1/4" choke for a 5 hour period on 6/5/05.

Q = .0555*C*P C= coefficient for 1/4" choke = 26.51
P = gauge pressure + 15 psi = 135 psi.

Q = .0555*26.51*135 = 199 MCF/D.

The **Upper Pictured Cliffs** choke test stabilized at 250 psi on a 1/4" choke for a 4 hour period on 6/11/05.

Q = .0555*C*P C= coefficient for 1/4" choke = 26.51
P = gauge pressure + 15 psi = 265 psi.

Q = .0555*26.51*265 = 390 MCF/D.

Total Pictured Cliffs = 199 + 390 = 589 MCF/D

The **Fruitland Coal** choke test stabilized at 15 psi on a 3/8" choke on 6/16/05.

Q = .0555*C*P C= coefficient for 3/8" choke = 61.21
P = gauge pressure + 15 psi = 30 psi.

Total Fruitland Coal = Q = .0555*61.21*30 = 102 MCF/D.

The **Tertiary** choke test stabilized at 10 psi on a 1/8" choke on 7/5/05.

Q = .0555*C*P C= coefficient for 1/4" choke = 6.25
P = gauge pressure + 15 psi = 25 psi.

Total Tertiary = Q = .0555*6.25*25 = 8 MCF/D.

Total gas = 589 + 102 + 8 = 699 MCF/D.

% Pictured Cliffs=589/699=84% **%FRTC=102/699=15%** **% Tertiary=8/699=1%**