

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. 30-039-29429
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 29-03-14</b>
8. Well Number: #32
9. OGRID Number: 013925
10. Pool name or Wildcat E.Blanco PC & Basin Fruitland Coal

**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 RESORCES, INC.**

3. Address of Operator: c/o Agent, Mike Pippin LLC  
3104 N. Sullivan, Farmington, NM 87401 505-327-4573

4. Well Location  
Unit Letter K: 1500 feet from the South line and 1500 feet from the West line  
Section 14 Township 29N Range 3W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
7014' GL

Pit or Below-grade Tank Application  or Closure

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: 12 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>		<b>SUBSEQUENT REPORT OF:</b>	
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"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Administrative Downhole Commingle <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 Basin Fruitland Coal (71629), 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 tests taken during rig operations in February 2006 in which the FRTC flowed 15 MCF/D & the PC flowed 200 MCF/D. See attached calculations. The FRTC pool does not produce oil.

GAS: Pictured Cliffs 93%	OIL: Pictured Cliffs 100%
GAS: Fruitland Coal 7%	OIL: Fruitland Coal 0%

AUG 2006  
 B  
 9-27

DHC 2390 A2

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 8/11/06  
 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. 03 DATE AUG 14 2006  
 Conditions of Approval (if any):

8

BLACK HILLS GAS RESOURCES, INC.  
JICARILLA 29-03-14 #32 PC / FRTC  
K Section 14 T29N R03W  
8/11/2006  
API#: 30-039-29429

## Commingle Allocation Calculations

### OIL

The Basin Fruitland Coal 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 in February 2006, stabilized gas tests were taken from both the PC and the FRTC.

The **Pictured Cliffs** tested at 200 MCF/D during swabbing operations on 2/8/06.

The **Fruitland Coal** tested at 15 MCF/D during frac clean-up operations on 2/14/06.

Total gas = 200+15 = 215 MCF/D.

$$\% \text{ Pictured Cliffs} = \frac{200}{215} = 93\%$$

$$\% \text{ FRTC} = \frac{15}{215} = 7\%$$