

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

RCVD DECTO6
OIL CONS. DIV.

5. Lease Serial No.

Jicarilla Contract 457

6. If Indian, Allottee or Tribe Name

1004 Jicarilla Apache Tribe

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

070 FARMINGTON NM

8. Well Name and No.

Jicarilla 457 #1

9. API Well No.

30-039-24106

10. Field and Pool, or Exploratory Area

Cabresto Canyon Tertiary &
East Blanco Pictured Cliffs

AND

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

3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)

505-327-4573

1450' FSL & 1190' FWL Unit (L)

Sec. 9, 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 Commingle 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 my 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 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 in July & August 2005, in which the Tertiary flowed 40 MCF/D & the PC flowed 50 MCF/D. See attached calculations. This Tertiary pool does not produce oil.

GAS:	Pictured Cliffs	56%	OIL:	Pictured Cliffs	100%
GAS:	Tertiary	44%	OIL:	Tertiary	0%

No Oil yet

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

December 4, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Joe Hewitt

Title

Geo

Date

12-5-06

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

FDD

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 8

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 457 #1 PC/TERTIARY
L Section 9 T30N R3W
12/4/2006
API#: 30-039-24106

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 workover operations in July and August 2005, stabilized gas tests were taken on-line from both the PC and the Tertiary.

The Pictured Cliffs (only) tested on-line for 2 hours on 8/1/05 for 50 MCF/D.

The Tertiary (only) tested on-line for 2 hours on 8/1/05 for 40 MCF/D.

Total gas = 50 + 40 = 90 MCF/D.

$$\% \text{ PC} = \frac{50}{90} = 56\%$$

$$\% \text{ Tertiary} = \frac{40}{90} = 44\%$$