

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  
May 27, 2004

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

WELL API NO. 30-039-26113
5. Indicate Type of Lease: <b>FEDERAL</b> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <b>FEDERAL: JIC. MDA-701-98-0013</b>
7. Lease Name or Unit Agreement Name <b>JICARILLA 30-03-35</b>
8. Well Number: <b>#4</b>
9. OGRID Number: 013925
10. Pool name or Wildcat E. Blanco PC & Cabresto Canyon Tertiary

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-104) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator <b>BLACK HILLS GAS RESOURCES, INC.</b>	
3. Address of Operator: c/o Agent, Mike Pippin LLC 3104 N. Sullivan, Farmington, NM 87401 505-327-4573	
4. Well Location Unit Letter <u>L</u> : 2176 feet from the <u>South</u> line and <u>786</u> feet from the <u>West</u> line Section <u>35</u> Township <u>30N</u> Range <u>3W</u> NMPM Rio Arriba County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7302' GL	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____	
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

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

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <u>Administrative Downhole Commingle</u> <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.

This is part of the Black Hills Permit Clean-up Program.

Black Hills requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) and Cabresto Canyon Tertiary (97037), which are both included in the pre-approved pools established by Division Order R-11363. Both intervals have common ownership and produce essentially dry gas. We have not experienced any significant cross flows between these two intervals, and all the fluids are compatible. Downhole commingling will improve recovery of liquids and gas, eliminate redundant surface equipment, and maximize productivity. Notice has been filed concurrently on form 3160-5 with the BLM.

These Gas & Oil allocations are based on metered tests taken during rig operations on 7/21/05, in which the Tertiary flowed 165 MCF/D & the Tertiary & PC together flowed 890 MCF/D. See attached calculations. This Tertiary pool does not produce oil.

GAS: Pictured Cliffs 81%  
GAS: Tertiary 19%

OIL: Pictured Cliffs 100%  
OIL: Tertiary 0%

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Mike Pippin TITLE Agent, Petroleum Engineer DATE 5/12/06  
Type or print name Mike Pippin E-mail address: mike@pippinllc.com Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE JUL 07 2006  
Conditions of Approval (if any):

BLACK HILLS GAS RESOURCES, INC.  
JICARILLA 30-03-35 #4 PC / TERTIARY  
L Section 35 T30N R03W  
5/12/2006

## Commingle Allocation Calculations

### OIL

The Cabresto Canyon Tertiary gas pool does 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

During completion operations on 7/21/05, metered and stabilized gas tests were taken on the Tertiary alone, then on the Tertiary and Pictured Cliffs together.

Metered gas test on Tertiary alone: 165 MCF/D.

Metered gas test on Pictured Cliffs and Tertiary together: 890 MCF/D.

$$\% \text{ Pictured Cliffs} = \frac{890-165}{890} = 81\%$$

$$\% \text{ Tertiary} = \frac{165}{890} = 19\%$$