

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

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.

8. Well Name and No.

JICARILLA 30-03-27 #1

9. API Well No.

30-039-26099

10. Field and Pool, or Exploratory Area

E. Blanco PC & Cabresto Canyon Tertiary

11. County or Parish, State

Rio Arriba County, New Mexico

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

c/o: Pippin, 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)

847' FSL & 855' FEL (P) SEC. 27, T30N, R3W

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 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 Black Hills Permit Clean-up Program.

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 choke tests taken during rig operations in November 2005 and October 2000, in which the PC flowed 435 MCF/D & the Tertiary flowed 125 MCF/D respectively. See attached calculations. The Tertiary does not produce oil.

GAS:	Pictured Cliffs	78%	OIL:	Pictured Cliffs	100%
GAS:	Tertiary	22%	OIL:	Tertiary	0%

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

September 4, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Joe Hewitt

Title

Geo

Date

9-11-06

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.

(Instructions on reverse)

NMOC

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 30-03-27 #1 PC/TERTIARY
P Section 27 T30N R3W
9/4/2006
API#: 30-039-26099

Commingle Allocation Calculations

OIL

The Cabresto Canyon Tertiary gas pool does not make any oil in the vicinity of the subject well. Therefore, all oil will be allocated to the PC.

GAS

During completion operations in October 2000 and November 2005, stabilized gas tests were taken from both the PC and the Tertiary.

The Pictured Cliffs (only) choke test stabilized at 15 psi on a 3/4" choke for a 12 hour period on 11/21/05.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 3/4" \text{ choke} = 260.99 \\ P = \text{gauge pressure} + 15 \text{ psi} = 30 \text{ psi} \end{array}$$

$$Q = .0555 \cdot 260.99 \cdot 30 = 435 \text{ MCF/D.}$$

The Tertiary (only) choke test stabilized at 5 psi on a 1/2" choke for a 24 hour period on 10/17/00.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/2" \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 20 \text{ psi} \end{array}$$

$$Q = .0555 \cdot 112.72 \cdot 20 = 125 \text{ MCF/D.}$$

$$\text{Total gas} = 435 + 125 = 560 \text{ MCF/D.}$$

$$\% \text{ PC} = \frac{435}{560} = 78\%$$

$$\% \text{ Tertiary} = \frac{125}{560} = 22\%$$