

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 June 10, 2003

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.)		WELL API NO. 30-039-27461
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 Mallon Oil Company, an indirect wholly owned subsidiary of Black Hills E & P, Inc.		6. State Oil & Gas Lease No. MDA 701-98-0013 Tract 4
3. Address of Operator 350 Indiana St, Suite 400 Golden, CO 80401		7. Lease Name or Unit Agreement Name 30498
4. Well Location Unit Letter J:2215 feet from the South line and 2310 feet from the East line Section 28 Township 29N Range 02W NMPM Rio Arriba County		8. Well Number Jicarilla 29-02-28 No. 2
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7179' GL		9. OGRID Number 013925
10. Pool name or Wildcat East Blanco; Pictured Cliffs and La Jara Canyon, Tertiary		

12. 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: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐

OTHER: Downhole Commingle Formations ☒

13. 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 recompletion.

Mallon Oil Company, an indirect wholly owned subsidiary of Black Hills Exploration & Production, Inc. has completed the subject well and downhole commingled the La Jara Canyon; Tertiary and East Blanco; Pictured Cliffs under Division Order R-11363. All gas production is to be allocated based on initial production tests as 5.4 percent to the East Blanco; Pictured Cliffs formation and 94.6 percent to La Jara Canyon; Tertiary formation. See attached Supplemental Data Sheet for the information fracture pressures and flow test. The Commingling will not reduce the value of the total remaining production. A Sundry Notice form 3160-5 has been sent, notifying the BLM of downhole commingling formations.

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

SIGNATURE Allison Newcomb TITLE Engineering Technician DATE 8/30/2004

Type or print name: Allison Newcomb E-mail address: anewcomb@bhep.com Telephone No. 720-210-1308

(This space for State use)

APPROVED BY [Signature] TITLE UNIT OIL & GAS INSPECTOR, DIST. #3 DATE SEP -1 2004
Conditions of approval, if any:

C103 Supplemental Information

Jicarilla 29-02-28 #2

Production and Pressure Date

Pictured Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3520'-3530', 3560'-3570' with 2 jspf. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the Pictured Cliffs formation at mid-perforation is 2674 psi with a fracture gradient of 0.75 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours. FTP 39 psig, 79 MCFPD, and <12 BWPD.

The Tertiary formation was perforated at intervals 1282'-1290', 1268'-1276' with 2 jspf. There was no fracture stimulation performed on the La Jara Canyon, Tertiary formation of this well. A stabilized flow test was conducted for twenty-four hours FTP 80 psig, 1377 MCFPD, and 0 BWPD.

The allocation method that has been agreed upon between Mallon Oil Company, an indirect wholly owned subsidiary of Black Hills Exploration and Production, Inc. and the Jicarilla Apache Nation is to use a percent based on the initial test for allocation of the produced volumes from the downhole commingled formations. In summary, the following calculations reflect the allocation percentages for the subject well.

Formation Name	Gas Flow Rate (MCFPD)	Water Rate (BWPD)	Allocation Factor
Pictured Cliffs	79	<12	5.4%
Tertiary	1377	0	94.6%
Total	1456	<12	100.000%