

RECEIVED

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 12 2009

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLING
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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		5. Lease, Serial No. Jicarilla 458
2. Name of Operator Black Hills Gas Resources		6. If Indian, Allottee, or Tribe Name Jicarilla Apache Nation
3a. Address 3200 N 1st Street PO Box 249 Bloomfield, NM 87413	3b. Phone No. (include area code) 505-634-1111 ext 27	7. If Unit or CA. Agreement Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surface Location: 2,255' FNL 745' FEL Sec 8 T30N R3W SE/NE Unit H Bottom Hole: 1,832' FNL 1,786' FEL Sec 9 T30N R3W SW/NE Unit G		8. Well Name and No. Jicarilla 458-08 #124
		9. API Well No. 30-039-03169 30169
		10. Field and Pool, or Exploratory Area Cabresto Canyon Tertiary
		11. County or Parish, State Rio Arriba, NM

CHECK APPROPRIATE BOX(S) 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"/> Altering 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 Converting
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and abandon	<input type="checkbox"/> Temporarily Abandon	undrilled vertical well
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug back	<input type="checkbox"/> Water Disposal	to horizontal well

13. Describe Proposed or Completed Operation (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 recompleat horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and sands. Attach the Bond under which the work will be performed or provide the Bond No. on file with the 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 recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamantion, have been completed, and the operator has determined that the site is ready for final inspection.)

The Jicarilla 458-08 #124 was approved as a Dakota (DK) well, with an API number 30-039-30169. After evaluation of data from surrounding wells in the area, Black Hills Gas Resources (BHGR) has determined that this undrilled vertical well is best drilled into the Ojo Alamo (OA) Formation as a horizontal well. BHGR is submitting an updated drilling plan and a revised C102, to change the well from a vertical DK well to a horizontal OA well.

Surface disturbance will not change for the initial APD, therefore the Surface Use Plan will not be updated or modified.

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

HOLD C104 FOR NSL, Directional Survey, L, Gas Drilled C-102



H₂S POTENTIAL EXIST

RCVD MAR 30 '09
OIL CONS. DIV.
DIST 2

14. Should include reasons for the abandonment; data on any former or Name (Printed/ Typed)

Name (Printed/ Typed) Daniel Manus	Title Regulatory Technician
Signature <i>Daniel Manus</i>	Date March 3, 09

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Troy L Salvors	Title Petroleum Engineer	Date 3/26/2009
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 FFO	

Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.
(Instructions on page 2)

NMOCD

Current NMOCD rules and regulations must be met at time of drilling

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this

form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or

present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c); and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3 - 2, 3162.3 - 3, 3162.3 - 4.

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

YOUR COMMENTS, ETC.

BLM would like you to know that you, do not, have to respond to this or any other Federal agency -sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 25 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau information Collection Clearance Officer, (WO-630), Mail Stop 401 LS, 1849 C St., N.W., Washington D.C. 20240

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Black Hills Gas Resources

Jicarilla 458-08 #124

Surface: 2,255' FNL 745' FEL (SE/NE)

Sec.8 T30N R3W

Bottom Hole: 2,520 FNL 1,980 FEL (SW/NE)

Sec.9 T30N R3W

Rio Arriba County, New Mexico

Lease: Contract 458

DRILLING PROGRAM

(Per Rule 320)

This Application for Permit to Drill (APD) was initiated under the NOS process as stated in Onshore Order No. 1 and supporting Bureau of Land Management (BLM) documents. This NOS process includes an onsite meeting which was held on October 26, 2006 as determined by Bureau of Indian Affairs (BIA) and Jicarilla Oil & Gas Administration (JOGA) and at which time the specific concerns of Black Hills Gas Resources (BHGR), BIA, and JOGA were discussed.

This well was originally permitted and approved as a vertical Dakota well. This new drilling plan addresses changing the un-drilled well to a horizontal Ojo Alamo well.

SURFACE FORMATION – San Jose

GROUND ELEVATION – 7,120'

ESTIMATED FORMATION TOPS - (Water, oil, gas and/or other mineral-bearing formations)

San Jose	Surface TVD	Surface TMD	Sandstone, shales & siltstones
Nacimiento	1,952' MD	1,952' FVD	Sandstone, shales & siltstones
Ojo Alamo	3,120' MD	3,679' FVD	Sandstone, shales & siltstones

TOTAL DEPTH **6,762' MD 3,122' TVD**

Estimated depths of anticipated fresh water, oil, or gas:

San Jose	Surface TVD	Surface TMD	Gas, water, sand
Nacimiento	1,952' MD	1,952' FVD	Gas, water, sand
Ojo Alamo	3,120' MD	3679' FVD	Gas, water, sand

HORIZONTAL DRILLING PROGRAMKick Off Point is estimated to be $\pm 2158'$ TVD**CASING PROGRAM**

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0'-275'	12-1/4"	9 5/8"	J-55 36# ST&C	+/-140 sxs Standard Type II cement
275'-3774'	8-3/4"	7"	J-55 23# LT&C	+/- 410 sxs lite or 65:35 poz and +/- 300 sxs 50:50 poz
3774'-6762'	6-1/8"	4-1/2"	J-55 10.5# LT&C	Un-cemented Retrievable Liner

* Actual cement volume to be determined by caliper log.

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and protected.

PRESSURE CONTROL

BOPs and choke manifold will be installed and pressure tested before drilling out under surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventors and related pressure control equipment will be pressure tested to 1,000 psi. Annular type preventor will be pressure tested to 50% of the rated working pressure, not to exceed 1,000 psi. All casing strings will be pressure tested to 0.22 psi/ft. or 1,500 psi, whichever is greater, not to exceed 70% of internal yield.

BOP to be either double gate rams or an annular preventor as per Onshore Order No. 2.

Statement on Accumulator System and Location of Hydraulic Controls

The drilling rig has not yet been selected for this well. Selection will take place after approval of this application. Manual and/or hydraulic controls will be in compliance with Onshore Order No. 2 for 2M systems.

A remote accumulator will be used. Pressures, capacities, location of remote hydraulic and manual controls will be identified at the time of the BLM supervised BOP test.

MUD PROGRAM

0'	-	275'	Fresh water – M.W. 8.5 ppg, Vis 30-33
275'	-	3774'	Klean Faze- Low solids non-dispersed
			M.W. 8.5 – 8.9 ppg
			Vis – 28 – 50 sec
			W.L. 8 cc or less
3774'	-	6762'	Low solids non-dispersed

Sufficient mud materials to maintain mud properties, control lost circulation and to contain "kick" will be available at wellsite.

AUXILIARY EQUIPMENT

- A) A Kelly cock will be kept in the drill string at all times
- B) Inside BOP or stab-in valve (available on rig floor)
- C) Mud monitoring will be visually observed

LOGGING, CORING, TESTING PROGRAM

- A) Logging: DIL- CNL-FDC-GR - TD - BSC (GR to surface)
Sonic (BSC to TD)
- B) Coring: None
- C) Testing: Possible DST – None anticipated. Drill stem tests may be run on shows of interest

ABNORMAL CONDITIONS

- A) Pressures: No abnormal conditions are anticipated
Bottom hole pressure gradient – 0.31 psi/ft
- B) Temperatures: No abnormal conditions are anticipated
- C) H₂S: See attached H₂S plan in event H₂S is encountered.
- D) Estimated bottomhole pressure: 400 psi

ANTICIPATED START DATE

April 1, 2009

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. A string of 2-3/8" J-55 4.7#/ft tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted.



Job Number: 091xxxx
Company: Black Hills Gas Resources
Lease/Well: Jicarilla 458-08 # 124
Location: Rio Arriba County, NM
Rig Name:
RKB: 7133'
G.L. or M.S.L.:

State/Country: NM
Declination:
Grid:
File name: N:\BLACKH~1\NEWWEL~1\458-08~2\45808124.SVY
Date/Time: 20-Feb-09 / 10:25
Curve Name: Jicarilla 458-08 # 124 plan 2-20-09

Jicarilla 458-08 # 124 plan 2-20-09

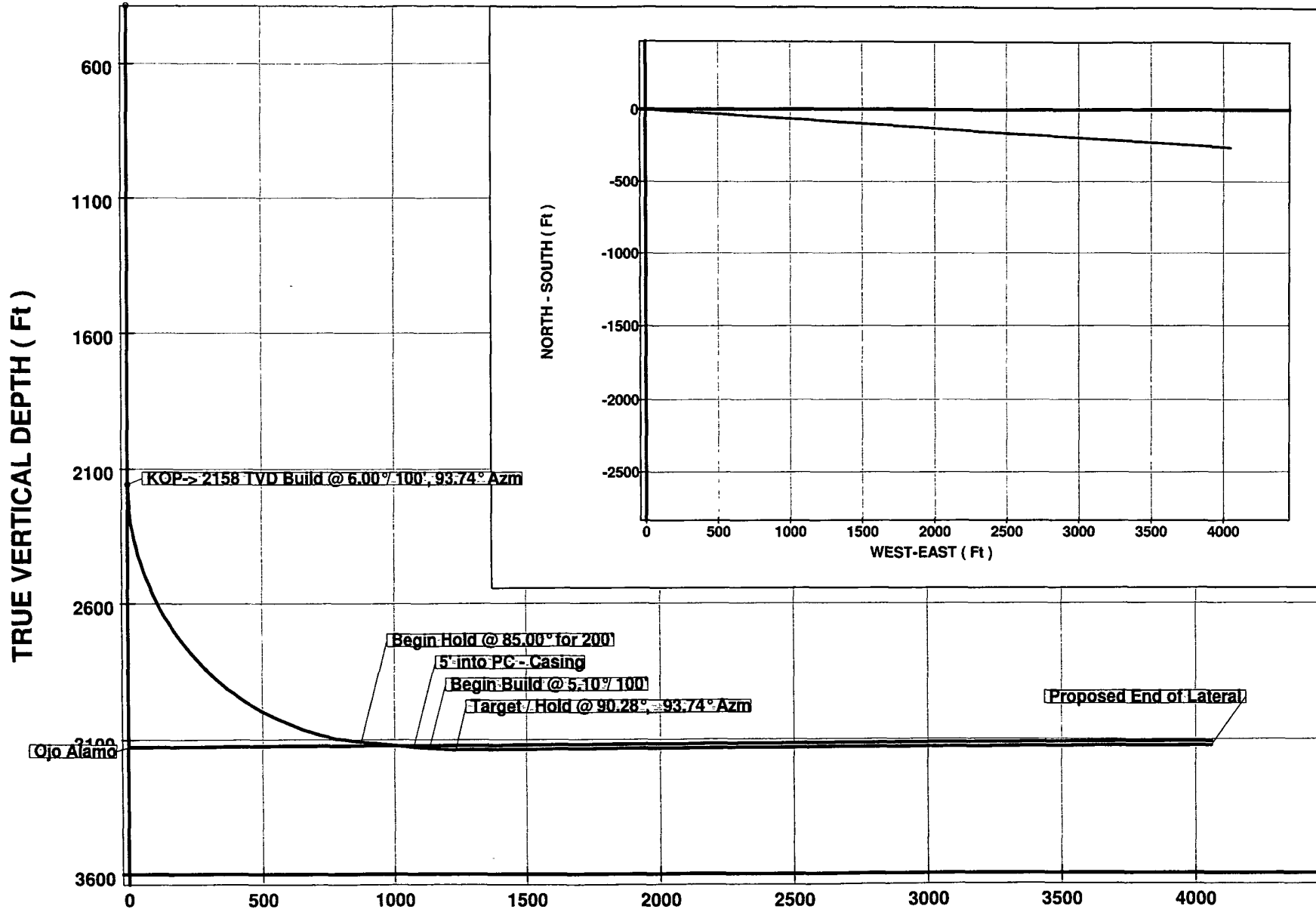
WINSERVE PROPOSAL REPORT
Minimum Curvature Method
Vertical Section Plane 93.74
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
Surface - 2255 FNL, 745 FEL - T30N, R3W Sec. 8									
.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
KOP-> 2158 TVD Begin Build @ 6.00% 100', 93.74° Azimuth									
2158.00	.00	93.74	2158.00	.00	.00	.00	.00	.00	.00
2188.00	1.80	93.74	2188.00	-.03	.47	.47	.47	93.72	6.00
2218.00	3.60	93.74	2217.96	-.12	1.88	1.89	1.89	93.74	6.00
2248.00	5.40	93.74	2247.87	-.28	4.23	4.24	4.24	93.74	6.00
2278.00	7.20	93.74	2277.68	-.49	7.52	7.53	7.53	93.74	6.00
2308.00	9.00	93.74	2307.38	-.77	11.74	11.76	11.76	93.74	6.00
2338.00	10.80	93.74	2336.94	-1.10	16.88	16.92	16.92	93.74	6.00
2368.00	12.60	93.74	2366.31	-1.50	22.96	23.01	23.01	93.74	6.00
2398.00	14.40	93.74	2395.48	-1.96	29.95	30.01	30.01	93.74	6.00
2428.00	16.21	93.74	2424.41	-2.48	37.85	37.93	37.93	93.74	6.00
2458.00	18.01	93.74	2453.09	-3.05	46.65	46.75	46.75	93.74	6.00
2488.00	19.81	93.74	2481.47	-3.69	56.35	56.47	56.47	93.74	6.00
2518.00	21.61	93.74	2509.53	-4.38	66.94	67.08	67.08	93.74	6.00
2548.00	23.41	93.74	2537.24	-5.13	78.39	78.56	78.56	93.74	6.00
2578.00	25.21	93.74	2564.58	-5.94	90.72	90.91	90.91	93.74	6.00
2608.00	27.01	93.74	2591.52	-6.80	103.89	104.11	104.11	93.74	6.00
2638.00	28.81	93.74	2618.03	-7.72	117.90	118.15	118.15	93.74	6.00
2668.00	30.61	93.74	2644.08	-8.69	132.74	133.02	133.02	93.74	6.00
2698.00	32.41	93.74	2669.66	-9.71	148.38	148.70	148.70	93.74	6.00
2728.00	34.21	93.74	2694.73	-10.79	164.82	165.17	165.17	93.74	6.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
				FT	FT	FT	Distance FT	Direction Deg	
2758.00	36.01	93.74	2719.27	-11.91	182.04	182.43	182.43	93.74	6.00
2788.00	37.81	93.74	2743.26	-13.09	200.02	200.45	200.45	93.74	6.00
2818.00	39.61	93.74	2766.66	-14.32	218.74	219.21	219.21	93.74	6.00
2848.00	41.41	93.74	2789.47	-15.59	238.18	238.69	238.69	93.74	6.00
2878.00	43.21	93.74	2811.65	-16.91	258.34	258.89	258.89	93.74	6.00
2908.00	45.01	93.74	2833.19	-18.27	279.17	279.77	279.77	93.74	6.00
2938.00	46.81	93.74	2854.06	-19.68	300.68	301.32	301.32	93.74	6.00
2968.00	48.62	93.74	2874.25	-21.13	322.82	323.51	323.51	93.74	6.00
2998.00	50.42	93.74	2893.72	-22.62	345.59	346.33	346.33	93.74	6.00
3028.00	52.22	93.74	2912.47	-24.15	368.96	369.75	369.75	93.74	6.00
3058.00	54.02	93.74	2930.48	-25.71	392.90	393.74	393.74	93.74	6.00
3088.00	55.82	93.74	2947.72	-27.32	417.40	418.29	418.29	93.74	6.00
3118.00	57.62	93.74	2964.18	-28.96	442.42	443.37	443.37	93.74	6.00
3148.00	59.42	93.74	2979.85	-30.63	467.95	468.95	468.95	93.74	6.00
3178.00	61.22	93.74	2994.70	-32.33	493.96	495.01	495.01	93.74	6.00
3208.00	63.02	93.74	3008.73	-34.06	520.42	521.53	521.53	93.74	6.00
3238.00	64.82	93.74	3021.92	-35.82	547.30	548.47	548.47	93.74	6.00
3268.00	66.62	93.74	3034.26	-37.61	574.59	575.82	575.82	93.74	6.00
3298.00	68.42	93.74	3045.73	-39.42	602.25	603.54	603.54	93.74	6.00
3328.00	70.22	93.74	3056.32	-41.25	630.26	631.61	631.61	93.74	6.00
3358.00	72.02	93.74	3066.02	-43.10	658.58	659.99	659.99	93.74	6.00
3388.00	73.82	93.74	3074.83	-44.98	687.20	688.67	688.67	93.74	6.00
3418.00	75.62	93.74	3082.74	-46.87	716.07	717.61	717.61	93.74	6.00
3448.00	77.42	93.74	3089.73	-48.77	745.18	746.78	746.78	93.74	6.00
3478.00	79.22	93.74	3095.80	-50.69	774.50	776.16	776.16	93.74	6.00
3508.00	81.03	93.74	3100.95	-52.62	803.99	805.71	805.71	93.74	6.00
3538.00	82.83	93.74	3105.16	-54.56	833.63	835.41	835.41	93.74	6.00
3568.00	84.63	93.74	3108.44	-56.51	863.38	865.23	865.23	93.74	6.00
Begin Hold @ 85.00° for 200'									
3574.23	85.00	93.74	3109.00	-56.91	869.57	871.43	871.43	93.74	6.00
3674.23	85.00	93.74	3117.72	-63.42	968.98	971.05	971.05	93.74	.00
5' into PC - Casing									
3774.23	85.00	93.74	3126.43	-69.92	1068.38	1070.67	1070.67	93.74	.00
Begin Build @ 5.10% 100'									
3834.23	85.00	93.74	3131.66	-73.83	1128.03	1130.44	1130.44	93.74	.00
3864.23	86.53	93.74	3133.88	-75.78	1157.88	1160.36	1160.36	93.74	5.10
3894.23	88.06	93.74	3135.29	-77.74	1187.78	1190.32	1190.32	93.74	5.10
3924.23	89.59	93.74	3135.90	-79.70	1217.71	1220.32	1220.32	93.74	5.10
Target / Hold @ 90.28°, 93.74° Azm									
3937.74	90.28	93.74	3135.92	-80.58	1231.20	1233.83	1233.83	93.74	5.10
4037.74	90.28	93.74	3135.43	-87.11	1330.98	1333.83	1333.83	93.74	.00
4137.74	90.28	93.74	3134.93	-93.64	1430.77	1433.83	1433.83	93.74	.00
4237.74	90.28	93.74	3134.44	-100.17	1530.56	1533.83	1533.83	93.74	.00
4337.74	90.28	93.74	3133.95	-106.70	1630.34	1633.83	1633.83	93.74	.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
4437.74	90.28	93.74	3133.45	-113.23	1730.13	1733.83	1733.83	93.74	.00
4537.74	90.28	93.74	3132.96	-119.77	1829.91	1833.83	1833.83	93.74	.00
4637.74	90.28	93.74	3132.47	-126.30	1929.70	1933.82	1933.82	93.74	.00
4737.74	90.28	93.74	3131.98	-132.83	2029.48	2033.82	2033.82	93.74	.00
4837.74	90.28	93.74	3131.48	-139.36	2129.27	2133.82	2133.82	93.74	.00
4937.74	90.28	93.74	3130.99	-145.89	2229.05	2233.82	2233.82	93.74	.00
5037.74	90.28	93.74	3130.50	-152.42	2328.84	2333.82	2333.82	93.74	.00
5137.74	90.28	93.74	3130.00	-158.95	2428.62	2433.82	2433.82	93.74	.00
5237.74	90.28	93.74	3129.51	-165.48	2528.41	2533.82	2533.82	93.74	.00
5337.74	90.28	93.74	3129.02	-172.01	2628.19	2633.82	2633.82	93.74	.00
5437.74	90.28	93.74	3128.53	-178.54	2727.98	2733.82	2733.82	93.74	.00
5537.74	90.28	93.74	3128.03	-185.07	2827.76	2833.81	2833.81	93.74	.00
5637.74	90.28	93.74	3127.54	-191.60	2927.55	2933.81	2933.81	93.74	.00
5737.74	90.28	93.74	3127.05	-198.14	3027.33	3033.81	3033.81	93.74	.00
5837.74	90.28	93.74	3126.55	-204.67	3127.12	3133.81	3133.81	93.74	.00
5937.74	90.28	93.74	3126.06	-211.20	3226.91	3233.81	3233.81	93.74	.00
6037.74	90.28	93.74	3125.57	-217.73	3326.69	3333.81	3333.81	93.74	.00
6137.74	90.28	93.74	3125.08	-224.26	3426.48	3433.81	3433.81	93.74	.00
6237.74	90.28	93.74	3124.58	-230.79	3526.26	3533.81	3533.81	93.74	.00
6337.74	90.28	93.74	3124.09	-237.32	3626.05	3633.80	3633.80	93.74	.00
6437.74	90.28	93.74	3123.60	-243.85	3725.83	3733.80	3733.80	93.74	.00
6537.74	90.28	93.74	3123.10	-250.38	3825.62	3833.80	3833.80	93.74	.00
6637.74	90.28	93.74	3122.61	-256.91	3925.40	3933.80	3933.80	93.74	.00
6737.74	90.28	93.74	3122.12	-263.44	4025.19	4033.80	4033.80	93.74	.00
Proposed End of Lateral - 2520 FNL, 1980 FEL - T30N, R3W Sec. 9									
6761.60	90.28	93.74	3122.00	-265.00	4049.00	4057.66	4057.66	93.74	.00

Job Number: 091xxxx
Company: Black Hills Gas Resources
Lease/Well: Jicarilla 458-08 # 124
Location: Rio Arriba County, NM



VERTICAL SECTION (Ft) @ 93.74°