

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)		WELL API NO. 30039235290000
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator <b>Cordillera Energy Inc.</b>		6. State Oil & Gas Lease No. <b>Federal</b>
3. Address of Operator <b>8450 E. Crescent Parkway, Suite 400 Greenwood Village, Colorado 80111</b>		7. Lease Name or Unit Agreement Name <b>Champlin</b>
4. Well Location Unit Letter <u>L</u> : <u>1744</u> feet from the <u>South</u> line and <u>1530</u> feet from the <u>East</u> line Section <u>35</u> Township <u>27N</u> Range <u>4W</u> NMPM Rio Arriba County		8. Well No. <b>1E</b>
10. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>7064' GL</u>		8. Pool name or Wildcat <b>BS Mesa Gallup and Basin Dakota</b>

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
<b>NOTICE OF INTENTION TO:</b> 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"/>	<b>SUBSEQUENT REPORT OF:</b> 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 BS Mesa Gallup (72920) 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

ONE 1200A2  
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

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 85

Conditions of approval, if any:

DATE MAY - 5 2003

## Champlin 1E

### 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	%									
Dakota	14,593 81.7	377,181 77.6								
Gallup	3,262 18.3	109,088 22.4								
<b>TOTAL</b>	<b>17,855 100.0</b>	<b>486,269 100.0</b>								

### January 2003 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	%									
Dakota	14 100.0	1,846 100.0								
Gallup	0 0.0	0 0.0								
<b>TOTAL</b>	<b>14 100.0</b>	<b>1,846 100.0</b>								

### Suggested Future Allocation

#### 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	%									
Dakota	16 80.0	1,875 75.0								
Gallup	4 20.0	625 25.0								
TOTAL	20 100.0	2,500 100.0								

## **Statement of Commingling**

The commingling of the Basin Dakota (71599) and BS Mesa Gallup (72920) 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 Gallup zone in this well as it has not produced since January 2002 from suspected fluid loading. Removing the packer and small tubing strings will allow swabbing on the zone. Followed by the installation of 2 3/8" tubing and a plunger lift system, this should result in the Gallup being returned to production at expected levels.

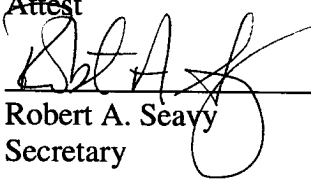
Previous commingling operations we have conducted in the San Juan Basin have shown improvement in most cases and in a minority of cases no improvement. We have not conducted a commingle that has resulted in reduced production rates or reserve recovery.

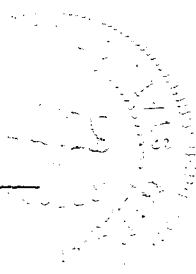
### Statement of Notification

The interests in these two pools are different. 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

Attest  
  
\_\_\_\_\_  
Robert A. Seavy  
Secretary



May 1, 2003