

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.

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

5. Lease Serial No.

Jicarilla Contract 451

6. If Indian, Allottee or Tribe Name

Jicarilla Apache Tribe

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

17-55

RCVD OCT 20 '05
OIL CONS. DIV.

DIST. 3

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)

1800' FNL & 745' FWL Unit E
Sec. 3, T29N, R03W

8. Well Name and No.

Jicarilla 451-03 #21

9. API Well No.

30-039-29267

10. Field and Pool, or Exploratory Area

Cabresto Canyon Tertiary, Basin
FRTC, East Blanco PC

AND

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 Submit
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Commingle
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> Allocations

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 recompleate 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 recompleation 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.

This well has been producing commingled from the Pictured Cliffs, Fruitland Coal, and the Tertiary since its first delivery on 3/8/05 with **DHC-3454**. As requested, Black Hills Gas Resources has calculated allocation percentages for each interval.

These Gas & Oil allocations are based on choke tests taken during rig operations in January & February 2005, in which the PC tested 250 MCF/D, the FRTC tested 579 MCF/D, & the Tertiary tested 53 MCF/D. See attached calculations. The FRTC & Tertiary pools do not produce oil.

GAS:	Pictured Cliffs	28%	OIL:	Pictured Cliffs	100%
GAS:	FRTC	66%	OIL:	FRTC	0%
GAS:	Tertiary	6%	OIL:	Tertiary	0%

Permit	
Name (Printed/Typed)	Title
Mike Pippin	Petr. Engr. (Agent)
Signature	Date
<i>Mike Pippin</i>	October 18, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
<i>Joe Hewitt</i>	Geo	10-20-06
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)

NMOCD

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 451-03 #21 PC/FRTC/TERTIARY
E Section 3 T29N R03W
10/18/2006

Commingle Allocation Calculations

DHC-3454

OIL

The Basin Fruitland Coal and Tertiary gas pools do not make oil in this portion of San Juan Basin. Therefore, any and all oil will be assigned to the Pictured Cliffs.

GAS

During completion operations, stabilized choke tests were individually taken for the Pictured Cliffs, the Fruitland Coal, and the Tertiary gas pools.

The Pictured Cliffs (only) choke test stabilized at 25 psi on a 1/2" choke for a 24 hour period on 1/15/05.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/2" \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 40 \text{ psi.} \end{array}$$
$$Q = .0555 \cdot 112.72 \cdot 40 = \mathbf{250 \text{ MCF/D.}}$$

The Fruitland Coal (only) choke test stabilized at 25 psi on a 3/4" choke for a 12 hour period on 1/20/05.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 3/4" \text{ choke} = 260.99 \\ P = \text{gauge pressure} + 15 \text{ psi} = 40 \text{ psi.} \end{array}$$
$$Q = .0555 \cdot 260.99 \cdot 40 = \mathbf{579 \text{ MCF/D.}}$$

The Tertiary (only) choke test stabilized at 21 psi on a 1/4" choke for a 10 hour period on 2/21/05.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/4" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 36 \text{ psi.} \end{array}$$
$$Q = .0555 \cdot 26.51 \cdot 36 = \mathbf{53 \text{ MCF/D.}}$$

$$\text{Total gas} = 250 + 579 + 53 = 882 \text{ MCF/D.}$$

$$\% \text{ Pictured Cliffs} = \frac{250}{882} = 28\%$$

$$\% \text{ Fruitland Coal} = \frac{579}{882} = 66\%$$

$$\% \text{ Tertiary} = \frac{53}{882} = 6\%$$