

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 March 25, 1999

WELL API NO.

30-045-310620000

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

Federal #SF078707

7. Lease Name or Unit Agreement Name

Duke

8. Well No. **1B**

8. Pool name or Wildcat

Basin Dakota and Blanco Mesa Verde

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

Cordillera Energy Inc.

3. Address of Operator

8450 E. Crescent Parkway, Suite 400 Greenwood Village, Colorado 80111

4. Well Location

Unit Letter O : 660 feet from the South line and 1850 feet from the East line

Section 13

Township 31N

Range 13W

NMPM

San Juan County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

5851' GL

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Down hole Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

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

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

SIGNATURE

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

TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. #3

DATE

MAR - 4 2003

Conditions of approval, if any:

Duke 1B

Historical Data to January 2003

Fixed Percentage Allocation Formula

	<table><tr><td>Oil Barrels</td><td>%</td></tr></table>	Oil Barrels	%	<table><tr><td>Gas MCF</td><td>%</td></tr></table>	Gas MCF	%
Oil Barrels	%					
Gas MCF	%					
Dakota	0 0.0	5,509 12.8				
Mesa Verde	16 100.0	37,522 87.2				
TOTAL	16 100.0	43,031 100.0				

January 2003 and Suggested Future Allocation

Fixed Percentage Allocation Formula

	<table><tr><th>Oil Barrels</th><th>%</th></tr></table>	Oil Barrels	%	<table><tr><th>Gas MCF</th><th>%</th></tr></table>	Gas MCF	%
Oil Barrels	%					
Gas MCF	%					
Dakota	0 #####	2,764 30.4				
Mesa Verde	0 #####	6,316 69.6				
TOTAL	0 #####	9,080 100.0				

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.

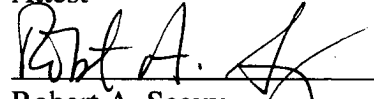
Further, a copy of the Division Form 103C has been filed with the Bureau of Land Management using Sundry Notice Form 3160-5.



J.C. Ridens
Vice President of Operations

March 3, 2003

Attest



Robert A. Seavy
Secretary

