

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  
Revised March 25, 1999

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

WELL API NO. 30-045-310290000
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <b>Federal #SF-078243</b>

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 <b>Arnstein</b>
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	8. Well No. <b>1B</b>	
2. Name of Operator <b>Cordillera Energy Inc.</b>	8. Pool name or Wildcat <b>Basin Dakota and Blanco Mesa Verde</b>	
3. Address of Operator <b>8450 E. Crescent Parkway, Suite 400 Greenwood Village, Colorado 80111</b>		
4. Well Location  Unit Letter <u>D</u> : <u>2460</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>West</u> line  Section <u>18</u> Township <u>31N</u> Range <u>13W</u> NMPM San Juan County		
10. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>5840' GL</u>		

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: 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 COMPLETION <input type="checkbox"/> OTHER: <u>Down hole Commingle</u> <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

12. 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 recompilation.

Down hole commingle the Basin Dakota (71599) and Blanco Mesa Verde (72319) pools in this well bore. These are pre-approved pools as per NMOCD Order # 11563. These zones have been segregated down hole since completion in August of 2002. This work would be done immediately upon NMOCD approval.

Attached are the following documents:

1. A well bore diagram showing the perforated intervals and well bore configuration.
2. The allocation method proposed and supporting data.
3. Statement of commingling showing no reduced value of the total remaining production.
4. Statement attesting that notice was sent to all interest owners and no objections were received.
5. Statement attesting a copy of this form was sent to the BLM

DH 1133 A2  
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE J.C. Ridens TITLE Vice President of Operations DATE March 3, 2003

Type or print name J.C. Ridens Telephone No. 303-290-0990

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAR - 4 2003  
Conditions of approval, if any:

# Arnstein 1B

## Based on January 2003 Production

### Fixed Percentage Allocation Formula

	Oil Barrels	%	Gas MCF	%
Dakota	0	0.0	5,866	9.9
Mesa Verde	45	100.0	53,318	90.1
<b>TOTAL</b>	<b>45</b>	<b>100.0</b>	<b>59,184</b>	<b>100.0</b>

## January 2003 and Suggested Future Allocation

### Fixed Percentage Allocation Formula

	Oil Barrels	%	Gas MCF	%
Dakota	0	#####	6,930	52.4
Mesa Verde	0	#####	6,293	47.6
<b>TOTAL</b>	<b>0</b>	<b>#####</b>	<b>13,223</b>	<b>100.0</b>

## **Statement of Commingling**

The commingling of the Basin Dakota (71599) and Blanco Mesa Verde (72319) Pools in this well bore will not reduce the value of the remaining production. Commingling these two pools should actually increase the value of the remaining reserves due to using the remaining reservoir energy in both zones to effectively plunger lift this well. Commingling operations conducted on other wells similar to this have resulted in increased production rates and greater reserve recovery than producing each zone separately to depletion.

Commingling will benefit both zones in this well. The Dakota is currently producing via plunger lift under a packer. This is inefficient due to a lack of storage volume in the area below the packer, compared to a normal plunger lift installation. This results in longer shut-in times and shorter flow periods for this zone. The Mesa Verde zone is producing up the casing-tubing annulus and is very susceptible to fluid loading at low flow rates, due to its low bottom hole pressure. Combining the flow from both zones with one tubing string will greatly increase the plunger lift efficiency, reducing down time due fluid loading from both zones.

Previous commingling operations we have conducted in the San Juan Basin have shown improvement in most cases and in a minority of cases no improvement. We have not conducted a commingle that has resulted in reduced production rates or reserve recovery.

### Statement of Notification

The interests in these two pools are identical. A list of all parties affected by this commingling is attached. They were all notified by certified mail of our intention to commingle these two zones. No objections were received to this operation.

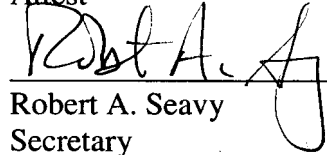
Further, a copy of the Division Form 103C has been filed with the Bureau of Land Management using Sundry Notice Form 3160-5.



J.C. Ridens  
Vice President of Operations

March 3, 2003

Attest



Robert A. Seavy  
Secretary

