

| | | | | |
|--------------|----------|--------------|------|----------------|
| 14. March.07 | W. Jones | 19. March.07 | DHC | ACLP0707826469 |
| DATE | ENGINEER | LOGGED IN | TYPE | APP NO |

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THE CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 Signature Title Date

 e-mail Address

FAX COVER SHEET

DATE: 3/14/07 # OF PAGES (INCLUDING COVER) 5
TO: Will Jones FROM: MIKE PIPPIN
COMPANY: OCD PHONE #: 505-327-4573
FAX #: (505) 476-3462 FAX#: 505-564-8656

C-107A for:
Ribeyowids Fed 2 #16
API # 30-039-23554

District I

1025 N. Broadway Drive, Tulsa, OK 74102

District II

1381 W. Grand Avenue, Artesia, NM 87210

District III

1000 E. 10th Street, Santa Fe, NM 87501

District IV

1200 S. St. Francis Dr., Santa Fe, NM 87501

State of New Mexico
Energy, Minerals and Natural Resources Department**Oil Conservation Division**1220 South St. Francis Dr.
Santa Fe, New Mexico 87505Form C-107A
Revised June 10, 2003**APPLICATION TYPE**☒ Single Well
Establish Pre-Approved Pools**EXISTING WELLBORE**☒ Yes ☐ No**APPLICATION FOR DOWNHOLE COMMINGLING****BLACK HILLS GAS RESOURCES, INC.**

c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401

Operator

Address

RIBEYOWIDS FED 2

#16

P - SEC. 2 T25N R2W

Rio Arriba

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 013925 Property Code 06253 API No. 30-039-23554 Lease Type: ☒ Federal ☐ State ☐ Fee**"THIS IS PART OF THE BLACK HILLS PERMIT CLEAN-UP PROGRAM"**

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|-----------------------------------|--------------------------|-----------------------------------|
| Pool Name | Gavilan Pictured Cliffs | | Blanco Mesaverde |
| Pool Code | 77360 | | 72319 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 3556' - 78' | | 5791' - 99' |
| Method of Production (Flowing or Artificial Lift) | Flowing | | Flowing |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | 880 | | 1020 |
| Oil Gravity or Gas BTU (Degrees API or Gas BTU) | | | |
| Producing, Shut-In or New Zone | Producing | | Producing |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: 1/20/97 Rates: 200 MCF/D | Date: Rates: | Date: 1/25/97 Rates: 300 MCF/D |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil Gas 0% 67% | Oil Gas % % | Oil Gas 100% 33% |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☒ No ☐

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application?Yes ☐ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.

Production curve for each zone for at least one year. (If not available, attach explanation.)

For zones with no production history, estimated production rates and supporting data.

Data to support allocation method or formula.

Notification list of working, royalty and overriding royalty interests for uncommon interest cases.

Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools

List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.

Bottomhole pressure data.

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

SIGNATURE Mike Pippin TITLE Petroleum Engineer - Agent DATE March 14, 2007TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. (505) 327-4573E-MAIL ADDRESS mike@pippinllc.com

District I
P.O. Box 1960, Hobbs, NM 88241-1960
District II
P.O. Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|---|--|---------------------------|----------------------|
| * APT Number 30-039-23554 | | * Pool Code 72319 | | * Pool Name Mesa Verde | |
| * Property Code 006253 | | * Property Name Ribeyowids Federal 2 | | | * Well Number 16 |
| * OGRID No. 013925 | | * Operator Name Mallon Oil Company | | | * Elevation 7432' |

¹⁰ Surface Location


| | | | | | | | | | |
|------------------------|----------------|-------------------|----------------|-----------|-------------------------|-----------------------------|-------------------------|--------------------------|------------------------|
| * L.L. or lot no. P | * Section 2 | * Township 25N | * Range 02W | * Lot Idn | * Feet from the 860' | * North/South line South | * Feet from the 990' | * East/West line East | * County Rio Arriba |
|------------------------|----------------|-------------------|----------------|-----------|-------------------------|-----------------------------|-------------------------|--------------------------|------------------------|

¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------|-----------|------------|---------|-----------|-----------------|--------------------|-----------------|------------------|----------|
| * L.L. or lot no. | * Section | * Township | * Range | * Lot Idn | * Feet from the | * North/South line | * Feet from the | * East/West line | * County |
|-------------------|-----------|------------|---------|-----------|-----------------|--------------------|-----------------|------------------|----------|

| | | | |
|--------------------------|------------------------|----------------------|-------------|
| * Dedicated Acres 320 | * Joint or Infill Y | * Consolidation Code | * Order No. |
|--------------------------|------------------------|----------------------|-------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | | |
|--|--|--|--|--|--|
| <div style="text-align: center;">RECEIVED AUG 22 1997 OIL CON. DIV. DIST. 3</div> | | | | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <div style="text-align: right;"> _____ Signature Theresa A. McAndrews _____ Printed Name Office Manager _____ Title 8/19/97 _____ Date</div> | |
| | | | | 18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. _____ Date of Survey _____ Signature and Seal of Professional Surveyor: <div style="text-align: right;">990' 860'</div> _____ Certificate Number | |

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Grande Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
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 State Lease - 4 Copies
 Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|----------------------------|--|---------------------------------------|--|---|--------------------|
| API Number 30-039-23554 | | Pool Code 77360 | | Pool Name Gavilan Pictured Cliffs <i>EXT</i> | |
| Property Code 006253 | | Property Name Ribeyowids Federal 2 | | | Well Number 16 |
| OGRID No. 013925 | | Operator Name Mallon Oil Company | | | Elevation 7432' |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| P | 2 | 25N | 02W | | 860' | South | 990' | East | Rio Arriba |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Dedicated Acres 320 <i>1/2</i> | Joint or Infill Y | Consolidation Code | Order No. |
|-----------------------------------|----------------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|--|---|
| | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Theresa A. McAndrews</i> Signature Theresa A. McAndrews Printed Name Office Manager Title 8/19/97 Date</p> |
| | <p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p> |

BLACK HILLS GAS RESOURCES, INC.
RIBEYOWIDS FED 2 #16 PC/MV
P Section 2 T25N R2W
3/14/2007
API#: 30-039-23554

Commingle Allocation Calculations

OIL

During completion operations in January 1997, it was discovered that any and all oil was being produced by the Mesaverde.

GAS

During completion operations in January 1997, stabilized gas tests were taken from the PC and the PC and MV together.

The Pictured Cliffs tested 200 MCF/D while swabbing on 1/20/97.

The Pictured Cliffs and Mesaverde together tested 300 MCF/D while swabbing on 1/25/97.

Therefore, the Mesaverde portion of the gas flow is: $300 - 200 = \underline{100 \text{ MCF/D}}$.

Total gas = $200 + 100 = 300 \text{ MCF/D}$.

$$\% \text{ PC} = \frac{200}{300} = 67\%$$

$$\% \text{ MV} = \frac{100}{300} = 33\%$$