

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

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

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

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
555' FSL & 1650' FEL O Sec. 4 T28N R2W

5. Lease Serial No.
MDA 701-98-0013

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

7. If Unit or CA/Agreement, Name and/or No.
AUG 2006

8. Well Name and No.
Jicarilla 28-02-04 #43

9. API Well No.
30-039-29312

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

12. CHECK APPROPRIATE BOX(ES) 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"/> Alter 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 DHC APPLICATION
	<input type="checkbox"/> Change Plans <input 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 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 recomple 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 commingling the ~~Burro~~ Canyon Tertiary (97035) & Basin Fruitland Coal (71629).

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 was filed on form C-103 to commingle these intervals with the State and approved by the State on 8/3/05 (DHC 1949AZ).

These Gas & Oil allocations are based on tests taken during completion operations in March 2005, in which the FRTC flowed 10 MCF/D & the Tertiary flowed 20 MCF/D. See attached calculations. Neither of these gas pools produce oil.

GAS:	Tertiary Cliffs	67%	OIL:	Pictured Cliffs	50%
GAS:	Fruitland Coal	33%	OIL:	Fruitland Coal	50%

DHC 1949AZ

Permit

Name (Printed/Typed)	Title
Mike Pippin	Petr. Engr. (Agent)
Signature	Date
<i>Mike Pippin</i>	August 7, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
<i>Joe Hunt</i>	Geo	8-9-06
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	
	FFD	

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

U103 Supplemental Information

Jicarilla 28-02-04 #43

Production and Pressure Data

Basin Fruitland Coal and Burro Canyon Tertiary Formations

The Fruitland Coal formation was perforated at intervals 3606'-3608' - 3612' - 3618' - and 3628' - 3630 with 4 jspf. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the San Jose formation at mid-perforation is 1274 psi with a fracture gradient of 0.80 psi/ft. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the Fruitland Coal formation at mid-perforation is 3075 psi with a fracture gradient of 0.85 psi/ft. After fracture stimulation and clean up the San Jose formation was flow tested for twenty-four hours, 20 MCFPD.

The Fruitland Coal formation was perforated at intervals 3556' - 3560' and 3597' - 3605' with 4 jspf. The Fruitland Coal Basin was not fracture stimulated. A stabilized flow test was conducted for twenty-four hours, 10 MCFPD.

The allocation method that has been agreed upon between Black Hills Gas Resources, Inc. and the Jicarilla Apache Nation is to use a percent based on the initial test for allocation of the produced volumes from the downhole commingled formations. In summary, the following calculations reflect the allocation percentages for the subject well.

Formation Name	Gas Flow Rate (MCFPD)	Water Rate (BWPD)	Allocation Factor
Burro Canyon Tertiary	20		67%
Fruitland Coal	10		33%
Total	30		100%