

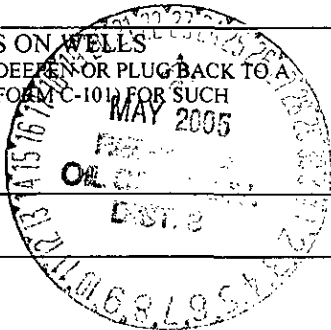
Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised June 10, 2003

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-039-24301
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Jicarilla Contract 464
7. Lease Name or Unit Agreement Name
8. Well Number Jicarilla 464 No. 7
9. OGRID Number 013925
10. Pool name or Wildcat East Blanco; Pictured Cliffs and Cabresto Canyon, Tertiary
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7238' GL



SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 Black Hills Gas Resources, Inc.

3. Address of Operator
 350 Indiana St, Suite 400 Golden, CO 80401

4. Well Location
 Unit Letter D: 1190 feet from the North line and 1190 feet from the West line

Section 29 Township 30N Range 03W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 7238' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Downhole Commingle Formations <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Black Hills Gas Resources, Inc. intends to complete the subject well and downhole commingle the Cabresto Canyon; Tertiary and East Blanco; Pictured Cliffs under Division Order R-11363. All gas production is to be allocated based on initial production tests as 99 percent to the East Blanco; Pictured Cliffs formation and 1 percent to Cabresto Canyon; Tertiary formation. See attached Supplemental Data Sheet for the information fracture pressures and flow test. The commingling will not reduce the value of the total remaining production. A Sundry Notice form 3160-5 has been sent, notifying the BLM of downhole commingling formations.

DHC 1905 A2

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Allison Newcomb TITLE Engineering Technician DATE 5/17/2005

Type or print name: Allison Newcomb E-mail address: anewcomb@bhep.com Telephone No. 720-210-1308

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 2 DATE MAY 23 2005
 Conditions of approval, if any:

C103 Supplemental Information

Jicarilla 464 #7

Production and Pressure Data Pictured Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3815' – 3818', 3821' – 3828', 3831' – 3841', 3843' – 3848', 3851' – 3858', 3868' – 3876' and 3891' – 3897' with 2 jspf. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the Pictured Cliffs formation at mid-perforation is 2050 psi with a fracture gradient of 0.65 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours, 320 MCFPD.

The Tertiary formation was perforated at intervals 3286' – 3334' with 4 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the formation the fracturing pressure of the Tertiary formation is 2516 psi with a fracture gradient of 0.76 psi/ft. After fracture stimulation of the Tertiary formation, a stabilized flow test was conducted for twenty-four hours, >1 MCFPD.

The allocation method that has been agreed upon between Black Hills Gas Resources, Inc. and the Jicarilla Apache Nation is to use a percent based on the initial test for allocation of the produced volumes from the downhole commingled formations. In summary, the following calculations reflect the allocation percentages for the subject well.

Formation Name	Gas Flow Rate (MCFPD)	Water Rate (BWPD)	Allocation Factor
Pictured Cliffs	320		99%
Tertiary	>1		1%
Total	320+		100%