



Black Hills Exploration and Production

Ute 34-34

Surface Location: 882' FSL 1,237' FEL (SE/SE)
Bottom Hole Location: 1,888' FSL 710' FEL (NE/SE)
Sec.34 T33N R8W
La Plata County, Colorado
Lease: 14-20-151-49

SURFACE USE PLAN

WELL LOCATION AND INTRODUCTION:

The surveyed location is 882' FSL 1,237' FNL (SE/SE) of Sec. 34 T33N R8W. The well site was surveyed and staked by Daggett Enterprises, Inc.

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 14, 2009 as determined by the Southern Ute Indian Tribe, Department of Energy (SUIT), and at which time the specific concerns of Black Hills Exploration and Production (BHEP) and SUIT were discussed.

The initial on-site meeting for the original location was held during the summer 1990, at this time the site was called the Ute #34-16, and the APD was approved October 23, 1990. BHEP is proposing to drill the Ute 34-34 as a twin directional well co-located on the existing Ute #34-16 location.

1) EXISTING ROADS:

- A) The well site for the proposed well and access roads to the location are shown on the attached maps/plot. The existing roads will be utilized during drilling and production operations, upgrade of the existing roads prior to drilling will not be necessary.
- B) ***Directions to location: From the junction of CO State Hwy 172 and the La Plata County Road 318 approximately ½ mile south of Ignacio, Co. From this junction, travel west on CR 318 for 5.0 miles to M.P. 10 opposite CR 311, Turn left (south) and travel 1.4 miles to the top of Herrera Hill, turn left (east) and travel 3 miles to the Ute #34-16 existing well location.***
- C) Routine grading and maintenance of existing roads will be conducted as necessary to maintain the roads.

2) PLANNED ACCESS ROADS (See attached map)

- A) The current road leading to the existing location will be utilized.
- B) Water turnouts and water bars/wing ditches will be maintained as necessary.
- C) No fence cuts, gates and/or cattleguards will be necessary.
- D) Surfacing material if necessary will consist of native soil and potentially sandstone material.

3) LOCATION OF EXISTING WELLS

Within a 1-mile radius:

Proposed	See Table 1
Drilling	See Table 1
Abandoned	See Table 1
Disposal injection	See Table 1
Shut-In	See Table 1
Producing	See Table 1

4) NEW PRODUCTION FACILITIES PROPOSED

- A) If the twin well proves to be successful, necessary production facilities and tanks will be installed on the drilling pad. The new well will also be tied into the existing piping on location using a 4" poly gas pipeline; the maximum anticipated working pressure is 200 psi.
- B) Production equipment will be painted light reflective colors to limit evaporation and waste of liquid hydrocarbons. All above ground permanent structures will be painted Munsell Color Juniper Green, based on BLM guidelines.

5) LOCATION OF WATER SUPPLY

It is planned to drill the proposed well with water obtained from private or commercial sources which will be transported to the location. No water wells will be drilled on the location.

6) SOURCE OF CONSTRUCTION MATERIALS

No additional earth materials are expected to be hauled in for construction purposes.

7) WASTE DISPOSAL

- A) Drill cuttings not retained for evaluation purposes will be disposed of in the lined reserve pit, measuring approximately 100' x 125' x 8'.
- B) A portable chemical toilet will be provided for onsite personnel during the drilling and completion operations.
- C) Garbage and trash produced during drilling or completion operations will be contained in a portable trash basket and hauled to an approved disposal facilities. No toxic waste or hazardous chemicals will be produced by this operation.
- D) After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days. The cuttings and pit will be completely fenced and flagged and kept closed until it has dried. As weather permits, the unused portion of the well site will be leveled and reseeded as per SUT specifications. Only that part of the pad required for production facilities will be kept in use.

8) ANCILLARY FACILITIES

No ancillary facilities will be necessary.

9) WELLSITE LAYOUT

- A) Minimal cut and fill is anticipated, location will be leveled, weeds if any removed and existing surface equipment removed. See attached plats, cut and fill.
- B) See attached plat for the planned orientation for the production layout.
- C) The reserve pit will be lined with a synthetic liner.

10) SURFACE PREPARATION

- A) Upon completion of the proposed operations, if the well is to be abandoned, the pit area, after being allowed to dry, will be broken out and leveled and contoured to as nearly the original topography as possible.
- B) The disturbed area will be revegetated as recommended by SUIT.
- C) All small flare pits or lined water pits will be fenced while in use, and dried and reclaimed upon completion or abandonment of well.

11) PIPELINES AND FLOWLINES

Black Hills Exploration and Production proposes to tie into the existing gas gathering system pipeline as shown on the attached plat.

12) GENERAL INFORMATION

- A) Project area- The Project Area is located near Trail Canyon and Pump Canyon in the Mesa Mountains. The topography in the project vicinity is hilly with elevations ranging from approximately 7,200 to 7,400 feet.
- B) Topographic and geologic features – Underlying geology is comprised of Quaternary age and older alluvium and surficial deposits and sandstone-dominated formations of all ages (U.S. Geological Survey [USGS 2004]).
- C) Soil characteristics – Soils in the Project Area consist primarily of Durango cobbly loam. These very deep, well-drained soils are found on mesas, hills, and ridges in areas with 3 to 20 percent slopes. They are formed in fine-textured slope alluvium derived from Pliocene alluvium. Other soils include the Zyme-Rock outcrop complex, which consists of shallow, well-drained soils on 12 to 65 percent slopes; and Witt loam, which consists of very deep, well-drained, moderately permeable soils on 3 to 8 percent slopes (USDA 2006).
- D) Flora consists of: The Project Area primarily consists of disturbed lands. Pinyon-Juniper Woodland and Gambel Oak-Mixed Montane Shrubland vegetative cover types dominate the area surrounding the proposed well. Gambel oak (*Quercus gambelii*) is common in areas surrounding the well pad and transitions into pinyon (*Pinus edulis*)-juniper (*Juniperus osteosperma*). Other cover types include areas of Ponderosa Pine Woodland and Sagebrush Shrubland. Descriptions of each cover type are adapted from the Southwest Regional Gap (SWReGAP) Analysis Project (USGS 2004) and the Colorado Gap Analysis Program (COGAP) (Thompson et al. 1996). Descriptions include a list of species typically found in these habitats; however, not all of these species were observed during surveys.
- E) Fauna – Assume deer, Elk, coyotes, rabbits, raptors, and rodents.
- F) Concurrent surface use – Non Agricultural Lands.
- G) Mineral Lessor: Black Hills Exploration and Production
- H) Surface Owner: Southern Ute Indian Tribe
Drillsite: Southern Ute Indian Tribe
Access: Southern Ute Indian Tribe/Private Surface
- I) Proximity of water, occupied dwellings or other features – The Project Area is located in the Upper San Juan watershed (Hydrologic Unit 14080101). The Animas River is located approximately 9 miles to the west and the Los Pinos River approximately 5 miles to the east. The small drainages in the Mesa Mountains eventually flow into these rivers.
- J) A previous and current archeological report was done Michael A. Frost, Environmental Service Inc. of Bayfield, Colorado.

13) LESSEE'S OR OPERATOR'S REPRESENTATIVE:

Operator

Black Hills Exploration and Production
1515 Wynkoop Street
Denver, CO 80201

Main Phone 720.210.1300

Fax 303.566.3344

Alan Vrooman - Senior Permitting Coordinator

Direct Phone 303.566.3356

Field Office

P.O. Box 249

Bloomfield, NM 87413

Main Phone 505.634.1111

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** Daniel Manus – Regulatory Technician

Direct Phone 505.634.1111 ext 28

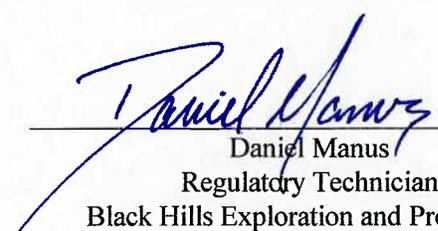
** Contact for any questions or comments regarding this permit.

14) CERTIFICATION:

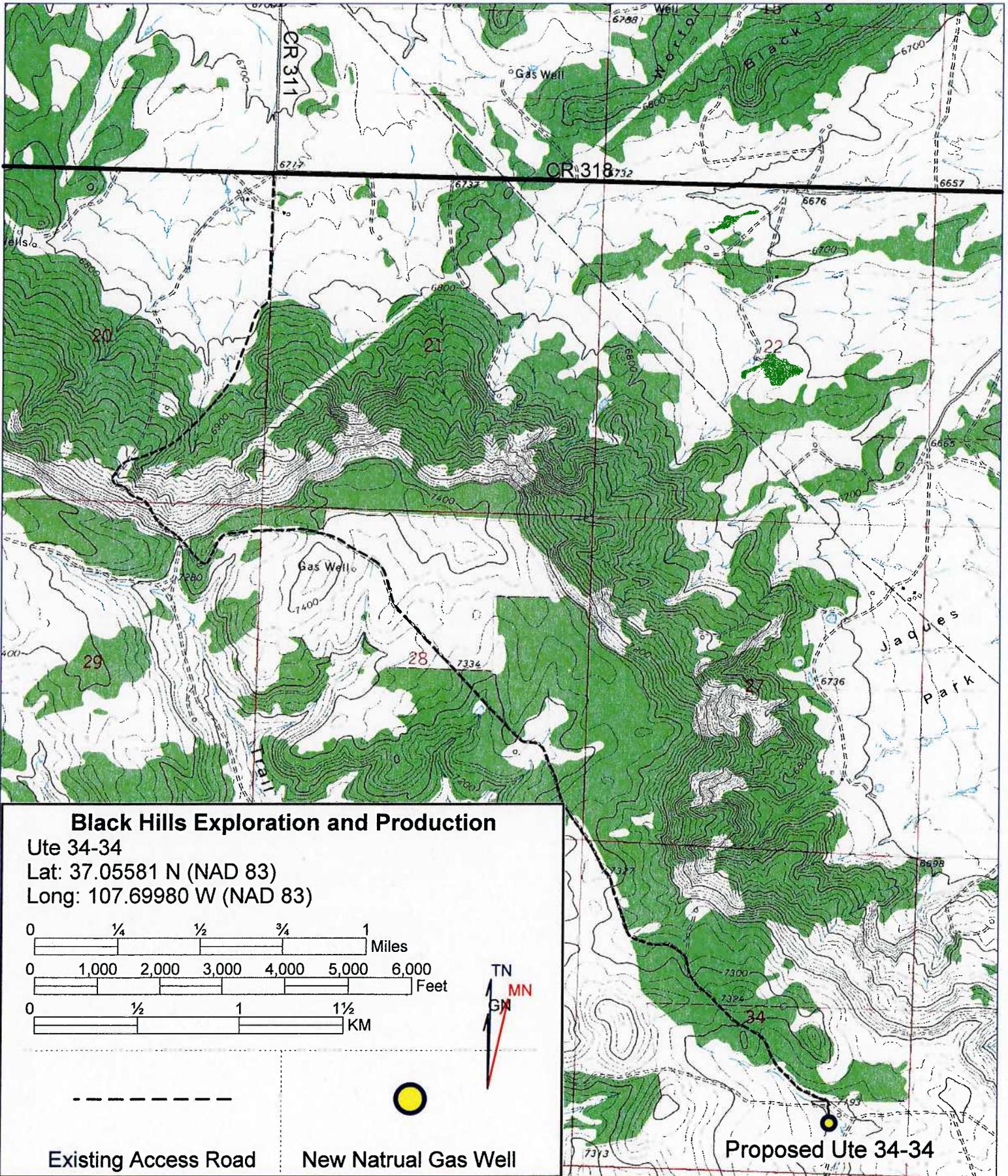
Black Hills Exploration and Production (BHEP) are responsible under the terms and conditions of the lease to conduct lease operations in conjunction with the application. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by BHEP under their nationwide bond, BLM Bond NMB000230 and the BIA Bond 190-010-577

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road; that I am familiar with the conditions which presently exist; that the statements made in this plan area, to the best of my knowledge, are true and correct; and that the work associated with the operations proposed herein will be performed by BHEP and its contractors and sub-contractors in conformity with this plan and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

4 March 2010
Date



Daniel Manus
Regulatory Technician
Black Hills Exploration and Production

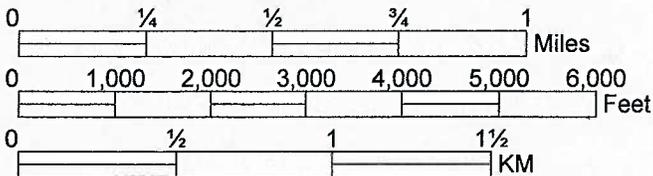


Black Hills Exploration and Production

Ute 34-34

Lat: 37.05581 N (NAD 83)

Long: 107.69980 W (NAD 83)



Existing Access Road



New Natrual Gas Well

Proposed Ute 34-34



Black Hills Explorations and Production, Inc.

TABLE 1
Ute 34-34
SESE Sec 34 T33N R8W
Wells in a 1-Mile Radius

STATE	ACTUAL WELL NAME	FIELD	FORMATION	TD	API#	ORIG. SEC.	TWN.	RNG.	COUNTY	BASIN	PROD.	OPERATOR	
CO	Proposed	Jacqués Ute 34-14	Ignacio Blanco	44,068	05-067-09706	SWNE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Ute 34-41	Ignacio Blanco	44,000	05-067-09707	NESE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Ute 34-3	Ignacio Blanco	4,080	05-067-07708	NESE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Ute 1	Ignacio Blanco	6,480	05-067-05247	NESE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Ute 34-11	Ignacio Blanco	6,596	05-067-08349	NESE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Jacqués-Ute 34-7	Ignacio Blanco	6,538	05-067-08318	SWNE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Ute 34-16	Ignacio Blanco	4,080	05-067-07714	SESE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Ute 2	Ignacio Blanco	6,461	05-067-05799	SESE	34	33N	8W	La Plata	San Juan	Gas	Black Hills Exploration & Production
CO	PR	Ute 32-8 2-5	Ignacio Blanco		05-067-07090	SWNW	2	32N	8W	La Plata	San Juan	Gas	Arco Oil & Gas Company
CO	Proposed	Southern Ute 33-8 35 5	Ignacio Blanco		05-067-09385	SESE	35	33N	8W	La Plata	San Juan	Gas	Samson Resources Company
CO	PR	Ignacio 33-8 19A	Ignacio Blanco	6,811	05-067-06358	SESE	35	33N	8W	La Plata	San Juan	Gas	Samson Resources Company
CO	PR	Briggs Gas Unit B 35-1	Ignacio Blanco	3,602	05-067-07781	NWNW	35	33N	8W	La Plata	San Juan	Gas	Samson Resources Company
CO	PR	Southern Ute 33-8 35-3	Ignacio Blanco	3,602	05-067-08781	SWSW	35	33N	8W	La Plata	San Juan	Gas	Samson Resources Company
CO	Proposed	Briggs Gas Unit B 35-6	Ignacio Blanco		05-067-09225	NWNW	35	33N	8W	La Plata	San Juan	Gas	Samson Resources Company
CO	SI	Southern Ute 33-2 33-2	Ignacio Blanco	8,750	05-067-07897	SE	33	33N	8W	La Plata	San Juan	Gas	Conoco Phillips Company
CO	PA	Jacqués 2	Ignacio Blanco	8,263	05-067-05268	SESE	27	33N	8W	La Plata	San Juan	Gas	Penrose Production Co.
CO	PR	Southern Ute 32-8 2-7	Ignacio Blanco	3,928	05-067-08288	NENW	2	32N	8W	La Plata	San Juan	Gas	BP America Production Company
CO	PR	Briggs Gas Unit A-1	Ignacio Blanco	6,100	05-067-05000	NWNW	35	32N	8W	La Plata	San Juan	Gas	Dugan Production Company
CO	PR	Trail Canyon 3-3	Ignacio Blanco	6,500	05-067-06402	NENE	3	32N	8W	La Plata	San Juan	Gas	Dugan Production Corp.
CO	AL	Trail Canyon 10-3	Ignacio Blanco		05-067-08274	SWNW	3	32N	8W	La Plata	San Juan	Gas	Questar Exploration & Production
CO	PR	Southern Ute 32-8 2-4	Ignacio Blanco	6,520	05-067-03203	NWNW	2	32N	8W	La Plata	San Juan	Gas	Red Willow Production Co.
CO	PR	Southern Ute F.C. 32-8 3-11	Ignacio Blanco	3,947	05-067-08300	NWSE	3	32N	8W	La Plata	San Juan	Gas	Red Willow Production Co.
CO	Proposed	Southern Ute F.C. 32-8 3-13	Ignacio Blanco		05-067-09598	SWNE	3	32N	8W	La Plata	San Juan	Gas	Red Willow Production Co.



Selected Items Report

Oil and Gas Wells Selected		
Filter Results by Formation Include		<input type="checkbox"/> DKTA <input type="checkbox"/> FRLDC <input type="checkbox"/> MVRD
WELL DESCRIPTION	LOCATION	WELL INFORMATION
05-067-07090, SOUTHERN UTE 32-8 2-5 ARCO OIL & GAS COOMPANY	SWNW 2 32N -8W (N)	Sidetrack TD Formation Status AL
05-067-06203, SOUTHERN UTE 32-8 2-4 RED WILLOW PRODUCTION COMPANY	NWNW 2 32N -8W (N)	Sidetrack TD Formation Status 00 6520 MVRD PR
05-067-08288, SOUTHERN UTE 32-8 2-7 BP AMERICA PRODUCTION COMPANY	NENW 2 32N -8W (N)	Sidetrack TD Formation Status 00 3928 FRLDC PR
05-067-08300, SOUTHERN UTE FC 32-8 3-11 RED WILLOW PRODUCTION COMPANY	NWSE 3 32N -8W (N)	Sidetrack TD Formation Status 00 3947 FRLDC PR
05-067-09598, SOUTE FC 32-8 3-13 RED WILLOW PRODUCTION COMPANY	SWNE 3 32N -8W (N)	Sidetrack TD Formation Status XX
05-067-09607, SOUTE FC 32-8 3-14 RED WILLOW PRODUCTION COMPANY	NENW 3 32N -8W (N)	Sidetrack TD Formation Status XX
05-067-08266, SOUTHERN UTE FC 32-8 3-9 RED WILLOW PRODUCTION COMPANY	NENW 3 32N -8W (N)	Sidetrack TD Formation Status 00 3990 FRLDC PR
05-067-08274, TRAIL CANYON 10-3 QUESTAR EXPLORATION AND PRODUCTION COMPA	SWNW 3 32N -8W (N)	Sidetrack TD Formation Status AL
05-067-09709, SOUTE FC 32-8 3-12 RED WILLOW PRODUCTION COMPANY	NESW 3 32N -8W (N)	Sidetrack TD Formation Status XX
05-067-07210, SOUTHERN UTE FC 32-8 3-7 RED WILLOW PRODUCTION COMPANY	NESW 3 32N -8W (N)	Sidetrack TD Formation Status 00 4100 FRLDC PR
05-067-07298, SOUTHERN UTE FC 32-8 3-8 RED WILLOW PRODUCTION COMPANY	SWNE 3 32N -8W (N)	Sidetrack TD Formation Status 00 4096 FRLDC PR
05-067-05165, SOUTE 32-8 3-2 RED WILLOW PRODUCTION COMPANY	NESW 3 32N -8W (N)	Sidetrack TD Formation Status 00 6570 MVRD PR
05-067-05181, SOUTE 32-8 3-1 RED WILLOW PRODUCTION COMPANY	SWNE 3 32N -8W (N)	Sidetrack TD Formation Status 00 9020 MVRD PA
05-067-06402, TRAIL CANYON 3-3 DUGAN PRODUCTION CORP	NENW 3 32N -8W (N)	Sidetrack TD Formation Status 00 6500 MVRD PR 00 6500 PCCF PR
05-067-06873, SOUTE 32-8 3-4 RED WILLOW PRODUCTION COMPANY	SWSE 3 32N -8W (N)	Sidetrack TD Formation Status 00 8725 DKTA PR 00 8725 MVRD SI 00 8725 NCMN SI
05-067-05268, JACQUES 2	SESE 27	Sidetrack TD Formation Status

PENROSE PRODUCTION CO	33N -8W (N)	00	8263 MVRD	PA
05-067-07897, SOUTHERN UTE 33-2 33-2 CONOCO PHILLIPS COMPANY	SE 33 33N -8W (N)	Sidetrack TD Formation Status 00	8750 DKTA	PR
05-067-07708, UTE 34-3 BLACK HILLS EXPLORATION AND PRODUCTION I	NENW 34 33N -8W (N)	Sidetrack TD Formation Status 00	4080 FRLDC	PR
05-067-07714, UTE 34-16 BLACK HILLS EXPLORATION AND PRODUCTION I	SESE 34 33N -8W (N)	Sidetrack TD Formation Status 00	4016 FRLDC	PR
05-067-05799, UTE 2 BLACK HILLS EXPLORATION AND PRODUCTION I	SESE 34 33N -8W (N)	Sidetrack TD Formation Status 00	6461 MVRD	PR
05-067-05247, UTE 1 BLACK HILLS EXPLORATION AND PRODUCTION I	NENW 34 33N -8W (N)	Sidetrack TD Formation Status 00	6480 MVRD	PR
05-067-09706, JACQUES UTE 34-14 BLACK HILLS EXPLORATION AND PRODUCTION I	SWNE 34 33N -8W (N)	Sidetrack TD Formation Status XX		
05-067-09707, UTE 34-41 BLACK HILLS EXPLORATION AND PRODUCTION I	NESW 34 33N -8W (N)	Sidetrack TD Formation Status XX		
05-067-08318, JAQUES-UTE 34-7 BLACK HILLS EXPLORATION AND PRODUCTION I	SWNE 34 33N -8W (N)	Sidetrack TD Formation Status 00	6538 FRLDC	PR
			00	6538 MVRD PR
05-067-08349, UTE 34-11 BLACK HILLS EXPLORATION AND PRODUCTION I	NESW 34 33N -8W (N)	Sidetrack TD Formation Status 00	6596 FRLDC	PR
			00	6596 MVRD PR
05-067-08781, SOUTHERN UTE 33-8 35-3 SAMSON RESOURCES COMPANY	SWSW 35 33N -8W (N)	Sidetrack TD Formation Status 00	FRLDC	PR
05-067-09225, BRIGGS GAS UNIT B 35-6 SAMSON RESOURCES COMPANY	NWNW 35 33N -8W (N)	Sidetrack TD Formation Status XX		
05-067-09385, SOUTHERN UTE 33-8-35 5 SAMSON RESOURCES COMPANY	SWSW 35 33N -8W (N)	Sidetrack TD Formation Status XX		
05-067-07781, BRIGGS GAS UNIT B 35-1 SAMSON RESOURCES COMPANY	NWNW 35 33N -8W (N)	Sidetrack TD Formation Status 00	3602 FRLDC	SI
			02	3602 FRLDC PR
05-067-05000, BRIGGS GAS UNIT A 1 BP AMERICA PRODUCTION COMPANY	NWNW 35 33N -8W (N)	Sidetrack TD Formation Status 00	6100 MVRD	PR
05-067-06358, IGNACIO 33-8 19-A SAMSON RESOURCES COMPANY	SESW 35 33N -8W (N)	Sidetrack TD Formation Status 00	6811 MVRD	PR

Facilities Selected

FACILITY DESCRIPTION	LOCATION	PIT INFORMATION		
		Type	Unlined	Status