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Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 14 2014

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010SUNDRY NOTICES AND REPORTS ON WELLS and Management
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 page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Black Hills Gas Resources, Inc.

3a. Address

3200 N 1st St, Bloomfield, NM 87413

3b. Phone No. (include area code)

(505) 634-5104

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1,740' FSL & 2,140' FEL NW/SW Section 18 T29N R2W (UL: J)

5. Lease Serial No.

MDA 701-98-0013, Tract 4

6. If Indian, Allottee, or Tribe Name

Jicarilla Apache Tribe

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

8. Well Name and No.

Jicarilla 29-02-18 #3

9. API Well No.

30-039-27594

10. Field and Pool, or Exploratory Area

East Blanco Pictured Cliffs

11. County or Parish, State

Rio Arriba County, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-off☐ Subsequent Report☐ Altering Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Final Abandonment Notice☐ Casing Repair☐ New Construction☐ Recomplete☐ Other☐ Change Plans☒ Plug and abandon☐ Temporarily Abandon☐ Convert to Injection☐ Plug back☐ Water Disposal

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 recomplete 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 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 recompletion 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 reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Black Hills Gas Resources intends to plug and abandon Jicarilla 29-02-18 #3 per attached procedure.

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

OIL CONS. DIV DIST. 3
MAY 16 2014

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Daniel Manus

Regulatory Technician

Title

Signature

Date

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Original Signed: Stephen Mason

Title

Date

MAY 15 2014

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.

Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make 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 page 2)

NMOCDAV

PLUG AND ABANDONMENT PROCEDURE

March 20, 2013

Jicarilla 29-02-18 #3

East Blanco PC / Burro Canyon; Tertiary

1740' FSL, 2140' FEL, Section 18, T29N, R2W, Rio Arriba County, NM

API 30-039-27594 / Long: _____ / Lat: _____

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class B, mixed at 15.6 ppg with a 1.18 cf/sx yield.

1. This project will use an A-Plus steel tank to handle waste fluids circulated from the well and cement wash up.
2. Install and test location rig anchors. Comply with all NMOCD, BLM, and Operator safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Record casing, tubing and bradenhead pressures. NU relief line and blow down well. Kill well with water as necessary and at least pump tubing capacity of water down the tubing. ND wellhead and NU BOP. Function test BOP.

3. Rods: Yes _____, No X, Unknown _____.
Tubing: Yes X, No _____, Unknown _____, Size 2-3/8", Length 2374'.
Packer: Yes _____, No X, Unknown _____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.

NOTE: PU tubing workstring, drill collars and mill. TIH and mill out CIBP at 3244'.

Circulate well clean. Round trip 5.5" gauge ring or casing scraper to 3663' or as deep as possible.

4. **Plug #1 (Pictured Cliffs interval and Fruitland, Kirtland, Ojo Alamo tops, 3663' – 3225'):** PU 5.5" CR or CIBP and RIH; set at 3663'. Pressure test tubing to 1000#. Mix 65 sxs Class B cement (30% excess open perfs) and spot a plug inside the casing above the CR or CIBP to isolate the PC interval, the Fruitland and Kirtland tops, and cover through the Ojo Alamo perforations and top. PUH and WOC. TIH and tag 50' above Ojo Alamo top, if necessary top off. TOH.
5. **Plug #2 (Nacimiento perforations, 2396'-2111'):** TIH and set 5.5" CR or CIBP at 2396'. Mix 38 sxs Class B cement and spot a plug inside the casing above the CR or CIBP to isolate the Nacimiento interval. TOH with tubing and WOC. TIH and tag cement 50' above Nacimiento top. If necessary top off plug. PUH.
6. **Plug #3 (San Jose perforations, 1473' - 1314'):** RIH with open ended tubing to 1473'. Mix 25 sxs Class B cement (30% excess due to open perforations) and spot a plug to isolate the San Jose interval. PUH and WOC. TIH and tag at 1314' or higher. If tag is low spot additional cement as required. PUH.

Jicarilla 29-02-18 #3

Proposed P&A

East Blanco PC/ LaJara Canyon; Tertiary

1740' FSL & 2140' FEL, Section 18, T-29-N, R-2-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-27594

Today's Date: 3/20/13

Spud: 3/15/04

Comp 7/30/04

Elevation: 7279' GI
7292' KB

12-1/4" Hole

Nacimiento @ 2161'

Ojo Alamo @ 3275'

Kirtland @ 3474'

Fruitland @ 3648'

Pictured Cliffs @ 3712'

7-7/8" Hole

3770' TD
3820' PBD

TOC @ Surface, Circulated 90 bbls to pit.

8-5/8" 24#, J-55 Casing set @ 245'
Cement with 175 sxs, circulated to surface

Plug #4: 295' - 0'
Class B cement, 40 sxs

Plug #3: 1473' - 1314'
Class B cement, 25 sxs
(30% excess due to open
perfs)

San Jose Perforations:
1364' - 1423'

Set CR @ 2396'

Nacimiento Perforations:
2446' - 3008'

Plug #2: 2396' - 2111'
Class B cement, 38 sxs

Ojo Alamo Perforations:
3296' - 3357'

Plug #1: 3663' - 3225'
Class B cement, 65 sxs
(30% excess due to open
perfs)

Set CR @ 3663'

Pictured Cliffs Perforations:
3713' - 3746'

5.5"-15.5#, K-55 Casing @ 3820'
Cement with 900 sxs,
circulate 90 bbls to pit.

Jicarilla 29-02-18 #3

Current

East Blanco PC/ LaJara Canyon; Tertiary

1740' FSL & 2140' FEL, Section 18, T-29-N, R-2-W, Rio Arriba County, NM

Long: _____ / Lat: _____ / API 30-039-27594

Today's Date: 3/20/13
Spud: 3/15/04
Comp 7/30/04
Elevation: 7279' GI
7292' KB

12-1/4" Hole

TOC @ Surface, Circulated 90 bbls to pit.

8-5/8" 24#, J-55 Casing set @ 245'
Cement with 175 sxs, circulated to surface

2-3/8" tubing @ 2374'
(73 jts, SN and Notch Collar)

San Jose Perforations:
1364' - 1423'

Nacimiento Perforations:
2446' - 3008'

Nacimiento @ 2161'

CIBP set at 3244' (2005)

Ojo Alamo Perforations:
3296' - 3357'

Ojo Alamo @ 3275'

Kirtland @ 3474'

Fruitland @ 3648'

Pictured Cliffs Perforations:
3713' - 3746'

Pictured Cliffs @ 3712'

7-7/8" Hole

5.5"-15.5#-K-55-Casing @ 3820'
Cement with 900 sxs,
circulate 90 bbls to pit.

3770' TD
3820' PBTD

The Jicarilla Apache Nation requires 45 days to evaluate this well beginning from 5/14/14 in order to determine if they would like to assume ownership of the well. If the Jicarilla Apache Nation has not contacted your office before the end of the 45 days you may proceed with plugging operations.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: Jicarilla 29-02-18 #3
Operator: Black Hills Resources

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.
3. The following modifications are to be made to the plugging program:
 - a) Bring the top of plug #1 to 3215'. (Adjust cement volume accordingly)
 - b) Bring the top of plug #2 to 2036' (Adjust cement volume accordingly)

Black Hills Resources is required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.