

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUL 31 2008

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

5. Lease Serial No.
MDA 701-98-0013 Tract 2

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

7. If Unit or CA/Agreement, Name and/or No.
RCVD AUG 4 '08
OIL CONS. DIV.
DIST. 3

8. Well Name and No.
JICARILLA 29-02-28 #13

9. API Well No.
30-039-29421

10. Field and Pool, or Exploratory Area
Burro Canyon Tertiary &
East Blanco Pictured Cliffs

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)
115' FNL 2195' FEL (B) Sec. 28 T29N R02W

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 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.)

BLACK HILLS requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) & Burro Canyon Tertiary (97035), 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 completion operations in March 2006, in which the PC averaged 80 MCF/D & the Tertiary flowed 154 MCF/D. See attached calculations. The Tertiary pool does not produce oil.

GAS:	Pictured Cliffs	34%	OIL:	Pictured Cliffs	100%
GAS:	Tertiary	66%	OIL:	Tertiary	0%

DE 2921 AZ

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

Name (Printed/Typed) Mike Pippin	Title Petr. Engr. (Agent)
Signature <i>Mike Pippin</i>	Date July 31, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>Joe Hunt</i>	Title GCC	Date 8-1-08
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 *88*

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 29-02-28 #13 PC / Tertiary
B Section 28 T29N R02W
7/31/08

Commingle Allocation Calculations

OIL

The Burro Canyon Tertiary gas pool does 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

The Tertiary was tested on 3/20/06 at 90 psi on a 1/4" choke for 154 MCF/D.

$$Q = .0555 * C * P \quad C = \text{coefficient for } 1/4" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 105 \text{ psi}$$

$$Q = .0555 * 26.51 * 105 = \underline{154 \text{ MCF/D}} = \text{Tertiary.}$$

The Pictured Cliffs was tested on 3/10/06 on a 3/16" choke at 85 psi for 80 MCF/D.

$$Q = .0555 * C * P \quad C = \text{coefficient for } 3/16" \text{ choke} = 14.44 \\ P = \text{gauge pressure} + 15 \text{ psi} = 100 \text{ psi}$$

$$Q = .0555 * 14.44 * 100 = \underline{80 \text{ MCF/D}} = \text{Pictured Cliffs.}$$

Total gas is $154 + 80 = 234 \text{ MCF/D}$

$$\% \text{ Pictured Cliffs} = \frac{80}{234} = 34\%$$

$$\% \text{ Tertiary} = \frac{154}{234} = 66\%$$