

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.

OCT 06

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

| | |
|---|--|
| 5. Lease Serial No. | 008 NM-18316 |
| 6. If Indian, Allottee or Tribe Name | RCVD OCT 9 '08 |
| 7. If Unit or CA/Agreement, Name and/or No. | OIL CONS. DIV. DIST. 3 |
| 8. Well Name and No. | Carson 29-04-11 No. 2 |
| 9. API Well No. | 30-039-20649 |
| 10. Field and Pool, or Exploratory Area | Chosa Mesa Pictured Cliffs AND Rio Arriba County, New Mexico |

SUBMIT IN TRIPLICATE - Other instructions on reverse side

| | |
|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> 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) Surface: 1770' FNL & 944' FEL Unit H Sec. 11, T29N, R4W | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION |
|---|---|
| <input 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 checked="" 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 SQ Up. PC Lateral |
| | <input checked="" type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Drill Lower PC Lateral |
| | <input type="checkbox"/> Convert to Injection <input checked="" type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> Run Liner & Tubing |

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 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.)

9/18/08: MI drilling rig. CO to MD3826'. W/pkr @ 3686', Sq upper lateral w/50 sx "G" cmt in two stages. W/pkr @ MD3686' sq upper lateral w/250 sx "G" cmt in 8 stages. Drilled cmt to 3730'. Top of whipstock window @ 3705'. Drilled cmt & formation to MD3847'. Spotted cmt plug MD3847'-3705' w/14 sx type V cmt. Tagged cmt @ MD3832' & pumped 30 sx "G" cmt. Drilled 4-3/4" lower PC lateral through existing window in 5-1/2" csg @ 3705'-3718' to MDTD7322' on 10/2/08. On 10/5/08, landed 2-7/8" 8.7# N-80 liner @ 7322' w/on/off tool @ 3667'. Liner included 9 pre-perfed joints w/ 28-0.94" holes in each joint & tops @ 7291', 6843', 6395', 5955', 5516', 5076', 4626', 4177', 3697'. Landed 2-3/8" 4.7# J-55 tbq @ 3638'. Released drilling rig on 10/6/08.

| | |
|----------------------|----------------------------|
| Permit | |
| Name (Printed/Typed) | Title |
| Mike Pippin | Petroleum Engineer (Agent) |
| Signature | Date |
| <i>Mike Pippin</i> | October 6, 2008 |

THIS SPACE FOR FEDERAL OR STATE USE

| | | |
|---|--------|------|
| Approved by | Title | Date |
| 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 | |

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)

ACCEPTED FOR RECORD

OCT 07 2008

FARMINGTON FIELD OFFICE

NMOCD

10/14