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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

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

Form C-103
Revised June 10, 2003

WELL API NO.
30-039-29323

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name
Jicarilla Contract 459

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

8. Well Number
Jicarilla 459-19 No. 18

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

9. OGRID Number
013925

3. Address of Operator
PO Box 249 Bloomfield, NM 8713

10. Pool name or Wildcat
East Blanco; Pictured Cliffs and Basin, Fruitland Coal

DEC 2005 RECEIVED OIL CONS. DIV. DIST. 3

4. Well Location

Unit Letter H: 2308 feet from the North line and 350 feet from the East line

Section 19 Township 30N Range 03W NMPM Rio Arriba County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
7199' GL

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

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|---|---|---|---|
| PERFORM REMEDIAL WORK ☐ | PLUG AND ABANDON ☐ | REMEDIAL WORK ☐ | ALTERING CASING ☐ |
| TEMPORARILY ABANDON ☐ | CHANGE PLANS ☐ | COMMENCE DRILLING OPNS. ☐ | PLUG AND ABANDONMENT ☐ |
| PULL OR ALTER CASING ☐ | MULTIPLE COMPLETION ☐ | CASING TEST AND CEMENT JOB ☐ | |
| OTHER: Downhole Commingle Formations ☒ | | OTHER: ☐ | |

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 Basin, Fruitland Coal and East Blanco; Pictured Cliffs under Division Order R-11363. All gas production is to be allocated based on initial production tests as 96 percent to the East Blanco, Pictured Cliffs formation and 4 percent to Basin, Fruitland Coal 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 2060 AZ

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

SIGNATURE Agatha Snell TITLE Admin.Tech. DATE 10/10/2005

Type or print name: Agatha Snell E-mail address: asnell@bhep.com Telephone No. 505-634-1111

(This space for State use)

APPPROVED BY TITLE DEPUTY OIL & GAS INSPECTOR, DIST. ♣ DATE DEC 07 2005

Conditions of approval, if any:

**C103 Supplemental Information**

Jicarilla 459-19 #18
Production and Pressure Date
Pictured Cliffs and Fruitland Coal Basin Formations

The Pictured Cliffs formation was perforated at intervals 3780' – 3848' with 4 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 3814 psi with a fracture gradient of 0.68 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours, 1670 MCFPD.

The Fruitland Coal formation was perforated at intervals 3724' – 3746'with 4 jspf. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the Fruitland Coal formation at mid-perforation is 3735 with a fracture gradient of 0.85 psi/ft. After a stabilized flow test was conducted for twenty-four hours, 69 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 | 1670 | | 96% |
| Fruitland Coal | 69 | | 4% |
| **Total** | | | 100% |