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

WELL API NO.
30-039-29312

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
MDA-701-98-0013

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
Jicarilla 28-02-04

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

AUG 2005
RECEIVED
OIL CONS. DIV.
DIST. 3

8. Well Number
43

2. Name of Operator
Black Hills Gas Resources, Inc.

9. OGRID Number
013925

3. Address of Operator
PO Box 249 Bloomfield, NM 87413

10. Pool name or Wildcat
Burro Canyon, Tertiary, Basin Fruitland Coal

4. Well Location

Unit Letter O : 555 feet from the South line and 1650 feet from the East line

Section 4 Township 28N Range 02W NMPM County Rio Arriba

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
GL 7317' KB 7330'

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER: Commingle			☒	OTHER:			☐

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.

Black Hills Gas Resources, Inc. intends to complete the subject well and downhole commingle in the Basin Fruitland Coal and Burro Canyon Tertiary under Division Order R-11363. All gas production is to be allocated based on initial production tests as 67% to the Burro Canyon Tertiary and 33% to the Basin Fruitland Coal 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.

DHC 1949AZ

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

SIGNATURE Agatha Snell TITLE Admin.Tech DATE 8/1/05

Type or print name Agatha Snell E-mail address: asnell@bhep.com Telephone No. 505-634-1111 ext. 24

(This space for State use)

APPPROVED BY Original Signed by STEVEN N. HAYDEN TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 03 2005

Conditions of approval, if any: Retest after 1 year

C103 Supplemental Information

Jicarilla 28-02-04 #43
Production and Pressure Date
Basin Fruitland Coal and Burro Canyon Tertiary Formations

The Fruitland Coal formation was perforated at intervals 3606'-3608' – 3612' – 3618' – and 3628' - 3630 with 4 jspf. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the San Jose formation at mid-perforation is 1274 psi with a fracture gradient of 0.80 psi/ft. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the Fruitland Coal formation at mid-perforation is 3075 psi with a fracture gradient of 0.85 psi/ft. After fracture stimulation and clean up the San Jose formation was flow tested for twenty-four hours, 20 MCFPD.

The Fruitland Coal formation was perforated at intervals 3556' – 3560' and 3597' – 3605'with 4 jspf. The Fruitland Coal Basin was not fracture stimulated. A stabilized flow test was conducted for twenty-four hours, 10 MCFPD.

The allocation method that has been agreed upon between Black Hills Gas Resources, 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
Burro Canyon Tertiary	20		67%
Fruitland Coal	10		33%
Total	30		100%