

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

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

WELL API NO. 30039216090000
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal
7. Lease Name or Unit Agreement Name McIntyre
8. Well No. 1M
8. Pool name or Wildcat Blanco Mesa Verde and Basin Dakota

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> 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 K : 1450 feet from the South line and 1850 feet from the West line
Section 11 Township 26N Range 4W NMPM Rio Arriba County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
6851' GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
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"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Down hole Commingle</u> <input checked="" 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 Blanco Mesa Verde (72319) and Basin Dakota (71599) pools in this well bore. These are pre-approved pools as per NMOCD Order # 11563.

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 J.C. Ridens TITLE Vice President of Operations DATE May 1, 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. 43 DATE MAY - 5 2003
Conditions of approval, if any:

McIntyre 1M

Based on Total Production

Fixed Percentage Allocation Formula

	<table><tr><td>Oil</td><td></td></tr><tr><td>Barrels</td><td>%</td></tr></table>	Oil		Barrels	%	<table><tr><td>Gas</td><td></td></tr><tr><td>MCF</td><td>%</td></tr></table>	Gas		MCF	%
Oil										
Barrels	%									
Gas										
MCF	%									
Mesa Verde Formation	0 0.0	598,903 26.4								
Dakota Formation	37,913 100.0	1,672,057 73.6								
TOTAL	37,913 100.0	2,270,960 100.0								

January 2003 and Suggested Future Production

Fixed Percentage Allocation Formula

	<table><tr><td>Oil</td><td></td></tr><tr><td>Barrels</td><td>%</td></tr></table>	Oil		Barrels	%	<table><tr><td>Gas</td><td></td></tr><tr><td>MCF</td><td>%</td></tr></table>	Gas		MCF	%
Oil										
Barrels	%									
Gas										
MCF	%									
Mesa Verde Formation	0 0.0	1,007 69.2								
Dakota Formation	9 100.0	448 30.8								
TOTAL	9 100.0	1,455 100.0								

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. The installation of one string of 2-3/8" tubing, instead of two strings of 1-1/2" and 1" tubing, should result in a much more efficient plunger lift operation. 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 especially help the Dakota zone in this well, as it has not produced to expected levels due to scale and fill. Removing the packer and small tubing strings will allow the fill on top of the Dakota to be cleaned out and acidized if necessary. This should result in the Dakota increasing productivity and reserve recovery.

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.

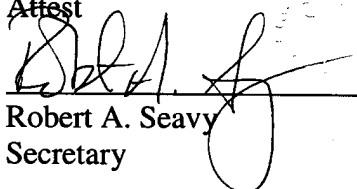
Statement of Notification

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

May 1, 2003

Attest

Robert A. Seavy
Secretary

