

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

DEC 11 2008

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.

5. Lease Serial No.

BLM 701-98-0013

6. If Indian, Allottee or Tribe Name

Jicarilla Apache Tribe

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

RCVD JUN 5 '09
OIL CONS. DIV.

8. Well Name and No.

Jicarilla 29-02-05 No. 445T. 3

9. API Well No.

30-039-29315

10. Field and Pool, or Exploratory Area

Pictured Cliffs, Fruitland Coal,
Kirtland, Tertiary

AND

Rio Arriba County, New Mexico

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)

425' FSL & 425' FEL (SESE) Unit P
Sec. 5. 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 Revise Commingle Allocations
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back

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 recomplese 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 would like to revise the downhole commingle allocations in DHC-3731-A due to more recent gas production data in the East Blanco PC, the Basin Fruitland Coal, the La Jara Canyon Tertiary, and the Wildcat Kirtland. All four pools have common ownerships. See the attached calculations.

These Gas & Oil allocations are based on gas tests taken during completion operations in May 2005, in which the PC flowed 411 MCF/D, & the FRTC flowed 138 MCF/D. Only the PC pool has produced oil.

Gas: Pictured Cliffs	75%	Oil: Pictured Cliffs	100%
Gas: Fruitland Coal	25%	Oil: Fruitland Coal	0%
Gas: Tertiary	0%	Oil: Tertiary	0%
Gas: Kirtland	0%	Oil: Kirtland	0%

Permit

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

✓ Mike Pippin

Date

December 11, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Joe Hewitt

Title

GCD

Date

12-18-08

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.

Contact NM OCP Engineering Bureau about production values
OPERATOR

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 29-02-05 #44 PC / FRTC
P Section 5 T29N R02W
12/11/2008

Revised Commingle Allocation Calculations

OIL

The Basin Fruitland Coal, La Jara Canyon Tertiary, and Wildcat Kirtland gas pools do 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

Before 8/4/08, PC & FRTC pools produced commingled as per DHC-3730 & Kirtland & Tertiary pools produced commingled as per DHC-3731 with a packer between the Kirtland and FRTC.

On 8/4/08, all four pools were commingled (packer removed) as per DHC-3731-A.

During May, June, & July of 2008, the PC & FRTC averaged 43.9 mcf/d.
During May, June, & July of 2008, the Kirtland & Tertiary averaged 0.048 mcf/d.
During August & September 2008, all four pools together averaged 39 mcf/d.
See the attached Totalflow Daily Volume Reports.

Black Hills believed that total production would increase when all four pools were produced together, but gas production stayed about the same.
Therefore, the contribution from the Kirtland & Tertiary is negligible after all four pools were produced together, and the allocations in DHC-3731-A should be revised.

The contribution from the Kirtland and Tertiary pools should be changed to 0%.

During completion operations in May 2005 stabilized gas tests were taken alone on the Pictured Cliffs and Fruitland Coal.

Choke gas test on Pictured Cliffs alone: 411 MCF/D.
Choke gas test on Fruitland Coal alone: 138 MCF/D.

Total gas = 549 MCF/D

$$\begin{array}{lcl} \% \text{ Pictured Cliffs} = \frac{411}{549} = 75\% & \% \text{ FRTC} & = \frac{138}{549} = 25\% \end{array}$$